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NATIONAL ASSEMBLY

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PROCEEDINGS OF THE NATIONAL ASSEMBLY

The House met at 15:02

The Speaker took the Chair and requested members to observe a moment of silence for prayers or meditation.

The SPEAKER: The first item on the Order Paper today is Questions addressed to Ministers in the Economic Cluster. Members may press the top button on their desks if they wish to ask a supplementary question. I wish to remind hon members that the names of members requesting supplementary questions will be cleared as soon as the member of the executive starts answering the fourth supplementary question.

I believe that hon Chief Whips have been informed about the apology of the hon Minister Jeff Radebe who was

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scheduled to answer to answer questions today at 15:00. He has had to be rushed to hospital on an emergency due to ill health. I believe the apology is accepted.

The CHIEF WHIP OF THE OPPOSITION: Madam Speaker, I would like to address you on point of privilege, if I may? The point of privilege relates to section 59(1b) of the Constitution of the Republic of South Africa which is, public involvement and access to the work of Parliament but also to ensure that our work is conducted in open.

It has come to our attention that the parliamentary YouTube channel is conducting censorship of items that are discussed in this House. It is excising sections of member's speeches and then broadcasting this to the public. I would like you to investigate this because this happened now to two DA Members of Parliament. I would like you to please investigate this matter and I am happy to provide your office with the details and if you could come back to the House for the report because it is a gross act of censorship and a violation of section 59 of the Constitution. [Applause.]

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The SPEAKER: We will look into matter, hon Steehuisen.

Question 35:

The MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES: Hon Speaker, the department in co-operation with relevant partners and stakeholders is implementing the following initiatives towards unlocking agricultural sectors, economic growth and ensuring meaningful participation by the previously marginalised people. Through comprehensive agricultural support programme the department is making sure that those people who have acquired land privately have got a post settlement support that is targeting beneficiaries of land reform. This programme assists people for support including on and off farm infrastructure.

We have got a micro agricultural financial institutions of South Africa which assists small-scale farmers and oncoming farmers with financial services that would assists them to begin to buy products like fertilisers, seeds and even livestock. Agri-BEE aims to promote the entity and the participation of black people in the

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entire agricultural value chain through the provision of funding for equity deals and acquisition of interest in agricultural entities through the Draft Policy on Comprehensive Producer Development Support. This Draft Policy Support Programme aims to make sure that overall National Policy Framework for Agriculture, Forestry and Fisheries in the sectors in South Africa and shall guide interventions providing to various categories of producers by government and other stakeholders.

SA Gap Certification programme is in partnership with the perishable products export control to ensure that products like vegetables and fresh fruits are able to meet the destination in the global market in a way that meets the said standard by such markets. National Food and Security Plan is a plan by which it ensures that our people have access to food and we can be able to deal with malnutrition and other ills of hunger. Agricultural Policy Action Plan aims to make sure that small producers are targeted and ensure that they become major participants in ensuring food security in the country.

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Fetsa Tlala is a programme that is devised to make sure that no family goes to bed without food. It is a programme that is designed to make sure that we target areas that have been identified in terms of exposure to hunger. Black Producer Commercialisation Strategy and Blended Funding Model are to ensure that we have a combination of what we used to offer to farmers as a conditional grant with some exposure to lending. It is done in collaboration with the Land Bank which we believe it is going to fast track the commercialisation of our small-scale farmers to enter into the area of agricultural production.

Research and Technological Development Initiatives make sure that through the new cultivars that are meant to ensure that even if we have got situations of drought we are able to produce and make sure that our farmers and farming programmes take shape. That is through the Warmer Homes Programme where seeds are resistant to the climate change. Already that is outlined to the farmers and is produced by our Agriculture Research Council and Government Food Procurement Model.

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We believe that it has to ensure that our black small-scale farmers are able to produce and government becomes the procurer of their products. We hope that in the school feeding scheme in conjunction with the Department of Basic Education, we can develop that programme so that students are exposed to fresh meals everyday.

Land Care programme is about putting back into production land that has been devastated by processes like soil erosion. Small Holder Horticulture Empowerment Programme is a programme that is engaged in ensuring that our people are able to enter into this area to fast track the (inaudible) of existing irrigation schemes and develop new irrigation schemes like the Vaalharts in the Taung area, the Clanwilliam Dam and Ncerha. This will enable our people to participate and access to water is one of the inhibiting factors that has made a point that our black farmers find it difficult to enter into the market.

We made sure that in the kgonofatso ya dikgomo initiative our black small scale-farmers are able to access programmes of innovation and support programme to access

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livestock and also to be able to access good genetics. We are also targeting global markets to ensure that the produce of our small-scale farmers reaches such markets.

I am happy to report that this morning I was addressing a forum in Stellenbosch where a number of people were proud to say that if the constraints in the Western Cape in terms of the access to land were not prevailing they could have broken into the world markets. This is especially women in the winery sector. SA Gap Certification is a programme that is assisting our winery and other production levels to ensure that they are able to meet the set standards and be able to break in into the international arena.

These programmes are meant primarily to ensure that our people who have been marginalised for a long time in the history of this country are able to enter in the global markets. The one percent exposure of black farmers in the Western Cape remains a point that needs to be dealt with because while other provinces are developing and making sure that black farmers enter the markets, in the Western

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Cape there are constrained by the fact that land is held in long-term leases given to white farmers over 100 years when our black farmers do not have such an entrance. I believe those who claim that Western Cape remains a beacon of hope for the future are not telling the truth. Thank you. [Applause.]

Ms M R SEMENYA: Hon Speaker, let me thank the hon Minister for the comprehensive response. Minister, you have spoken about the comprehensive support for the small producers' policy framework. The policy entails that you will be dealing with the categorisation of the farm of the small producers and you will integrate and align the support of various departments to the small holder farmers. The question that I want you to clarify hon Minister is what is this integrated financial model entails?

The MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES: Hon Speaker, it entails where we make sure that the small holder farmers are allowed and assisted to graduate to be commercial farmers through the allocation of the portion

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of the conditional grant. Through the Land Bank partnership they are able to access loan facility so that they are able to compete with their counterparts which it has not been made possible in the past. Some of them may not have the collateral to make sure that they are accessing those.

The aim is to ensure that we fast track our programme targeting 450 small holder farmers to be developed in conjunction with Dti and the Department of Rural Development and Land Reform. This is to make sure that our people who have been previously disadvantaged participate in all fora and can be regarded as commercial farmers than being compelled to remain and referred to as emerging farmers as if it is a title.

Ms A STEYN: Hon Speaker, although the Minister knows that the land reform is a national competency, if farmers in the Western Cape are not having access to land, why don't he speak to the Minister of Rural Development and Land Reform? Even if land reform is the national competency, it was found that 90% of all land reform farms are

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failing in South Africa while 72% have been found successful in the Western Cape. I know you will say it cannot happen but that is the role of agriculture and agriculture is a provincial competency.

So, hon Minister, can you please tell us on the 450 farmers that were identified, on what budget that your department put it towards making them successful?

The MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES: Hon Speaker, let me start with the political statement that the hon member referred to. The constraint in the Western Cape is designed because the land that is supposed to be available to farm workers has been locked to long-term leases where people are paying very low charges on those transactions. As a result, access to water is difficult to achieve and it is worse in the Western Cape although pipelines are designed to commercial farming. That was constraint number one.

Constraint number two is because seemingly funding that is meant to develop small-scale farmers is directed to

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commercial farmers and that is what I was explaining today. Nonetheless, let me deal with the issue of the failed transformation of the land reform. It is not what I got. Amongst the people I met there, there were four women who are in the winery industry. Their products have already broken into the world markets and are selling globally but what is constraining them is the fact of access to cellars.

If you are in the winery industry, without access to land as well as water and cellars, you will not succeed. So, we agree that the story of the Western Cape being the example of development is a myth, is not true and is not built on fact. I hope I was there with you to listen to those people who were complaining that it is worse to be in this province to be in agriculture. [Interjections.]

Ms A STEYN: Hon Speaker, on a point of order: The Minister was just telling something. He did not answer the question. What is the budget?

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The SPEAKER: Hon member, no, I did not actually agree that you should take the floor. I am calling upon hon Paulsen.

The CHIEF WHIP OF THE OPPOSITION: Madam Speaker, it is inconceivable that when we put questions to Ministers they just do not answer them. There was a very specific question and Madam Speaker; you should be assisting us as members to do our job. The simple question is what is the budget?

The SPEAKER: Hon member, I cannot make the Minister says what he is not saying in his answer. That is why I am now passing on to hon Paulsen. [Interjections.]

Mr N PAULSEN: Hon Speaker, I am just waiting for hon Mnguni to sit down because he is on his on feet and I have not spoken yet. Minister, one of the ways that local agriculture can be developed and protected is through government procurement policy. Currently across government departments, provinces and municipalities,

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millions if it is not billions of rands have been spent on procuring food for a number of reasons.

Have you engaged Treasury about government changing its procurement policy to prioritise local food producers? If you had, what are the details of these engagements? Thank you very much Speaker.

The MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES: Hon Speaker, let me this to hon Paulsen, the draft policy on the matter you are referring to is in the drafting process. I even mentioned that we are intending to engage the Ministry of Basic Education. I believe that we can be able to grow agricultural products, especially small-scale farmers by targeting school nutrition. We can also make sure that people in the correctional services access the products of such production.

The production of small-scale farmers was in the international programme of food security when we were dealing with the drought in Lesotho and Swaziland. They supply to prove that our small-scale farmers have got the

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ability to make sure that they are able to produce for such markets. So, already we have proven and that is the programme which we are engaged on in terms of development. Thank you, Speaker.

Ms S J NKOMO: Hon Speaker, when the matter of Expropriation without compensation is put in force, how will government ensure that the groups and individuals who require skills and monitoring are actually taken care of for them to ensure that there is food security in the country as well as taking some of their or some of the things that they have actually gotten and exporting them overseas. Thank you, hon Chair.

The MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES: Hon Speaker, let me explain this, already last year farmers around Matatiele were able to export their grains of high quality to Vietnam. This is because of the extension services that are made available, to ensure and assist those farmers to understand the climatic challenges. Farmers have to pick the right cultivars to ensure that the land in which they were producing has been surveyed

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and soil analysis is conducted. Such a support is available. Our eleven institutions of training among producing academics are focusing in training farmers to equip them with relevant skills.

