

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2290 [NW2848E]
DATE OF PUBLICATION: 31 OCTOBER 2014

2290. Mr D C Ross (DA) to ask the Minister of Finance:

(a) What is the detailed plan with regard to his proposition of restructuring state-owned enterprises (SOEs) such as Eskom and the SA Airways and (b) will this include (i) full or (iii) partial privatisations of the SOEs?

NW2848E

REPLY:

a) Eskom: As part of the government approved package to ensure Eskom's financial sustainability so as to ensure energy security, Eskom will be required to improve its efficiency and raise additional debt. Eskom has developed a business productivity improvement programme which is being implemented with the objective of reducing costs. Implementation will be monitored by government through the Inter-ministerial Committee (IMC) comprising of the Ministers of Energy, Public Enterprises and Finance and supported by an Inter-departmental task team (IDTT) comprising of representatives from these departments.

SAA: The Minister of Finance and Minister of Public Enterprises have agreed that decisive steps must be taken to ensure that SAA is placed on path to financial sustainability. Steps are being taken with the aim of creating stability in the Board. SAA is required to appoint a turnaround specialist to diagnose challenges hindering the full implementation of the company's Long Term Turnaround Strategy (LTTS), refine the LTTS, and support the airline with implementation thereof. The Ministers will be supported by an IDTT comprising of representatives from National Treasury and the Department of Public Enterprises that will work closely with SAA to oversee the process and swiftly resolving outstanding policy issues to support the airline's recovery.

For additional information, the question should be referred to the Minister of Public Enterprises

b) (i) No
(iii) In the case of SAA, consideration will be given to involving a strategic equity investor alongside government. A strategic equity investor could potentially bring improved financial discipline, commercial and technical expertise, strategic relationships and capital required to turnaround the performance of the airline to avoid it being a drain on tax payers.