



EFF STATEMENT ON THE REASSIGNMENT OF RESPONSIBILITIES FOR STRATEGIC STATE-OWNED ENTERPRISES

27 August 2024

The Economic Freedom Fighters (EFF) welcomes the reassignment of shareholder responsibilities for state-owned enterprises (SOEs) to line function ministries as the government moves towards the closure of the Department of Public Enterprises. Alexkor, Denel, Eskom, Safcol, South African Airways, South African Express, and Transnet are being moved to the Minister of Mineral and Petroleum Resources, Defence and Military Veterans, Electricity and Energy, Forestry, Fisheries and the Environment, and Minister of Transport, respectively.

The EFF has long called for the relocation of these state-owned enterprises to departments responsible for policy and service delivery that align with the entities. The call was informed by the fact that the ministry was established in the late 1980s, specifically for the purpose of the privatisation of strategic state-owned enterprises. This decision to privatise strategic SOEs was informed in part by industrial-scale looting and the deliberate collapse of state capacity in fear of democratisation.

In the past 30 years, we have witnessed SOEs operate with incoherent policy and fragmented impact due to several reasons. The former liberation movement, the ANC, did not have a believable plan or policy in place to lead these SOEs as strategic instruments to revive industrialisation in post-apartheid South Africa. Instead, they were neglected, allowed to deteriorate, subjected to parasitic corruption, and in some instances, sabotaged by the very same department that was meant to play an oversight role.

We have consistently called for a comprehensive re-evaluation of all SOEs, particularly SOEs under the Department of Public Enterprises (DPE), to ensure that

we change how they operate, particularly how we characterize what is efficient operation, and what is considered sustainable and not profitable. These entities operate to serve their shareholders, who are citizens, not bondholders. Therefore, the measure and assessment of these SOEs' sustainability is very different from what is expected from a private company. Thus, even the balance sheet and funding model of these SOEs should reflect their purpose.

The EFF is concerned that the centralisation of these entities in the Presidency could direct the realignment towards a much more sinister purpose, that of privatisation. When we called for the closure of the DPE and the relocation of these SOEs to line departments, we were not advocating for privatisation. We were calling for the alignment of SOEs so that they are able to fulfill their function as extensions of departments and remain fully state-owned.

Lastly, we call on line departments that will now have influence on the policy and strategic plans of these entities to review their operations to ensure that they begin to play a role that will allow the state to direct industrialisation and the economic future of South Africa, as these entities are major buyers of many goods and services in the economy.

ISSUED BY THE ECONOMIC FREEDOM FIGHTERS

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