I believe that as a department, working with Department of Rural Development and Land Reform, we are not promoting people to accept compensation in money. That is an environment in which sometimes you are putting a claim in an area that has already been developed. Our aim is to bring black people back to their land and begin to produce but to do that we need a number of other facilities and assistance which I think the government is doing very well.

The SPEAKER: Hon members, question number 72 will have stand over as we had already apologised on behalf of hon Minister Radebe. We move on to question number 36, which has been asked by hon Pikinini to the minister of Economic Development.

Question 36:

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The MINISTER OF ECONOMIC DEVELOPMENT: Madam Speaker, infrastructure development is one of the most important drivers of economic growth, of inclusion, and of service delivery. In the time I have available, I would like to highlight a few areas of progress.

Firstly, more than R1,3 trillion has been invested in infrastructure over the past five years. That is equal to about R1 billion per working day, to improve the backbone of the economy, to enable government to provide services to millions of citizens - to do the things that all of us, in Parliament, in the community, and in society, rely on.

This investment has helped to grow the economy by almost R300 billion per year. Our research shows that it helped South Africa from going into a recession, in 2015. That infrastructure programme has created many new jobs. It has helped to bring young people into employment. That R1 billion per working day that we invested sustains the country's quarter-of-a-million jobs in construction and in other sectors. Hon members may be interested to know

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that construction has been the second fastest creator of new jobs in the last five years. It's not just in construction. It's also jobs in steelmaking, in component manufacturing, in rolling stock, and elsewhere.

[Interjections.]

Secondly, the infrastructure programme has helped to deliver the basis for improved skills development in the economy. These range from additional schools and universities to student accommodation, all of which has helped to sustain many additional South Africans, who today, have access to universities and TVet colleges.

It has also helped us ensure hundreds of thousands of new houses were built. Many, many South Africans have been connected to electricity for the first time. Sanitation has been expanded, roads have been built, clinics have been provided, and pavements have been dug out to lay fibre-optic cables. These are substantial areas of progress, but we have also had serious challenges, gaps, and weaknesses that we have taken action to address.

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To deal with slowing infrastructure spending, government announced the new Infrastructure Fund with the fiscal commitment that Minister Mboweni has said would equal R100 billion. That is the seed funding that can be used to leverage billions of additional rand of additional investment that we can spend to speed up infrastructure roll-out in the next five years.

To deal with slow project approval and construction, we have created a new capacity in three national agencies. Together, they will have about R600 million in additional funding to employ engineers, project managers, quantity surveyors, and persons with social facilitation skills. This core of skilled personnel will help to evaluate new projects, ensure that we are not overcharged, and that our technical specifications are fit for purpose - that they help to unblock delays and address regulatory or integration delays.

These are small parts of a major programme to turn South Africa into a massive construction site so that we can build the foundation for stronger, faster, and more

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inclusive economic growth, and greater levels of transformation in the economy. Thank you.

Mr I A PIKININI: Speaker, Minister, our country faces challenges of unemployment, which, in the main, affect young people. How do we ensure that these infrastructure developments benefit young people in this era of the Fourth Industrial Revolution? Thank you very much.

The MINISTER OF ECONOMIC DEVELOPMENT: Speaker, I thank the hon Pikinini for his question. I think we can identify a number of areas - at least four - in which the infrastructure programme can assist young people.

The first is, clearly, in the provision of skills infrastructure, like schools - in this administration, we have built more than 510 new schools - like university infrastructure - there is more than a million South Africans who are currently enrolled at universities. If you add TVet colleges, that is a additional 600 000. So, for young people, that is one of the key ways

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infrastructure connects them to a better future, to a future in which they can contribute to the economy.

The second area is in jobs, themselves. Young people are employed in large numbers in the infrastructure programme. If we look at the Kusile Power Station build programme, one of the largest in the Southern Hemisphere, there are more than 8 000 young people currently employed on that programme.

There is a third area I would like to point to, and that is the opportunity for young people, as entrepreneurs. We pointed out young South Africans who are bringing new innovation to infrastructure and other areas during the state of the nation address debate here, in Parliament. Hon members may recall a young man who is pioneering 3D printing programmes for concrete and new building materials.

The final area is in laying the platform for the new data economy, the Fourth Industrial Revolution that the hon

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Pikinini pointed to. While the infrastructure provides that, there is another dimension to it.

The Fourth Industrial Revolution also means that infrastructure can be delivered in new ways. Distance learning means we don't always have to build brick and mortar schools and classrooms. E-health means that you don't always have to bring patients to the clinic. You can deliver some of these over electronic platforms. Programmes that support, for example, new forms of transport - driverless cars, drones, and so on - are reshaping transport throughout the world.

So, these are innovative ways in which South Africa can ensure that we reap these benefits. Thank you very much.

[Time expired.]

Dr M J CARDO: Speaker, Minister, the President noted in his state of the nation address that infrastructure development had slowed down over the past few years. One of the reasons for this is South Africa's lacklustre economic growth, caused by the ANC's mismanagement of the

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fiscus. As a result, the ruling party is now gunning for hard-working South Africans' pension funds by threatening to prescribe assets for pension funds to invest in.

Minister, do you support the use of prescribed assets to finance social and economic infrastructure development projects, as promised in the ANC's election manifesto? If so, what projects have both the President's Infrastructure Fund and the Presidential Infrastructure Co-ordinating Committee earmarked, in this regard?

The MINISTER OF ECONOMIC DEVELOPMENT: Speaker, I thank the hon Cardo for the question. Let me start by explaining how infrastructure funding works in South Africa, currently. Pension funds already invest significant sums of money in public infrastructure. They do this in a number of ways, one of which is by funding bonds issued by public enterprises and by government, itself. Another way is through their participation in the financial markets, more generally.

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When we sit down with pension funds, they indicate to us that one of the most significant opportunities for them to match their mandate is in infrastructure development. Remember, their mandate is a long-term one. They want to invest money and get an adequate return to be able to pay people's pensions when people retire - policy holders' pensions, and so on. So, they welcome opportunities in infrastructure development to, indeed, get to the point where there is a long-term horizon.

Whether one goes the route that we have gone at the moment, or whether we innovate, what the President indicated is there is a commitment from government's side to have a broader social accord on the funding of infrastructure. In the discussion with banks and other financial institutions, insurance companies, pension funds, and others, we will, obviously, try to encourage them to put significant, additional sums of money in infrastructure. This is not as a favour, but because they get returns. Pensioners will get a return on that money.

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There is a large experience out there in the world of different instruments. Some of them include prescribed asset arrangements, as provided for in the ruling party manifesto. Others are prudential requirements, as you have in the United States for housing and small business development. So, these are instruments, but the objectives of those instruments are very clear – how to boost private sector and public sector investment in infrastructure, so that we lay the basis for faster growth for all South Africans, for the creation of new jobs, and so on.

The President specifically responded to the issue around prescribed investment. He raised it in Davos when the issue came up, and he indicated we will be learning from the experience of countries across the world on how to incentivise greater participation in our infrastructure programme.

So, my assurance to you, Dr Cardo, is this. Don't worry. We have learned from the experience elsewhere in the world. We are developing innovative and new ways of

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funding infrastructure and in the long run, pensioners benefit from this, South Africans benefit from this, the economy benefits from this, and more jobs are created. Thank you very much. [Time expired.]

Ms N P SONTI: Speaker, Minister in the last four years, government has spent over R1 trillion on infrastructure projects. Most, if not all, of this money has been given to external contractors. Most of these contracts are inflated and are often linked to corrupt tender processes. Across the world, states have their own construction companies to avoid inflated contracts, corruption and inefficiency. Is it not time South Africa also establishes its state construction company? Thank you.

The MINISTER OF ECONOMIC DEVELOPMENT: Speaker, I thank the hon Sonti for her question. In the delivery of infrastructure, we use a number of different models. Let me take the example of school build, which the hon Motshekga and the Department of Basic Education is responsible for.

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In a case like that, we use state-owned entities, like the Development Bank of Southern Africa, DBSA, and others, to do the project management. We put those projects out to public tender. Local companies, many of them smaller businesses, not always large construction companies, tender for those. In a number of cases, there may be local, smaller businesses that take part in the infrastructure build programme.

There is another set of examples. For the construction of water infrastructure - for which Minister Nkwinti is responsible - the Department of Water and Sanitation has an in-house construction unit, which has engineers and other skilled personnel, who are responsible for the delivery of infrastructure programmes.

Eskom, of course, which has been a very large provider of services - and for which Minister Gordhan is responsible - have had in-house capacity on project management. One of the lessons we have learned is, in the development of Kusile and Medupi, not only were these large mega projects, but they were also taken on at a time when

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there was a loss of skill in Eskom. This was in the early 2000s. So, we took on a very large set of projects, without the requisite skills bases.

So, what we are doing is that, instead of building state capacity, principally, in brick-laying and skills like that, we are doing it in project management. We are now employing engineers, project managers, quantity surveyors, and people with skills like that. This is to ensure, hon Sonti, as you correctly point out, that we can be tough on technical specification and that we can close the loopholes for corruption to take place in the infrastructure programme.

About two-and-a-half years ago, we publicised that the cost of corruption in infrastructure, assuming a 10% overpayment, as a result of corruption, is some R27 billion a year in lost GDP. This is not a once-off, but an ongoing loss of GDP - and more than 76 000 jobs forgone. So, it is vital to us to build exactly that capacity at central level in government to be able to ensure that we empower ordinary South Africans, that we

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put an end to corruption, and that we expeditiously and efficiently, deliver infrastructure. When it is delayed, it costs money. It delays service delivery to our people. So, that's where we are building the capacity in the state.

Mr X NGWEZI: Hon Speaker, Minister, government has spent a lot of money on infrastructure programmes in the past years. I still feel that something must be done to encourage the private sector to invest in infrastructure programmes. Is there anything government is doing to create an environment conducive to the private sector to conduct such a task? Thank you.

The MINISTER OF ECONOMIC DEVELOPMENT: Speaker, I thank the hon Ngwezi for his question. Indeed, there are already a number of areas where the private sector is involved in the provision of infrastructure. Let me cite the example of renewable energy.

Beyond renewable energy, however, information and communication technologies and the platforms for

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cellphone technologies are largely in the private sector, with the large mobile phone companies. There are also other areas of infrastructure that the private sector has become involved in. Some of these are all the examples of public-private partnerships, PPPs.

