

New state-owned company for South Africa – government clarifies changes.

Cabinet has approved the Draft National State Enterprises Bill for tabling in Parliament. The Bill is set to create a new state-owned holding company – the State Asset Management SOC Ltd – which will manage the finances of the nation’s various state-owned enterprises (SOEs) after the Department of Public Enterprises closes.

According to the Department of Public Enterprises (DPE), the establishment of a state-owned holding company will ensure effective oversight of State-Owned Companies (SOCs) and separate the operational, regulatory, and policy-making roles of the government.

Very broadly, the new bill proposes the establishment of a new state-owned company, called the State’s Asset Management SOC Ltd, which will serve as a holding company for state shareholding of strategic SOEs, with the state as a sole shareholder.

The original version of the bill – presented by BusinessTech earlier this week – was met with some criticism from business leaders, who expressed concerns at its original tabling in September 2023 over the new SOC’s independence and the powers given to the president as the main shareholding representative.

However, the DPE has noted that these views are outdated, and the bill to be presented to parliament has been reworked based on stakeholder feedback. The bill to be tabled before parliament should not be confused with the previous draft, on which the criticisms were based.

“Further enhancements to the draft National State Enterprises Bill have been made to address issues raised through the public comment process conducted by the DPE,” it said.

“The bill’s primary objectives include improving governance of state-owned enterprises through the establishment of a state-owned holding company. The DPE received more than 3,000 public comments, which constitute the basis of the refinements that have been made to the draft bill that was approved by Cabinet.

The bill has undergone significant revision to enhance some of its proposed provisions, including the codifying of a board appointment process that embodies the principles of transparency, equity and fairness.”

The DPE said that the latest iteration of the bill will be submitted to parliament for processing, with previous criticisms (on the original draft bill) now outdated.

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