NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 1473 [NW1783E]

DATE OF PUBLICATION: 25 OCTOBER 2024

1473. Ms O M C Maotwe (EFF) to ask the Minister of Finance:

(1) Whether the implementation of Operation Vulindlela led to the sale of state-owned assets; if not, what is the position in this regard; if so, (a) what estimated total amount will be raised through the selling of state-owned assets, including what is considered non-core assets, through the implementation of Operation Vulindela and (b)(i) what assets will be sold and (ii) by which (aa) department and/or (bb) state-owned entity;

(2) whether the implementation of Operation Vulindlela envisages the transfer of water, sanitation and waste services through concession to the private sector instead of municipalities; if not, what is the position in this regard; if so, what are the relevant details?

NW1783E

REPLY

(1) Operation Vulindlela does not require the sale of any state-owned assets. Instead, the focus is on introducing some private sector participation in network sectors. State-owned companies craft their turnaround plans which will include, amongst others, self-help initiatives including, disposal of non-core assets. The value and date of these disposal remain commercially sensitive information and thus cannot be disclosed by National Treasury.

(2) Schedule 4, Part B of the Constitution assigns water and sanitation services to municipalities. The functional responsibility for water and sanitation services is already with municipalities. This is further confirmed by water services authorities' responsibilities set out in the Water Services Act, Act 108 of 1997.

It is important to note that a concession is a type of public private partnership and at no stage is the ownership of assets transferred. A public private partnership is not privatisation and there is a clear difference between the two. Privatisation is the permanent transfer of a publicly owned asset to a private party whereas a public private partnership is a long-term contract between government and the private party for the development and management of a public asset in which the private party, at its own cost, builds/develops a public asset, and takes on the management responsibility throughout the life of the contract. At the end of the contract, the asset is transferred back to government in a condition that is determined when the contract was agreed on. The private party is compensated based on the performance and use of the asset. Where performance exceeds the requirements in the contract, the private party pays government a fee. In other words, at no cost to government, it can generate a return on investment when performance exceeds a specific threshold.