At the same time, even where the state is the principal driver, where there is, as it were, public-sector involvement in public infrastructure, the public sector partners with the private sector. It raises funds on private capital markets. It uses private contractors for the actual building. In a number of cases, either the maintenance or even some of the operator programmes are done by the private sector.

We look for a blend, a balanced model, where there is strong involvement by both the public sector, which has a public mandate for delivery, as well as the private sector, which often brings dynamism - but, of course their mandate is a return on shareholder capital. So, it's about finding that right blend.

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In respect of your general question, as we design the new Infrastructure Fund announced by Minister Mboweni in his Budget Speech, we see that that fund will, in fact, deepen partnerships with the private sector. A case in point is student accommodation.

Historically, universities built student accommodation. The gap, the shortage, is enormous. We have built, I think, close to or more than 40 000 units of student accommodation - meaning individual beds - in the last five years. However, that doesn't begin to address the enormous backlogs. So there, we do need a partnership with the private sector and we will be extending those kinds of private-sector partnerships. Thank you.

Question 37:

IsiZulu:

UNGQONGQOSHE WEZABASEBENZI: Ngiyabonga Somlomo uma ngingakhumbuza nje umhlonishwa ukuthi imithetho yabasebenzi ingumphumela wezingxoxo phakathi kwama-social partners e-NEDLAC.

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English:

This also includes the consultation that we conduct through publishing all our legislation for public comments. In addition, all our labour laws are required to pass the constitutional muster, the economic and social impact assessment before they could be signed into law. Therefore, this ensures that our labour regulatory framework is not out of sync with the national imperatives including the international best practise and the International Labour Organisation, ILO, conventions.

We also incorporate exemptions and provisions as an instrument to give relief to those employers who genuinely cannot meet the minimum requirements. I, therefore, hon Speaker, submit that the pronouncements on the state of the nation address the outcomes of the job summit and are already catered for in the architecture of our labour laws and our regulatory framework.

IsiZulu:

Futhi ngiyafisa ukuqinisekisa ukuthi imigomo esiyethulayo iyahambisa ...

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English:

... with the national imperatives. We will make every effort to ensure that labour policy and environment compliments our national endeavours.

IsiZulu:

Ngiyabonga Somlomo.

Ms S R VAN SCHALKWYK: Thank you, hon Speaker and thank you to the hon Minister for that response. Hon Minister, we know the various factors in the labour market like mechanisation is threatening the job security of low and no skilled workers. What are the initiatives that you have in place to protect the jobs of these workers? Can you also give us a progress in terms of implementation of the job summit resolutions? However, hon Speaker, I feel that it is necessary to caution voters not to believe everything that the DA says by referring to the quote by the hon Maimane ... [Interjections.] ... and I quote: "Forty four out of ten South Africans don't have jobs." I thank you. [Applause.]

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The MINISTER OF LABOUR: Hon Speaker and hon members, I just want to inform this House that there are programmes that we are embarking on, as a Department of Labour particularly when it comes to the Fourth Industrial Revolution. We have established the programme that we call a Labour Activation programme that deals with the reskilling and upskilling of workers so that they can be able to be within the framework of the Industrial Revolution. But at the same time, Chair, I just want to say our President Cyril Ramaphosa is the co-Chairperson of the International Labour Organisation's Global Commission on the future of work that also deals with the challenges that may arise when it comes to the Fourth Industrial Revolution.

I will also appeal to the hon members to read that report so that they can know what exactly are we intending to do, particularly when it comes to the investment on human capital. As part of the job summit outcome, we have agreed that the Department of Labour has to review the training lay-off scheme terms of reference. Already we have done that one. As we speak, we have implemented that

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in 40 companies and 920 jobs have been saved. So, we are on par in dealing with the issues and supporting those companies that are distressed by allowing them to apply for the training lay-off scheme. Thank you very much, Speaker.

Mr S P MHLONGO: Thank you, Madam Speaker, referring to the Minister, you and your department are meant to be at the forefront of protecting labour in this country, but within your department there is a lack of compliance with labour laws and regulations. We have written and have sent questions to you regarding department's refusal to comply with the Public Service Co-ordinating Bargaining Council, PSCBC Resolutions - that all persons employed in the Public Service, as assistant Directors, must have their salary levels upgraded from level nine to level 10 and that all Deputy Directors must have their salary level upgraded from level 11 to level 12. Why have we received no response on this and why does your department continue not to comply and refuse to make necessary upgrades as per PSCBC Resolutions? Thank you.

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The MINISTER OF LABOUR: Thank you very much, hon Speaker. Hon Speaker, I think they don't share the information because hon Moteka did receive the response on the matter. Even that question is one of the questions that the members have raised, but nevertheless, Speaker, I will respond. In the year 2014, the department implemented the provisions of clause 18(1) of the PSCBC Resolution 12 by upgrading qualifying Assistant Directors and Deputy Directors from salary level nine to level 10 and salary level 11 to level 12. For employees who were serving in positions that were graded on salary levels 10 and 12 automatically absorbed into the regarding posts with effect from 1 August 2012, on condition that such posts were job evaluated in terms of the revised job weight ranges. I must also guide the member that we don't just wake up but we are always guided by the Department of Public Service and Administration by issuing the guidance on how we have to deal with those posts that have been upgraded. Thank very much, hon Speaker.

Mr M BAGRAIM: Minister, in fact, despite the question of what you intend to do to take up in respect of the

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regulatory framework to create jobs, your Ministry has done exactly the opposites.

It appears from all the regulations if you are merely hampering job creation and certainly you act as a handbrake to job creation. Is the Minister at least considering easing the regulations for the exemption of the national minimum wage, which now only stands at 10% R2 per hour? Thank you.

The MINISTER OF LABOUR: Thank you very much, hon Speaker. The hon member knows very well that our labour laws do create the space for the exemptions fro those who can't afford. But all what they have to do, the employers apply as individual employers and they must submit relevant documents so that we can make sure that when the employer is saying he or she can't afford that should be informed by that information that has been submitted. We can't have a blanket exemption. When you talked about R2 exemption on the national minimum wage, we have agreed as social partners that at least all companies wherever they are given exemption it must not be beyond 10%.

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I do believe that the member has read the national minimum wage, including the regulations as well. So, the hon member must advise whoever is looking for advice from him to refer them to the regulations and the legislation itself. Thank you very much, Speaker.

IsiZulu:

Mnu X NGWEZI: Ngiyabonga Somlomo, Shenge ngishilo ngolunye usuku ungekho ngibuza umbuzo kuMongameli ukuthi siyasemukela isimemezelo sikaMongameli asenze ngosuku ethula inkulumo yesizwe sokuthi ...

English:

... experience will no longer be a pre requisite for employment. Now ...

IsiZulu:

...sibona ukuthi kukhona enye into Shenge elimaza kakhulu abafundi esihlale sibakhuthaza njalo, ukuthi bafundele izifundo zobunjiniyela ngoba abakwazi uma bephothulile iziqu zabo ukuba bathweswe iziqu zabo

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bengakatholi ukuqeqeshwa kokulungiselela ukusebenza
[inservice training.]

English:

It is a pre requisite again. Furthermore, they are unable to study for a B Tech qualification.

IsiZulu:

Lezi zinto zenza ukuthi bangakwazi ukuqhubeka nezinhlalo zomsebenzi noma bakwazi ukuqhubeka nokufunda.

English:

My question to you: Is there anything that the Department of labour can do to address that matter, because I believe that you must play a part as the Department of Labour just like the Department of Health encourages people to do Medicine, and immediately or before they finish they played a role in giving those people experience in different clinics or hospitals? So, even here I think you must do it. Is there anything that you think you can do to address this particular matter? Thank you

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The MINISTER OF LABOUR: Speaker, Department of Public Service and Administration is dealing with the issues that relates to experience. We have taken a collective decision as the African National Congress and also as the government that now there will be no need for calling for the experience for the first entrance when the workseekers or jobseekers or graduates are applying for that job. The Minister of Public Service and Administration is busy dealing with that particular issue. We also have the internship programme where all the departments agreed that they are going to make sure that those graduates are taken on board so that they can be able to familiarise themselves with the working environment. Thank you very much, hon Speaker.

Question 80:

The MINISTER OF PUBLIC ENTERPRISES: Hon Speaker, government policies on SOEs has constantly been that where it is appropriate strategic equity partners who usually hold less than 50% of the shares orphan entity could be introduced. Ideally, of course, we want our SOEs

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to be fully self-sufficient and be able to fulfil their developmental and economic growth.

Where SOEs are not able to raise sufficient financing from banks, capital markets, development and finance institutions or from the fiscus, we will indeed explore other mechanism such as strategic equity partnerships or disposal of non-strategic assets. [Applause.] As we do all these, we will not support any measures that in any form dispose of assets of the state that are strategic to the wellbeing of the economy and the people of South Africa.

Over the past decade and a half, there have been a number of instances where strategic equity partners, SEPs, have in fact been introduced. We need to take the opportunity to reflect and learn from some of these experiences.

Then, I give six instances. Firstly, Denel Airmotive and Turbomeca SA, a French company. Secondly, Airports Company South Africa, Acsa, and Aeroporti di Roma, an Italian entity and I believe this was later reversed. Thirdly, Denel Aerstructures and sub aerostructures.

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Fourthly, SA Airways, SAA, and Swiss Air AEG which was also reversed later. Fifthly, Rheinmetall Denel Munition, one of the most successful deals that the state has done. Lastly, Denel Hensoldt Optronics, also a German company.

The strategic equity partners, SEPs, when introduced appropriately could serve an extremely useful purpose by providing finances that the state does not have at a point in time. They could introduce new technologies that will enhance the performance of SOEs and indeed strengthen the management skills of the entity as well.

We must also emphasise that the introduction of an SEP with the minority shareholding is not the equivalent of wholesale privatisation that some ask for.

In circumstances where we are confronted with tight fiscal conditions, consideration will be given to the introduction of an SEP on a case by case basis. However, timing is of the essence. By this we mean that the SOE concern must be sufficiently stable and viable for the partner concerned to view it as a positive business

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proposition. For example, government has already recited that an SEP should be introduced at an appropriate time into SAA. That is when SAA has effectively implemented this turnaround plan to restore some level of profitability and overall viability. Whilst a turnaround plan is being implemented, the process for exploring the market has begun in line with government mandate.

