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Denel's partnership with VR Laser still under consideration

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Public Enterprises Minister Lynne Brown says a viability study into Denel's proposed partnership and joint venture is complete

A VIABILITY study into Denel's proposed partnership and joint venture with VR Laser had been completed but the matter was still under consideration by Public Enterprises Minister Lynne Brown and Finance Minister Pravin Gordhan, Ms Brown said on Thursday.

She said this in a written reply to a parliamentary question by Inkatha Freedom Party MP Narend Singh.

Denel applied for approval for the transactions under the Public Finance Management Act. Its motivation is apparently to increase its presence in the Asian market.

There have been reports that VR Laser is connected to the Gupta family, which has close links with President Jacob Zuma, although the company has denied this. These reports have raised the concern that Denel is being sucked into the expanding industrial empire of the Gupta family, facilitated by its links to state-owned companies.

Ms Brown said the details of the application would not be made public as it contained commercially sensitive information.

In reply to another question by Democratic Alliance (DA) MP Natasha Mazzone, Ms Brown she had given Denel approval in principle in October to explore a joint venture with VR Laser subject to a Public Finance Management Act application that was submitted in December.

Ms Brown said in reply to a question by African National Congress (ANC) MP Dipuo Letsatsi-Duba that a number of state-owned companies were not in the position "to support the execution of government's radical socioeconomic development programme.

"Many state-owned companies are also seized ... with levels of (inefficiency), increasing debt levels and duplications in a range of varying functions.

"Hence our current collective focus on targeted state-owned companies is on leadership stability, operational sustainability and financial sustainability. The process of reforming the public enterprises system and state-owned companies is continuing.

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