

Corruption days are 'numbered'

TOUGH measures have been put in place to deal with the mismanagement, corruption and state capture that has been rattling state-owned enterprises (SOEs) which President Cyril Ramaphosa is determined to stamp out.

Entities such as Eskom, Prasa, Transnet and Denel have been blowing billions of state money through corruption, mismanagement and plain theft.

Tabling his first budget in Parliament yesterday, Finance Minister Malusi Gigaba said it was going to be business unusual with all SOEs and no more relying on government bail-outs.

"The government has already started by introducing radical changes at power utility Eskom by appointing a new board and we are going to do the same with others," Gigaba said.

He said by strengthening good governance and acting against corruption, the government is strengthening its efforts to stamp out corruption and to ensure good governance throughout the public sector.

"The reality is that many SOEs are unsustainable. We are going to review the guarantee framework. We can only promise guarantees for capital expenditure," he said.

The changes started at Eskom where new boards and executive managers have been appointed.

Denel is next "and that will happen very soon", he said.

"The budget makes provision for contingencies related to the commission of inquiry into state capture, which may also require funding for critical Chapter 9 institutions such as the auditor-general and for prosecuting authorities," he said.

NATIONAL PROPERTIES

A PROPERTY audit by the Department of Public Works shows that the national government owns up to 195000 properties, with an estimated value of more than R40bn.

"We will work together to better utilise or dispose of these properties in the short to medium term," Finance Minister Gigaba said.

"The government is finalising a framework on guarantees aimed at both reducing the exposure and improving the quality of the guarantee portfolio.

"We can and will ensure that all state-owned enterprises are run sustainably and contribute to our national development."

Gigaba said the mismanagement at some SOEs that operate key industries such as electricity and transport that underpin the country's economic growth potential must come to an end.

"President Ramaphosa made an unequivocal commitment in his Sona, to intervene decisively to stabilise and revitalise state owned enterprises and outlined in his response to the state of the nation address drastic measures we are going to take to implement meaningful and far-reaching reforms of state-owned entities.

"To date we have managed to secure Cabinet approval of frameworks on private-sector participation, the appointment of boards and the costing of developmental mandates.

"To show that we mean business, we also appointed a new board, chief executive officer and restructuring officer at SAA to implement the long-term turnaround strategy for the entity," he said.

The government recognises that the business models of some SOEs are unsustainable and their capital structures too reliant on debt, he said.

"To confront these issues, we will assist them to develop and implement robust turnaround plans. This needs to be part of a holistic reform programme which considers the role we want SOEs to play in our economic development. Some will require restructuring with equity investment."

In the coming year, the government may be required to provide financial support to several SOEs which could be done through a combination of disposing of non-core assets, strategic equity partners, or direct capital injections.