In respect of part (b) of the question, as you are aware, Cabinet has decided on the establishment of a Presidential SOE Council chaired by the President. This council which will become operational in the next administration will review the portfolio of SOEs and other entities within government. Government announcement obviously will be there by the government in office then. As the President said, and I quote: "We have established the Presidential SOE Council, which will provide political oversight and strategic management in order to reform, reposition and revitalise state owned enterprises, so they play their role as catalysts of economic growth and development".

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But hon members might also want to start examining a change in paradigm that's developing around the world as well. According to one economics professor and I quote:

The state can proactively create strategy around a new high growth area before the potential is understood by the business community (from the internet to nanotechnology), funding the most uncertain phase of the research that the private sector is too risk-averse to engage with, seeking and commissioning further developments, and often even overseeing the commercialisation process. In this sense, the state would have played an important entrepreneurial role.

Thank you.

Ms N W A MAZZONE: Minister, we had a very interesting scenario played out in the House yesterday, where the Deputy President very openly announced to the country that he didn't support comments that were made by the Finance Minister and quiet blatantly said that the Finance Minister had tweeted in his own capacity and

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certainly that they weigh the views of government. Now, this is an incredible worrying trend and certainly very worrying to hear in the House because you have a situation where one would hope that the whole of Cabinet is on the same WhatsApp group and that everyone is playing from the same level. Now, I for one take the Minister of Finance tweets very seriously because he is our Minister of Finance. I think we should all take these tweets quiet seriously. I personally agree that certain SOEs should be sold off and certainly I agree that certain SOEs should have strategic partners introduced. That's the only way we can do this.

Now, Minister, well I understand completely that we have to try and stabilise the state-owned entities. Some of them are simply beyond repair. I use, for example, the fact that Eskom is now sitting at approximately R419 billion worth of debt. That's why we had to separate Eskom. Minister, you and I fought alongside shoulder to shoulder as we fought state capture. What we now need to know, Minister, is this: Is the unanimity in Cabinet regarding the stance that we are going to take as a

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country and state-owned entities and is everyone on board with regards to bringing strategic partnership because certainly yesterday we heard from the Deputy President that his understanding is completely different to that understanding of the Minister of Finance? [Applause.]

The MINISTER OF PUBLIC ENTERPRISES: Madam Speaker, to the best of my knowledge my job role hasn't change, meaning I'm neither a spokesperson for the Deputy President nor for the Minister of Finance.

But let me make the more general point. It is interesting that the DA has a WhatsApp group. We don't all in the same WhatsApp group. The Minister of Communications is still working on that. But the key point that has been addressed correctly is, are we in the same page as government? The answer is yes. I gave many illustrations of that in the first response that I provided.

Secondly, as we get to the new administration, we will see a lot more action in the right direction to ensure that SOEs are in fact reposition in the right way. The

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hon member talks about state capture. There is no doubt that the state captures measure damage in many state-owned-entities, if not in all of them.

Thirdly, we must treat the last year or so as a transition period in which finances, governance operations and other strategic issues have been dealt with by government in order to reposition these SOEs.

Finally, when the SOEs Council begin to operate, all of these will be reviewed to work out what the next steps are. But our aspirations suddenly for key institutions like Eskom is that it must be returned to full health, its debt that we dealt with and some level of financial and operational stability will be created through the mechanism that we are talking about. Thank you.

Mr N M PAULSEN: Minister Gordhan, Noam Chomsky says, the standard technique of privatisation: defund, make sure things don't work, people get angry, you hand it over to private capital. So, now we can see what the *modus*

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operandi is behind, moving Eskom to privatisation. We have been experiencing load shedding.

You are the Minister of Public Enterprises and you should be doing everything in your power to ensure the viability and the sustainability of SOEs. Ultimately, you are accountable for the successes and the failures.

Minister, would you consider it a failure on your part if we have to privatise any of the state-owned entities?

Thank you very much, Speaker.

The MINISTER OF PUBLIC ENTERPRISES: Yes, I suppose, hon Speaker, select of quotes from Chomsky can be very useful, but it has no application whatsoever in our case.

The SOEs don't work to the extent that they don't because of a very transparency instead of facts. Firstly, there was state capture. Secondly, there was corruption.

Thirdly, both boards and management and other members of staff were manipulated or participants in the state capture process. In facts, on the oddest of quotas,

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political quotas, we have defence of the very people who were instrumental in state capture. That's well known as to who was actually instrumental that defence can take all sorts of forms as well.

Real question is whether all the parties in this House are committed to fight corruption in whatever form we find it, whether all of us will condemn corruption wherever we find it? Whether all of us give a guarantee to the South African public that we will never ever engage in corruption ourselves, irrespective of whichever parties that we come from? So, there is no issue around here.

The question of being responsible for the viability of SOEs, we are doing the best we can. The facts are out there. We report to Parliament wherever it is appropriate both here and in the various committees. Of course, privatisation is not on the agenda.

Mr N SINGH: Hon Speaker, as my colleague indicated yesterday, we heard about tweet speaks, personal speak

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and government speak. I would take it that today the hon Minister has spoken on behalf of government. I support the hon Minister of Finance in his statement that we have to be tough on some of the state-owned enterprises that are a drain on the fiscus. We have to do something about it because many of them are in the intensive care unit, ICU.

Hon Minister, you mention SAA as an example of government looking for a strategic equity partner. You said we are in the process of stabilising SAA. Are there any time frames? Is it going to be in the medium or long term because sometimes if one does a cost benefit analysis, you may find partners out there who would want to buy now when the price is low? It would also mean that we can dispose of our shares out there at a lower price, but in the end, we will benefit as a country from a strategic equity partner. What is your view on that, hon Minister?

The MINISTER OF PUBLIC ENTERPRISES: Hon Speaker, I think the hon member will agree with all of us that, yes, a state asset is going to cost us R40 billion, R50 billion

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or R60 billion to shut down, for example, immediately. Or, if we enter into a so-called partnership where the partner brings nothing because that's the value proposition they think they are getting out of the partnership every time to get. Then that is not in the best interest of this country.

If on the other hand, we have confidence that a turnaround plan is going to work even 70% of the way, we give it the right support on the one hand and the Minister of Finance is absolutely right, we need to be tough on the SOE boards and on the management and on the teams that they actually lead in order that they deliver on the promises that they make as part of the shareholder compact and the commitments that they make to Parliament as well.

So, I don't think you would sell any asset when it is going to receive sub power value. So, let's be patient, let's give SAA another year or two. There are indications that some aspects are improving, financially speaking. Some routes are returning to profitability at this

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particular point in time. But equally, in the next administration, very close scrutiny needs to be undertaken of the performance of each of these entities, including SAA itself.

To return to the point that SOEs need to be start from being a drain on the fiscus, that's the point that the President made in the state of the nation address of 2018, a point he repeated in 2019 as well. That's the guideline and framework which we then actually work. So, we to win these entities of any kind of state support over time. Of course, it is going to take a bit of time because recovery from state capture and damage is not going to happen in an instant.

On the other hand, we need to make sure that the monitoring process of these SOEs is careful, it is rigorous and it is tough so that they deliver on the targets that they actually set. That's the kind of capacity we require certainly in this particular department in order to execute that task. Thank you.

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Question 38:

The MINISTER OF ENVIRONMENTAL AFFAIRS: Madam Speaker and hon Nyambi, in 2014 the Department of Environmental Affairs embarked on the development of the national biodiversity economy strategy that targeted two sectors namely: wild life and bio prospecting which has to do more with bio trade, specifically for transformation of the wild life sector, without under valuing the impact of the other identified initiatives. The following initiatives were key: the identification and the prioritisation of 10 million hectares for transformation of wild life economy; the establishment and development as well as supporting new wild life ranching entrance through infrastructure support and game donation programmes, the operationalisation of 11 biodiversity economic nodes in the nine provinces of South Africa and formalising the South African game market and creating a network of 110 game meat processing facilities which are Black owned.

And lastly capacitating organised community structures such as communal property associations and trusts. The

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bio prospecting sector works stream was also able to find five key initiatives that had to be supported.

The first one was on promotion of mass a cultivation drive of 25 plants pieces of strategic importance and increased cultivation by 500 hectares per annum as well as improving efficiencies in bio prospecting access and benefiting sharing permitting systems.

On the high level achievements by this ANC led government on other programmes that include the wild economy.

R200 million of private investment was unlocked, a 1000 jobs were created, 66.6 million government investments and an additional R1.7 billion on infrastructural support as well as 1900 game donated as well as low to emerging game rangers. 1.1 million hectares of land with potential for wild life economy was also met. On the bio prospecting economy 260 jobs were created Small Medium and Micro-sized Enterprises (SMMEs) who are complying to the bio prospecting access and benefit sharing legislation through a multi-national collaboration.

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On people and parks: Through the people and parks programmes a lot of progress has also been made, the expansion of the conservation estate in South Africa, the empowerment of communities and so far Madam Speaker, 48 co-management agreements were facilitated with a with a significant number having been signed with land claimants whilst others are yet to be negotiated.

And lastly working together with the commission on restitution of land rights, 58 title deeds have been issued to communities that claimed land within protected areas. This process serves as a vehicle to ensure communities' accrued benefits from natural resources, I thank you.

Ms H V NYAMBI: Hon Minister, the national biodiversity economy strategy was formalised in 2016 to promote among others the participation of Black people in the wild life economy. Which has until recently been in the hands of the few historically privileged people. Now, Minister, what has been the impact of the national biodiversity

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economy strategy in promoting Black participation thus far?

The MINISTER OF ENVIRONMENTAL AFFAIRS: Hon members, I've alluded that we have seen the new participation of farm owners as well as the release of land and most importantly the provision national assets for good use, particularly for those that have been historically disadvantaged.

And, lastly, we have also seen a number of jobs that have been created particularly in the SMMEs sector as well as in the processes that have to do people and parks where amongst other things there's been 48 co management agreements. There has been change, there has been inclusivity but of importance, there's also been an ownership, not only of land but also of wild life, I thank you.

