

Cronyism paralyses South African state-owned enterprises

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An acrimonious strike has crippled the South African Post Office (SAPO) for 12 weeks. On October 23, Nobuhle Mthethwa became the first of its directors to tender her resignation. Others are expected.

Mthethwa's departure came a fortnight after chief executive Chris Hlekane went on "special leave." The former general manager of the Airports Company of South Africa, Hlekane was profiled by the *Financial Mail* on his appointment at SAPO as someone who "has built a reputation for turning business units around."

Sowetan reported on Monday that the Communication Workers' Union (CWU) rejected Telecommunications and Postal Services Minister Siyabonga Cwele's plea for striking SAPO workers to return to work. Cwele made the request on Friday in parliament, following his admission that a "letter of comfort" to SAPO's bankers was required from him and Finance Minister Nhlanhla Nene to ensure an overdraft was made available to pay workers their October wages.

Seven months after its year-end, SAPO has not yet released its financial results. According to the Public Finance Management Act, these should have been tabled in parliament by September 30.

Business Times acquired a draft, unsigned annual report which points to a R2.1 billion (US\$190 million) loss due to "irregular expenditure." The same report reflects expenses of R115 million on junkets for top executives.

"SAPO employees have been involved in various unprotected strikes since January," according to *City Press*.

In early September, workers embarked on the latest action in protest over the slow pace of converting nearly 8,000 casual workers into permanent

employees—a process SAPO agreed to last year.

According to the Casual Workers Advice Office (CWAO), unprotected strike action by SAPO employees over demands for permanent status dates back to at least 2005. "Workers rejected the involvement of [both] the South African Postal Workers Union [SAPWU] and the [Congress of South African Trade Unions-COSATU affiliated] Communication Workers Union [CWU]," CWAO maintains.

Nevertheless, the CWU has insinuated itself into a leading role in the current strike. SAPWU, which has not joined the strike, supports CWU allegations of widespread corruption related to sourcing casual workers.

News24 reports that things "came to a head in 2010 when the unions discovered that management was employing 8,600 casual workers at an annual cost of some R350 million, while the hourly rate paid to the labour brokers was more than double the pay received by the workers."

Workers' suspicion is that SAPO managers received kickbacks from the labour brokers. This would account for the company's enormous reluctance to offer workers permanent contracts and thus end a strike that affects the entire country and sub-region.

South African Airways (SAA) is another example of how the African National Congress government policy of "addressing apartheid injustices" through "cadre deployment" is only a cover for cronyism and heightened worker exploitation.

Like SAPO, SAA was unable to table its annual results in parliament. It is required by law to show that it will be a going concern 12 months after the results are released—an assurance Public Enterprises Minister Lynn Brown was unable to give.

The official opposition Democratic Alliance did not lose the chance to score points. “With nine ‘turnaround’ strategies in 13 years and R166 billion [in bailouts] over the past 20 years, investing any more state funds into SAA would be madness,” said DA public enterprises spokeswoman Natasha Michael.

In an interview with the *Sunday Times* of November 2, Minister of Public Enterprises Lynne Brown repeatedly used the phrase “I will not be manipulated,” and pointed to the pressure bearing on her to turn the airline around. Brown has removed seven of SAA’s non-executive directors, and appointed two of her own. According to *Business Day*, six of the ex-directors “have in the past made representations about poor governance... and... raised the alarm over procurement processes for new aircraft.”

SAA board chair Dudu Myeni is not among those removed, nor is chief executive Monwabisi Kalawe, despite the support he enjoyed from six of the seven targeted directors.

Myeni also chairs the South African president’s Jacob Zuma Foundation.

During a strike at SAA subsidiary South African Airways Technical (SAAT) in August last year, SAAT denied that it assigned uncertified engineers to work on aircraft. The accusation was made by the COSATU-affiliated South African Transport and Allied Workers Union.

“The SAA group of companies puts the safety of customers and crew above anything else,” SAA spokesman Tlali Tlali said at the time.

Like SAPO and SAA, practically all other state-owned enterprises have become dysfunctional hotbeds of intrigue. They are sources of patronage for various factions of the ruling tripartite alliance—the ANC, COSATU and the Stalinist South African Communist Party (SACP).

In a discussion document titled *Going to the Root*, issued in Cape Town on October 29, the SACP called for SASOL to be renationalised. SASOL is the petrochemical giant founded by the apartheid regime to guarantee an independent fuel source at a time of international embargoes and sanctions. It was listed in Johannesburg in 1979 and in New York in 2003. The Government Employees Pension Fund and the state-controlled Industrial Development Corporation are the major shareholders, with 21.4 percent of the shares

between them.

In spite of this, SASOL is so independent—in the SACP’s disapproving view—that it has just announced a capital expenditure programme of US\$8.9 billion on a plant in Lake Charles, Louisiana. This is money that in the nationalist paradigm of the Stalinists belongs in South Africa.

Speaking of the current, supposedly radical phase of the “national democratic revolution,” *Going to the Root* emphasises the need to “delink” the South African economy from the global economic powers. This is fantasy. One may as well force toothpaste back in the tube as try and separate the global production chain into autarkic components.

At any rate, the Stalinist cant about delinking and blocking capital outflows from South Africa is ritualistic. It seeks to hide the fact that the first beneficiary of SACP control over SASOL would be the dominant SACP faction, not the working class. Jobs, bailouts and other benefits would all accrue to a narrow elite with the right connections.

Workers must place no hope in the SACP, COSATU, the Economic Freedom Fighters or any of the other bourgeois formations insisting that a limited nationalisation programme conducted by the capitalist state will end poverty. It is only a means of opposing the necessary struggle by the working class to take power and form a workers’ government to implement a genuine socialist programme taking industry and essential services into common ownership and running them for social need and not private profit.



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