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Stephen Grootes article regurgitates falsehoods and distorts Minister Gordhan's efforts to stabilise SOEs

By [Ellis Mnyandu](#)

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The article panders to false notions about Public Enterprises Minister Pravin Gordhan and his department. It also seeks to oversimplify the context in which the work of stabilising state-owned enterprises is taking place. When Gordhan accepted his current role in 2018, he was not guided by any desire to be popular.

The article by Stephen Grootes in *Daily Maverick* on 7 November, "[Pravin Gordhan's rough ride from anti-corruption hero to being an integral part of SA's problem](#)", presents a very distorted view of the work that is under way to stabilise Eskom, recalibrate Transnet and sustain the turnaround that is emerging at Denel, Sefcol and Alexkor.

Furthermore, it amounts to a disservice to his readers as it parrots a series of unfounded claims about Minister Pravin Gordhan's role as the political head of the Department of Public Enterprises. Presenting the article as an analysis does not absolve an experienced journalist like Grootes from checking his facts.

The article panders to false notions about Gordhan and his department. It also seeks to oversimplify the context in which the work of stabilising state-owned enterprises (SOEs) is taking place. When Gordhan accepted his current role in 2018 he was not guided by any desire to be popular.

Had Grootes done his homework, he would have noted that in his recent statements, the minister has not shied away from acknowledging his responsibility to demand accountability from the boards of the SOEs as the custodian of the country's critical levers of our economy.

This responsibility is borne out by the fact that since taking over as the minister of public enterprises, Gordhan has led the very arduous but necessary task of cleaning up the rot that turned SAA, Transnet, Eskom and Denel into ground zero of State Capture and malfeasance.

That Gordhan's efforts to root out corruption at these entities have been met with formidable resistance, speaks volumes to his unwavering commitment to let nothing stand in the way of reclaiming the SOEs under his watch from rogue elements and vested interests that thrive on deceiving the South African public.

The inaccuracies and false assertions in the article by Grootes include that:

- Gordhan is trying to frustrate the strategic equity partnership deal for SAA.
- Gordhan has refused to decide on the future of Mango Airlines.
- Gordhan has prevented Eskom's board from appointing a new CEO.
- Gordhan must have played a role in the recent executive resignations at Transnet.

Here is what the public needs to know:

There is no truth to Grootes' assertion that Gordhan is frustrating the process of onboarding Takatso as the strategic equity partner for SAA. The process is progressing at full speed, albeit subject to the approval of several outstanding regulatory steps, as well as the finalisation of a valuation of SAA's assets to get optimum value for the state from the transaction.

Additionally, the minister has explained exhaustively, had Grootes taken the opportunity to check, that demanding the Eskom board provide him with three names of appointable candidates for consideration as the GCEO did not amount to interference.

The minister is on record saying that at issue was non-compliance with Eskom's Memorandum of Incorporation. There is no candidate that Gordhan rejected, as purported by Grootes. Besides, the minister has reiterated several times that once the board has submitted the requisite names, a GCEO for Eskom will be appointed before the end of the year.

It is also disingenuous of Grootes to suggest that Gordhan played some sinister role in the recent executive resignations at Transnet. In his widely distributed statement addressing Transnet's underperformance on 1 September, all that Gordhan asked was for the board led by Andile Sangqu to do everything to help improve Transnet's performance and demand accountability.

And yet Grootes chooses to regurgitate falsehoods. While he seems to acknowledge that the recent relaunch of SAA's intercontinental service to São Paulo, Brazil, is a milestone for SAA, which narrowly averted liquidation two years ago, he also conveniently seeks to undermine this critical development by alleging that the new route will be uneconomical.

SAA has said that no route or capital expenditure will be undertaken without proper due diligence and analysis so that the airline can continue to recover in a measured and methodical way.

Had Grootes asked the Department of Public Enterprises to provide him with clarity on any of these issues, it would have readily done so. Needless to say, Gordhan is unfazed by such antics because of his inherent belief that public interest will be best served by staying the course in reforming our SOEs.

Granted, there are plenty of armchair critics who would rather see the department faltering in its mission to put the SOEs on a sustainable path. Ambivalence is a path that Gordhan will not choose as that would mean putting the interests of millions of South Africans at stake. And there is nothing "strange" about that.

On the issue of the future of Mango Airlines, the minister is on record, having explained that he awaits outstanding information he has requested from the business rescue practitioner to enable him to decide on the Public Finance Management Act section 54 (2) application.

It is also not true that the publication of the draft National State Enterprises Bill is inconsistent with government policy. In a recent op-ed by the department's deputy director-general, Advocate Melanchton Makobe, that was published in *Business Day*, the rationale for a centralised shareholder model was presented.

As a developmental state, a case has been made for marshalling SOEs as key strategic catalysts for transformation. More than 10 years ago, the Presidential Review Committee Report recommended that the government enact a single overarching law to govern all SOEs. More recently, in 2020 the President appointed the Presidential State-Owned Enterprises Council (PSEC) to advise on the reforms of SOEs.

The PSEC found that international good practice suggests that a centralised shareholder model, along with a central authority to house strategic SOEs, is the best way to ensure

effective shareholder oversight. The essence of a centralised model is sole or 100% ownership by the state of a holding company.

The template of how this model has worked elsewhere can be found in Singapore, for example, where Temasek was established as a state-owned investment fund, driving investments across a range of sectors including technology, fintech, aviation and strategic cross-border deals. The centralised model has also been adopted by France, Paraguay, Poland, China, Chile, Hungary, Peru, Spain, Finland and Malaysia.

Neither Grootes nor anybody else has made a cogent case for why this model would not work in South Africa. And yet, the public must believe that this — according to Grootes — is another “strange” decision.

The establishment of a holding company will promote separation of the state’s policymaking, regulatory and shareholder functions as they pertain to SOEs, thereby minimising potential conflict of interest among those involved in SOE governance and the scope for improper influence.

To be sure, Gordhan does not shy away from criticism, but it must be backed by facts, not by subjective omissions and distortions meant to portray him as the fall guy for all the challenges that his department is working so tirelessly to resolve.

And since Grootes has also speculated on how history would judge Gordhan’s legacy, it is worth reiterating the point made earlier. The more than five decades of Gordhan’s service to South Africa have never been about being popular but about making a positive difference to the lives of ordinary South Africans.

To judge Gordhan by the last five years will be missing the point. He has always said that the real test of someone’s contribution to society is how it changes the lives of ordinary South Africans for the better. No amount of conjecture, innuendo and outright distortions will change this fact. **DM**

Ellis Mnyandu is the spokesperson for Pravin Gordhan and the Department of Public Enterprises.

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