Mr N SINGH: Hon Speaker, it's encouraging to note that South Africa is the third most bio diverse place on earth. But, when I look at the statement which I have

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before me, which is public statement, one would note that much of the biodiversity advantages reside in the Western Cape and very little in other provinces. So, the people of the Western Cape are benefiting from this rich biodiversity. You have partly answered the question of hon Ndaba but, hon Minister you speak about a focus on jobs.

Our focus should be on creating equity so that people who have been disadvantaged can get equity in many of these tourism facilities that exist where our biodiversity is rich. What is your department doing together with the department of tourism to create more entrepreneurs who will benefit from the rich wild life heritage and other heritage that we have in our country?

The MINISTER OF ENVIRONMENTAL AFFAIRS: Hon Singh, it might be in the Western Cape but that does not mean it's only those that have been previously advantaged. There has been inclusivity and there's been transformation particularly on the promotion of ecotourism and some of the activities that are in the value chain of

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biodiversity. I've also indicated that we have approximately 750 SMMEs that have been trained and included in that, besides the issues of jobs, there's also been a release of land to the first time participants in this particular sector. So, the emphasis has not been on solely on jobs but jobs also quite important particularly for the communities that have been living in and around the protected areas without them gaining any opportunity of being skilled, of being owners and most importantly of finding job opportunities. I thank you.

Ms Y N YAKO: Madam Speaker, the N2 wild coast road is cutting through one of the pristine and beautiful parts of the Eastern Cape and country. Communities are against the development of the road and it has been established that they are cheaper and more environmentally friendly alternatives. You yourself have revealed that Israel is not complying with the set requirements of environmental authorisation which has resulted in damage to the environment and the indigent species being threatened.

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So, what does your department not halt the construction of the N2 wild coast road?

The MINISTER OF ENVIRONMENTAL AFFAIRS: Hon member, yes, there has been concerns raised around the development of the N2. However, there are conditions that have been given for the construction so that it can comply with the environmental requirements. What is also of importance that we definitely have to engage on is that the construction of the N2 goes beyond just a particular area where there has been resistance towards it. It is a note that connects that different parts of country, it opens up the agricultural sector, it gives opportunity in terms of land use and most importantly it also helps us to trade and promote tourism.

It is on those bases that when there is an objection and a concern there has to be consultation that is sufficient not withstanding that we must ensure that we put that national interest first such as the need for the road for the bigger good of the country including for the benefit of the community. And, therefore awareness and

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collaboration and cooperation with those communities is quite important. Our view is that it must continue. It must adhere to the condition that the Department of Environment has put, thank you.

Mr R K PURDON: Minister, yes, South Africa does have large natural capital assets but load shedding has returned, Eskom needs another bail out, the electricity prices are going up, petrol prices are going up and towns are running out of water. These circumstances certainly don't contribute to the economic wellbeing of South Africans. While South African are being asked to pay more for electricity, the same supplier of that electricity Eskom, is killing people daily with excessive emissions. What is government doing to ensure Eskom complies with emission control legislation and to solve this air pollution crisis?

The MINISTER OF ENVIRONMENTAL AFFAIRS: Whilst the question may not be related to this I think I need to also remind the hon member that through the portfolio committee that he serves in, we have been able to engage

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around the issues of the carbon emissions and the need to ensure that there is adaptation as well as investing on research as to how we are going to be able to deal with the coal powered infrastructure systems that generate power in our in our country. This is the work that is also included in the interministerial task team convened by the Deputy President on ensuring that there is adaptation and that adaptation is contributing towards the reduction of environmental degradation but we also use the very natural resources which is coal that is in our possession as South Africa in a manner that may not cause future for generations to come.

Question 87:

The MINISTER OF COMMUNICATIONS, TELECOMMUNICATIONS AND POSTAL SERVICES: Speaker, I thank the hon member for asking the question. The SABC will be allocating blocks in order to accommodate the parliamentary channel broadcast, as currently we cannot afford to roll out the entire programme. However, via the digital terrestrial television, DTT, platform, we are availing all the

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channels, in terms of 010 if you want to access the parliamentary channel only on the DTT platform for now.

Mr R M TSELI: Speaker, through you to the Minister:

Whilst the crossover date is important, what is of critical importance is whether there is an effective plan in place to ensure effective management of the crossover process of all broadcasters from analogue television services to digital television services. If there is, what are the details of the plan? Thank you very much.

The MINISTER OF COMMUNICATIONS, TELECOMMUNICATIONS AND POSTAL SERVICES: Madam Speaker, you have may have missed it, but that is a supplementary question to another point. I may respond, although I will have to come back to it. Can we then ask the member - or another one - to ask a question so that I can respond properly?

The SPEAKER: I give you the option to answer or to wait for the other question.

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The MINISTER OF COMMUNICATIONS, TELECOMMUNICATIONS AND POSTAL SERVICES: Speaker, the plan we are rolling out in terms of DTT right now is to first confirm the number of the beneficiaries as identified by Statistics SA and the South African Social Services Agency, Sassa. As we do that, we are busy creating awareness to make sure people do understand where they must go in terms of accessing the set-top boxes we are talking about. In the mean time, we are making sure that the broadcasters are ready to migrate. We have had engagements with them, and we will be meeting with the manufacturers soon. Thank you, Speaker.

Ms S J NKOMO: Speaker, I think the most important thing here that both we and the public would like to know is exactly when we are moving from analogue to digital. It is quite critical, as well, to inform the public about this massive move. So, we would like to know what other programmes there are to inform the public on what is going to be happening and how it is going to be happening. Thank you.

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The MINISTER OF COMMUNICATIONS, TELECOMMUNICATIONS AND POSTAL SERVICES: Speaker, once more, I assume the member has the wrong follow-up question. Nevertheless, I will respond. We had said previously that the programme will be embarked upon and finalised between 2020 and 2021. Thank you.

Afrikaans:

Me V VAN DYK: Speaker en Minister, verdien die Parlement enige inkomste uit hierdie kanaal, of word dit gratis aan DSTV verskaf?

English:

The SPEAKER: Minister, do you want her to repeat the supplementary question? I see you were still fiddling with the listening device. Hon Van Dyk?

Afrikaans:

Me V VAN DYK: Speaker, ek sal stadig praat. Minister, verdien die Parlement enige inkomste uit hierdie kanaal, of word dit gratis aan DSTV verskaf?

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IsiXhosa:

UMPHATHISWA WEZONXIBELELWANO NEENKONZO ZEPOSI: Somlomo ohloniphekileyo, ilungu eli limele ukuba liyazi ukuba eli jelo lePalamente alikho phantsi kwe SABC. Ijelo elenziwa phakathi kwePalamente nomntu oliqhubayo okanye i-DSTV. Ngoko ke njengoMphathiswa wezoNxibelelwano, akukho nto ndinokuyiyithetha. Andazi ukuba ngubani ekumele ukuba afumane imali komnye. Ndiyabulela Somlomo [Kwaqhwytywa.]

Question 39:

The MINISTER OF COMMUNICATIONS, TELECOMMUNICATIONS AND POSTAL SERVICES: Hon Speaker, as we all know, as the Minister responsible for communications, I cannot interfere with the content that has been driven at the SABC level. However, as the shareholder, we have made it our responsibility to make sure that we will work with Treasury to ensure that they are recapitalised via the turnaround strategy that has been developed by SABC, to address those issues in terms of the quality of the content that must be provided to all the listeners and viewers. Thank you.

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Mr N XABA: Speaker, Minister, our people are ready to vote ANC on 8 May. However, there is criticism on the quality and state of radio and television and on journalism, and the South African National Editors' Forum, Sanef, has equally expressed concern about this. What, in your opinion, are the reasons for this and how is the SABC addressing this factor?

The MINISTER OF COMMUNICATIONS, TELECOMMUNICATIONS AND POSTAL SERVICES: We appreciate the fact that you have noticed that your people want to vote ANC on 8 May. However, to respond specifically to the question that you are asking, we are working, not only with Sanef but also with other broadcasters. We want to ensure that all journalists adhere to the ethics of journalism, in order to protect the quality of the services that they are rendering. Most importantly, we want to make sure that they appreciate their freedom of speech, but they have to be protected when they are doing their work. That is why it is important that they always make sure that they are on the right side of the law, as they undertake to deliver their services. Thank you.

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Mr N M PAULSEN: Speaker, don't believe that guy. He is like a pastor. He wants to raise the ANC from the death. One of the ways, both the quality and content of the SABC could be improved is if time and energy was spent on developing and training young producers, animators, actors, film crews, musicians and artists, in general. So, what is the SABC doing to develop and maintain production and artistic talent at the SABC?

The MINISTER OF COMMUNICATIONS, TELECOMMUNICATIONS AND POSTAL SERVICES: Speaker, hon member, when we peeped through the turnaround strategy that has been worked on by the SABC, we realised that they are investing a lot in terms of content development and empowering their workers, both those that they have internally and externally. Of course, at times, they will have to go out and seek assistance, if they don't have internally. Therefore, they are trying to address those in order to make sure that the SABC becomes the best, as we undertake the journey towards the Fourth Industrial Revolution. Thank you.

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Ms S J NKOMO: Madam Speaker, Minister Tito Mboweni reported that the funding required from several SOEs, including the SABC has increased and that the SABC was among those who requested state support just to continue operating. Has the department figured out a separate plan apart from the one that they have, which will ensure that it will generate revenue to settle the debts the SABC presently has?

The MINISTER OF COMMUNICATIONS, TELECOMMUNICATIONS AND POSTAL SERVICES: Hon Speaker, unfortunately, we cannot get that operational, but of course, it is in our interest to ensure that the SABC survives and does not forever come back to government for assistance. Therefore, we are in a process of developing the terms of reference, whereby we are going to appoint a group of media experts that must assist the SABC. Working together with Treasury, the turnaround strategy will ensure that the SABC is sustainable and that they find ways of generating income on their own.

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Mev V VAN DYK: Minister, ek gee u 'n geleentheid om die tolk nader te roep. In ag genome die feit dat die SAUK 'n beperkte of geen begroting het nie. Hoe gaan die SAUK hul mandaat vervul om kwaliteit en genoegsame inhoud aan die publiek te lewer?

UMPHATHISWA WEZONXIBELELWANO NEENKONZO ZEPOSI: Njengoko sewutshilo ukuba iBhunga eli lethu lezoSasazo loMzantsi Afrika lijongene neengxaki ezinkulu zemali. Sesona sizathu sibangele ukuba uMphathiswa wezeZimali, u-Tito Mboweni athi, siza kusebenzisana ukuqinisekisa ukuba siyancedisa apho ibhunga lifuna ukuncediswa khona.

Ukwenza oku ke njengoko besenditshilo ekuqaleni kuthetha ukuba, kuza kufuneka i-SABC ize nenkqubo eza kuncedisa kwaye ijonge ukuba siza kuzahlula njani ezi ngxaki sijongene nazo kunye nala matyala sinawo. Loo nto izakwenza ukuba sazi ukuba kwixa elizayo ibhunga eli lisemandleni kwaye lenza umsebenzi walo ngokufanelekileyo. Ndiyabulela Somlomo [Kwaqhwyatya.]

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IsiZulu:

USIHLALO WENDLU (Nk A T Didiza): Siyabonga mhlonishwa Ngqongqoshe Wezokuxhumana. Manje-ke sesiza embuzweni wamashumi amane obuzwe nguMnumzane u-Matlala kuNgqongqoshe Wezamandla. Sizodlula-ke ngoba besenisizwile isixoliso siye-ke kumbuzo wamashumi ayisithupha nanhlanu obuze nguMnumzane u-Lees owaziwa ngelikaMazambane kuleliPhalamende ewubuza kuNgqongqoshe Wezezimali, Mhlonishwa Ngqongqoshe Wezezimali, siyabonga.

English:

The MINISTER OF FINANCE: Hon Chair, the way to understand these things is to have a context. What is the context? The context is that we have a large number of state-owned enterprises in South Africa. Some are functioning very well. Others are struggling along and I think Minister Gordhan has explained the architecture that we are dealing with in this case. Now, in the normal course of life, you assess your situation as you go along. Dogma, backwardness, overenthusiasm and so on are not helpful therefore I think the approach that the Minister of Public Enterprise is taking is correct and it gives us

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the correct context within which to understand this question.

Now therefore, we have said that we should identify the group of noncore assets within the arsenal of state-owned enterprises, SOEs, and therefore seek on a case by case basis to deal with the issues. So, do not deal with the issues ideologically but deal with them on the basis of the scientific information at our disposal in order to make sure that we achieve the desired results. So this is a matter that has been ongoing for many years. When I was in Cabinet for the first time in 1994 we looked into the issue of noncore assets and we are still dealing with that today and we are solving that problem. So that is the answer to the question. Thank you very much.

Mr R A LEES: Chairperson, Minister Mboweni, thank you for trying to answer the question. I am afraid I do not understand and I know that I am not the sharpest knife in the drawer but the Budget specifically says that the bailouts for SOEs other than Eskom will be funded from the sale of noncore assets as well as from the

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contingency reserve. In the current year - not since 1994 not in 2094- how can we budget for that? With all due respect Minister and not know what assets we are going to be selling in the current year and how much we will get for them. I just do not understand. I am very sorry. We have SA Broadcasting Corporation, SABC, who apparently want R6,5 billion as we speak. What are we going to do? Are we going to take from the contingency reserve for now - which I would understand - but there are others coming down the road this year sir, how do we deal with them?

The HOUSE CHAIRPERSON (Ms A T Didiza): Well hon Minister, Mazambane [hon Lees] said that he does not understand you - not even on Twitter - but he does not understand you now. Can you answer the question? [Interjections.]

Mr R A LEES: Madam Chair, unlike the Deputy President, I do take him seriously.

The MINISTER OF FINANCE: I can promise you that the Deputy President takes the Minister of Finance seriously. [Interjections.] I can promise you that, so, do not pick

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and choose what the Deputy President said and use it wrongly. Now, the reason I gave you context was to avoid the blinkers approach. You see, the blinkers approach goes in one direction. Whether there is a bridge or no bridge you just keep going in that direction, that is the problem. So the reason I gave you a context is for the context to help you understand the scientific nature of the things that we are dealing.

When I say scientific I mean that you have to understand that you have many assets, some performing very well others not. Now, you analyse each one on a case by case basis as I have said and not on an ideological basis. Now, one of the privileges of being the Minister of Finance is that I have all the information that you are talking about. I know which assets are performing well. I know which ones are not performing well. That is the advantage and unfortunately you only attain this advantage by winning the elections. So, once you have won the elections, you can be the Minister of Finance. You will have all the information at your disposal and then do as you please. Thank you very much. [Applause.]

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The HOUSE CHAIRPERSON (Ms A T Didiza): Order hon members!
Hon Paulsen.

Mr M WATERS: Chairperson, on a point of order: The Minister never answered the question. [Interjections.] The question was how you are going to fund these SOEs, the bailouts. It is a simple question, and the Minister, with all the information at your disposal, you should know the answer. Thank you. [Interjections.]

The HOUSE CHAIRPERSON (Ms A T Didiza): Hon member, in terms of our Rule the Minister is expected to answer the question. We cannot prescribe how he answers that question. Hon Paulsen. [Interjections.]

Mr N M PAULSEN: Chairperson, Minister, after 25 years I am hoping that you can answer this particular question. When you speak of noncore assets, can you provide us with how you define those noncore assets that you intend to sell off because we do not want essential state assets sold off because of a misunderstanding or a differing interpretation to what constitutes a noncore asset? And I

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want to take you seriously but I am moving closer to DD [Deputy President D D Mabuza] over there.

The MINISTER OF FINANCE: Well I do not know why we complicate very simple things. So, if you are a provider of rail services, for example, and over the years for whatever reasons you happen to create a telephone company. The telephony is not your core activity. Your core activity is providing proper rail services and you can take that example in many other respects. If your function is to grow tomatoes and in the process weed starts growing, that is not core function so you get rid of the weed and keep the tomatoes. That is what happens. [Interjections.] So you can use that analogy much broader. Please do not smoke it yet. [Interjections.]

The HOUSE CHAIRPERSON (Ms A T Didiza): Order! Hon Tobias.

Ms T V TOBIAS: Hon Chairperson, Minister, as you gave context you did that at the risk of those who represent capital to not accept the fact that part of the work that you do is to make sure that state-owned enterprises

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participate in a developmental state. [Interjections.]
But, the question is that, how will the liquidity of these SOEs be maintained and also will job losses be averted in the process as we identify the noncore assets and the strategic assets? As you explained earlier on, that there is a determination that has been arrived at as to which ones remain core assets. I thank you.

The MINISTER OF FINANCE: I have in politics for a while and I have learnt over the years not to be too definitive about certain things. For example, if in the course of ... [Interjections.]

The HOUSE CHAIRPERSON (Ms A T Didiza): Order!

The MINISTER OF FINANCE: ... the restructuring of state assets some redundancies are found, I do not want anybody to burn me at the stake and say, "this is what you said in Parliament."

AN HON MEMBER: But you are supposed to say something.

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The MINISTER OF FINANCE: And therefore I have to be very careful but, as the Minister of Public Enterprises said, we are going to proceed with these processes in a very careful and caring manner so that we do not do anything recklessly. Some of the portfolios are quite significant therefore one has to approach whatever we do in restructuring very carefully as the Minister has said and I wish not to say anything further than that in case I am misunderstood. Thank you very much. [Interjections.]

The HOUSE CHAIRPERSON (Ms A T Didiza): Thank you very much. There is no other follow-up that has been ... oh! Hon Lorimer?

Mr J R B LORIMER: For the next one.

The HOUSE CHAIRPERSON (Ms A T Didiza): For the next one. I was very interested in this question about ministerial answers to supplementary question and I have got an interesting one from New Zealand that I just want to say with you. It says, however I do not want members to misunderstand this meaning the speaker. The speaker does

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not judge whether ministerial replies or make political judgements on how well Ministers have responded in the House or indeed how well other members are performing. Those are matters for members themselves, for the press and for the public generally. There is nothing new about members being dissatisfied with Ministers' replies and appealing to the Speaker about them can be seen by Speakers' rulings in the book going back to at least to 1892. [Interjections.] Vey interesting!

Question 41:

The MINISTER OF MINERAL RESOURCES: Hon Chairperson, hon members, exploration and extraction have a unique character that there is a long lead time from where you make a find and when you reach the production point. So, the discovery by Total is not different. It is early days to determine the complete outlook of opportunities at this stage. However, this is an exciting and very important discovery for our country and our economy. Prospects are that there is a potential to reduce the overall dependency on imported oil and gas; that is the first prospect.

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The second prospect is that it will assist South Africa to establish a petroleum sector as an important sector of the economy. Thirdly, it will contribute in helping us develop that sector into an independent sector as opposed to it as an appendix of mining. The fourth point is that it gives an opportunity to grow the economy faster.

Possibly, once we are at full production with oil and gas, we are going to raise the level of 5% growth as an economy. Fifth, at this point, we are optimistic that the luck between the discovery and full development will be positive as we facilitate that development. In the process jobs will be created, as announced by the hon Maimane, we will reduce 44 in every 10, to a smaller number. [Laughter.]

This also presents a rare opportunity for us to develop and establish a sovereign wealth fund, a concept that has been in the air for a long time widely used in many all producing countries. Therefore, in that way, we will be preserving the benefits of discovery oil and gas for future generation. That is the answer.

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Mr S LUZIPO: Chairperson, thank you hon Minister, I can't praise the fish for swimming. All I can say is that you didn't disappoint with the answer. Hon Minister, there has always been a need for measures in place to leverage on the country's vast mineral resources and the industry's contribution into the economy.

There is a need to ensure transformation in the sector in order to redress the imbalances of the past, to ensure that there is direct foreign investment which contributes to economic growth development and beneficiation.

Therefore, the question is, what regulatory measures are in place to ensure optimum development, beneficiation and growth, including an expansion plan of the project within our coastline? Thank you very much.

The MINISTER OF MINERAL RESOURCES: Transformation is at the heart of everything we do. If you look at the composition of the shareholding of the team that was doing the exploration and made the findings, only 10% belongs to South Africa. That is why I am making the point that there is rare opportunity that we have of

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intervening in that space by developing a proper sovereign wealth fund for the country. That is transformative in the sense that you are preserving benefits of that discovery for future generation. There is nothing more transformative than that.

What I want to encourage South Africans to do is, when companies come to do explorations, if you stay away and you don't want to associate with them when they are looking, there must be no big noise when they make the discovery because at that point they have invested money in making that discovery.

We better associate us with companies as they come for exploration. For example, we are looking very closely at the work done by Oil Industry Company, ENI in the deep sea exploration. If southern companies are not interested at this stage, it is unfair when there is a discovery, to begin and say, take it away and give it to us.

Mr L R B LORIMER: Minister, we have been told that new oil and gas legislation is on its way, could you tell us

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what legislation will govern the exploitation of this discovery that we are talking about? And in your answer, you have already talked about 10% South African ownership, is that for Broad-Based Black Economic Empowerment, BBBEE ownership? And, do you envisage that future oil and gas discoveries - and I hope that there will be some - will be structured in the same way as this one is or are you going to demand a greater BBBEE percentage?

The MINISTER OF MINERAL RESOURCES: Hon Lorimer knows that at this point in time, oil and gas exploration is regulated by the Mineral and Petroleum Resources Development Act, MPRDA. So, to say which one will regulate which, is actually a rhetoric question that doesn't seek to add value. It's regulated in terms of MPRDA but we are in a process of developing a specific legislative framework for the petroleum sector. That being, it's almost at the state of being completed.

More likely, it will be passed by the 6th administration. Once that legislation becomes law, it will regulate the

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sector which will be new. At that point in time, the adjustment on what are provided in the MPRDA will require our attention. Now, will we demand more? You see, the weakness with DA is that they believe that transformation is a favour. Transformation is not a favour, it is a business imperative, it is not a compliance issue, it is not a checklist issue; it is a requirement for all of us to co-exist.

I want to remind Mr Lorimer that, you know that when the National Party took power in 1948, one of the things it did is that it gave general mining and Union Corporation to the Afrikaners under the principle of live and let live. So, transformation is not a favour, it is a requirement for society to normalise.

Ms Y N YAKO: To the hon Minister, five of the six largest oil refineries in this county are owned by private oil companies and the smallest is owned by the state. In 2013 government was considering the purchase of PETRONAS stake and engine which operates the largest oil refinery in the country. Why was the deal cancelled and has government

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considered buying further oil refineries in light of the recent oil and gas discoveries?

The MINISTER OF MINERAL RESOURCES: Minister Radebe has asked to be excused. Now, when you begin to talk about refineries, you are taking me over to the energy portfolio which is not my portfolio. But, the reality of the matter is that South Africa needs economic development and growth. In the process, we get entrapped in believing that once part of the economy is privately owned, it is no longer part of the South African economy.

The economy of South Africa is at this point in time, 70% private and 30% public. The total of that 30% and 70% constitute the entirety of the South African economy. Our interest is to make that economy and in its entirety to pump and perform.

Mr J A ESTERHUIZEN: Minister, it's absolutely true that South Africa needs development and growth but it is not true that according to the licensing agreement for offshore funds, it would require four more wells to be

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re-estimated cost to the South African tax payer of about R42 billion. We all hope that it will be successful but even then Minister, we would only see production of this well in 2027 and South Africa signed an agreement to stop burning fossil fuels at 2030.

Minister, with all that said; does your department consider the massive environmental cost to the sea bird there? The end, is it worth it at all?

The MINISTER OF MINERAL RESOURCES: Two days ago, I read an article of the British government discovering shale gas in their shore and; they describe it as going to give Britain self sufficiency with energy. Now - yes- we must be careful never to transgress environmental requirements as we do mining and; as we do exploration and extraction of various products. But, the biggest mistake we can commit to is when we interpret that as do nothing; because if we say we must do nothing, it means we will stagnate and once we stagnate, we will begin to decline.

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So my own view is that we must meet the requirement of preserving the environment as it is required by sustainable development to preserve benefits that we are enjoying today for future generations. I am subscribing to that but what I don't subscribe to is do nothing approach to development.

Question 42:

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, let me thank the hon member for the question. In the state of the nation address, 2018, President Ramaphosa articulated the challenges faced by state-owned companies, SOCs, and identified measures required to reform them.

Subsequently, the President announced the establishment of the SOC council with the task of leading the process of strengthening governance and other aspects of SOCs. These measures include the need to stabilise each SOC, as I indicated earlier, to ensure financial stability and then clean out all manifestations of malfeasance or corruption.

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In our Budget Vote last year, I stated that we shall work to recapture the SOCs. To this effect, we continue to work as swiftly as we can, to stabilise these entities and to return them to their financial sustainability. This is done through the appointment of capable boards and executive teams, refocus the companies on their core mandate and ensure that the companies have viable business and operating models, amongst other things.

An improvement in operational performance and engendering confidence amongst the lenders is obviously very critical for many of these entities as well. The framework which we've now developed after a year's experience in this particular regard, to reposition SOEs looks like something like this Chairperson:

Firstly, in relation to governance, the appointment of competent boards and management with persons of unquestionable integrity is absolutely essential. We need to review and regularly update the guidelines in terms of remuneration of boards and executives, this is equally important as well.

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Secondly, concerning the financial aspects which was addressed by both I and the Minister of Finance this afternoon, it's important that we realise the next or the past year have been about stabilising each entity and ensuring that we restore some level of sustainable revenue flows in each of these entities, and in line with government's objective the next year or two, it's still about ensuring that each of these entities operates efficiently so that they have enough revenue accruing to them.

But equally, they are able to manage their costs, so that revenue exceeds the level of costs that these entities have. Thereby, manage their debt levels with the assistance of the Treasury but through their own strength, eventually. Our aim must be, as we've said before, to remove any reliance on the fiscus from any of these entities over the medium-term.

The third aspect is operations. During the period of state capture and manipulation, operations were often in many of these entities neglected. If you neglect

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operations, you neglect revenue and the sales or whatever product or service that you are actually offering. If one does that, then one leads to financial failure and lack of sustainability as well.

So, refocusing the management teams on the cooperation of the business, but also ensuring efficiency in those operations is absolutely crucial. The fourth aspect is structural, and this is in respect of the business models of each of these entities and the manner in which they are organised in order to deliver upon their mandate as well. The fifth aspect, Chairperson, is people's skills and culture. We have to ask on each SOC, whether they have the right skills and right positions; whether the culture of integrity is now beginning to succeed as the overall culture of the institution.

We need to also review the appropriateness of the structure and operating model of each of these entities as well as we go forward. But in addition, Chairperson, what we need to do is to look into the question of ...

[Interjections.]

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The HOUSE CHAIRPERSON (Ms A T Didiza): I am afraid, Minister, your time is up, maybe on the follow-up question you will be able to answer that.

The MINISTER OF PUBLIC ENTERPRISES: Okay.

Setswana:

Moh G N NOBANDA: Modulasetilo le Tona ya lefapha, ruri dikgwebo tsa setšhaba di ka se itshekege kgotsa gona go itshegetsa ka go bona dithusa kgapetsakgapetsa go tswa mo pusong go atlegisa taelo ya tsona. Go ya ka wena jaaka Tona, kakanyo ya gago ke eng se dikgwebo tse tsa setšhaba di ka se tsweletsang go kgona go ikemela, go thusa puso go godisa ikonomi ya naga le go tlhola ditiro? Ke a leboga.

The MINISTER OF PUBLIC ENTERPRISES: Thank you hon member for the question. Chairperson, I have made an indication about the key elements earlier on that we need to get the governance of these entities right, and I have described what we mean by that. The second aspect is to ensure that management teams are not only maintaining the

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organisations as they are, but they also represent the level of boldness and innovativeness in a way in which they approach their tasks.

The third aspect is that these management teams shouldn't just be inwardly looking, but they need to understand each of their business environments and the markets in which they operate, and be aware of both the risks on the one hand and the opportunities that they have on the other hand. Fourthly, they need to be entrepreneurial. They need to look for new opportunities, new ways of bringing more businesses into the SOCs and earning more revenue, but also be entrepreneurial in terms of cost structure of the entities as well.

Above all, they need to engender a culture within the SOCs and amongst the staff, that the staff is there to serve the public interest and the national interest at the end of the day, not some individualistic culture that often permeates in many of these institutions.

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Mr S P MHLONGO: Through you Chairperson, hon Minister, in all honesty, we doubt your level of understanding of what is happening at Eskom as a public entity, and also the competing interest between Eskom as a public entity and the independent power producers, IPPs, representing private interest.

Now, hon Minister, over a month ago, we wrote you questions for written reply and answers, asking for the number of engineers at Eskom, the details of Enel's appointment as a technical advisor and Enel's links to IPPs. After a month, you replied to us stating that you do not have this information as to how many engineers exist within Eskom and you are waiting for Eskom to reply.

Do you really don't know this basic information which should take you less than a day to retrieve or you are misleading us, hon Minister? Thank you.

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The HOUSE CHAIRPERSON (Ms A T Didiza): I'm afraid your time is up, hon Mhlongo. Minister, can you please respond?

The MINISTER OF PUBLIC ENTERPRISES: Well, when the hon Minister's party wins the next elections or the one after that; or the one after that; or the one after that, then hopefully they will have a better understanding of Eskom. All I can say is that we do understand the problems and we are beginning to address them. We have answered those questions in a number of different ways. But the task is a difficult and a challenging one, but one that we will certainly overcome.

As far as the IPPs are concerned, as my colleagues next to me have said a moment ago, that it is the area that Minister Radebe deals with. If we listened carefully to what Minister Mantashe said a moment ago, we will understand that our economy is a mixture of public and private sectors, and in fact, social as well. In that kind of mixture, where the private sector is 70% of the

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economy, obviously, you would expect the private sector to play some role or the other.

In critical areas of the state, we will ensure that public interest is the only interest that is actually promoted. As far as an answer to the question that was asked is concerned, Chairperson, we rely on each of the entities to report to us by giving us the facts. We can either wait for the facts for weeks or months, or even inform the questioner that we don't have information at hand, but once it is available, we will make it available to them.

Ms N W A MAZZONE: Through you hon House Chair, Minister, there are many occasions where we have asked to see the Key Performance Indicators, KPIs, of the state-owned entities, SOEs, and those of the people that work for the state-owned entities. One of the very reasons that it so difficult to execute oversight on the state-owned entities is because, we know that they set their own targets which are then easy to meet, so that at the end

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of the day, they are judging themselves against parameters that they have set and are extremely low.

Therefore, would you agree with me that it is now essential that you as Minister, and certainly us as Parliament, have sight of these KPRs? Minister, just as an example, I've already said that Eskom has R419 billion in debt. You have also estimated that state capture could cost our country within the region of R1 trillion.

My question therefore is: Where is the money going to be coming from because eventually, something has got to give. It's either we will have a decrease in the police, health, social welfare, water and sanitation, housing or education budgets, or Minister, are we going to be getting the money from China, and if so, how much? [Time expired.]

The MINISTER OF PUBLIC ENTERPRISES: Thank you for the question, hon member. The hon member is absolutely correct that KPIs need to be transparent and they should be in a business plans that are submitted to Parliament

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for scrutiny as well. It's a well-known fact of human behaviour that you will set your bar at the lowest possible level so that you can jump over it, so to speak.

So, rigorous management of setting of KPIs is critical, both to raise the bar, but also to ensure that you get the right kind of performance. In terms of R419 billion debts, it's a crucial and mistaken assumption that the hon member makes that, all of the money will come from the fiscus. If that was the case then of course the series of cuts that you are talking about will actually happen, but that's not the case.

The Minister of Finance has made the announcement that we have R23 billion coming from the fiscus per year, over a 10 year period and which has been appropriated for the next three years, so that's the first one. The second is that there are other technical solutions that we are looking at, which will enable us to address the remainder of the debt.

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Thirdly, the more recent National Energy Regulator of SA, Nersa, announcement, also begins to change the numbers that build the Treasury and Eskom itself will have to take it to account. In the next few weeks, we will have some clarity on what the alternative mechanisms are.

Mr N SINGH: Through you Chairperson, hon Minister, the Auditor-General reported that in 2017-18 irregular expenditure increased five-fold in state-owned enterprises to R27 billion. Such irregular expenditure was caused largely by officials, particularly in the supply chain management arena who were deliberate and negligent in performing their duties.

There were lack of internal controls and various noncompliance issues. Now, hon Minister, I know that you have said that the boards have been changed and senior executive have been replaced, but I want to content that the rot must certainly go deeper than that. Are you satisfied that a clean sweep mechanism is being used to root out these SOEs of corrupt individuals, right from grassroots level, the bottom level and up to the top?

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The MINISTER OF PUBLIC ENTERPRISES: Hon Singh, to quote a nearby neighbour is work in progress. But let me say, Chair, that one of the things that has actually happened during this last year, is that we have begun to understand better within each SOE, the fact that irregular expenditure wasn't fully disclosed over the last five or six years, that is the first thing.

The second, the auditors from the private auditing companies were complicit in the fact that their audits didn't correctly identify the totality of irregular expenditure. Thirdly, as a consequence, what we are going to have over the next period is quite an extraordinary increase in disclosure of irregular expenditure, because the detection mechanisms are now better than they have ever been before.

But what this House and others need to do is to hold these auditing firms to account for the sloppy jobs that they have been actually doing. Is the rot deeper than we thought? Definitely, but that is where that the House should also recognise that there is a serious fight back

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at the moment, whether is through tweeter mechanisms or other mechanisms, including through Chapter Nine institutions, to ensure that we do not get to the bottom of understanding the totality of the corruption that took place in these entities, and all South Africans across party lines who are interested in these SOEs succeeding, must actually support the fight back against the fight back.

Question 83:

The MINISTER OF COMMUNICATIONS: House Chairperson, we want to respond to the question as it talks to the future. It asks us about the future.

We are not certain that the SA Broadcasting Corporation, SABC, will come back and we really hope not. As I said earlier, what we are trying to do is to make sure that we assist them in the development of the turnaround strategy, which will lead to a sustainable SABC.

Therefore, the question that asks me if in the future they will come back, I really cannot tell. I do hope

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though that the hon members will make sure that as they go ahead with the appointment of the SABC board, they will appoint people who are credible, capable and who will make sure that the SABC is run efficiently. One of the challenges is the fact that the SABC has undergone so many challenges ... and that I cannot respond to. It's the responsibility of the appointing authority. Thank you, hon Chair.

Afrikaans:

Me V VAN DYK: Dankie Minister. Die vraag het gegaan oor die bailout [finansiële inspuiting]. Ek dink dat dié Parlement, die publiek en ook die SA Uitsaai-korporasie, SAUK, se personeel verdien die waarheid rondom hierdie geleentheid want tot dusver was die antwoorde baie vaag.

Wat is die bedrag wat die SAUK as waarborg gegee het en wat is die voorwaardes wat daaraan gekoppel is? Ons wil dit weet.

Dan wil ek ook daarby aansluit. Ons het gehoor dat beide die Ministers van Finansies en Kommunikasie praat van 'n

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hoofherorganiseringsbeampte wat by die SAUK aangestel gaan word.

Kan die Minister uitklaar wie hierdie aanstelling gaan doen en op watter regsgrondslag, en hoe raak dit die onafhanklikheid van die SAUK as 'n publieke uitsaaier? Wat sal hierdie beampte se mandaat wees? Dit wil sê, watter magte gaan aan hierdie persoon gegee word?

SIHLALO WENDLU (Ms A T Didiza):

Siswati:

Wena wekunene, Mtfwana weNkosi, lunga lelihloniphekile laLendlu, Ngcongcoshe Wetekutsintsana. Sibeka kuwe ke Ntfombatana.

IsiXhosa:

UMPHATHISWA WEZONXIBELELWANO: Sihlalo weNdlu, ukucacisela nje ilingu eligqiba kuthetha apha ngombuzo obubuzwe ngaphambili, mhlawumbi aliwuvanga kakuhle. Umbuzo obuzwe ngohloniphekileyo u-Van Damme ufundeka ngolu hlobo...

English:

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The MINISTER OF COMMUNICATIONS: ... whether the SABC will request a bailout and/or government guarantee in the near future. If not, what is the position in this regard? If so, what are the relevant details?

IsiXhosa:

Ngoko ke ukuba ubuza ngokuba yimalini na imali eceliweyo, ayisiso esi siNgesi sibhalwe apha, ngokokuqonda kwam isiNgesi. Kuba ke ndisenzela uluntu lonke ukuze lwazi ukuba senza ntoni silisebe ukuncedisana ne-SABC. Njengoko bendiyichazile nayizolo, ezindabeni nasekomitini ukuba sivumelene neSebe lezeZimali ngokuba i-SABC siza kuyincedisa kumyinge ojongene nemiceli mingeni abajongene nayo ngoku bafake isicelo seR2,3 yezigidi zezigidi. Senza njalo.

Ndithetha nje nawe, igosa eliyintloko lolawulo lwe-SABC, umlawuli jikelele wesebe eli ndilikhokeleyo kunye neSebe lezeZimali, ngabo abalungiselela lo mcimbi. Ngamampunge into yokuba kuthiwe silisebe oko sitshona sivela xa kufikwa kulo mcimbi. Ndiyabona ukuba isiNgesi esi

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sitolikwa ngeendlela ngeendlela. Ndiyabulela Sihlalo weNdlu.

English:

Ms S J NKOMO: Thank you very much, Madam. I would like to start my question in this way. What is the Minister's position regarding the call by the Finance Minister, Mr Tito Mboweni, that perhaps we need to privatise some state-owned entities, SOEs, and in particular with regard to the SABC?

The MINISTER OF COMMUNICATIONS: Thank you, House Chair. The Minister of Treasury has not at any point proposed to anybody that he intends or seeks to privatise any of the SABC's properties. Of course, if you had listened carefully to what he said on the day he delivered his speech, he made mention of the challenges that the SOEs are going through. He then posed a question to parliamentarians and the public. Is it enough that we keep these people or entities, although they are going through challenges? If we keep them, what therefore are

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the interventions that we must introduce? That is the question that we are dealing with.

If we all agree, as we see that the SABC is undergoing certain challenges, what are the interventions? I mentioned earlier that in order to assist the SABC we are in the process of developing the terms of reference that will lead to us appointing a panel of experts to assist the SABC in how to develop the turnaround strategy that must talk to its sustainability plan.

I further said that this is not something we are just doing only as the Department of Communications or in the SABC, but we are working with a group of experts from Treasury to look into the cost impact. Is there value in the money that we keep pumping into the entities? If there is no value, how do we make sure that government does not continue to feed the beast that does not assist? As I said, in this instance we are doing everything to make sure that these entities will become the best. Of course, where they do not add value we will come back and say, what do you think is the best method?

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The HOUSE CHAIRPERSON (Ms A T Didiza): Hon Van Dyk, you pressed for a follow up? [Interjections.] I know she was the first one. She pressed again.

Ms V VAN DYK: No, I didn't press again. It was still on. In any case, my question was not answered. I would be glad if I could get an answer to the second part of the question.

IsiXhosa:

UMPHATHISWA WEZONXIBELELWANO: Sihlalo weNdlu, kulo wokuqala bendiyibeke elubala ukuba ubheke ecaleni. Ndiza kuphendula lona athi andikhangeni ndiwuphendule. Lo mbuzo ufuna ukuqonda ukuba ingaba singurhulumente siza kuthumela abantu kusini na xa siza kubanika imali. Ndiza kuthi njengokuba ubumvile uMphathiswa wezeZimali ukuba apho siza kuthatha khona imali yabarhafi siyifake kuba sancedisa, sinyanzelekile ukuba sibeke umntu oza kugada ukuba ngenene le mali yenza oko bekuthenjiswa kona. U-SABC akasayi kwahluka kuloo nto kwaye ayenziwa ngu-SABC loo nto. Njengoko uMphathiswa ebetshilo, siza kusebenzisana nesebe ukuqinisekisa ukuba xa kunyulwa loo

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mntu, iza kuba ngumntu oza kugada le mali urhulumente aza kuyifaka ku-SABC iza kuncedisa ukuba kujike izinto ku-SABC, njengoko besele sibonile ngaphambili.

English:

It's not the first time that we are providing a bailout to the SABC. In 2009 the same thing was done. However, the turnaround strategy was never implemented. We have learnt and therefore we are saying...

IsiXhosa:

... siza kuyilandela ibe namehlo. Andinakuyazi ke Sihlalo weNdlu ukuba ilungu elihloniphekileyo lichaza yona kusini na xa lisithi sifuna ukugxuphuleka kulawulo lwe-SABC (micro manage). Okwethu njengorhulumente okhathalayo, sinoxanduva lokulandelela imali yabarhafi ukuze yenze ezi zinto abarhafi bafuna ukubona zenziwe. Ndiyabulela Sihlalo weNdlu.

Siswati:

SIHLALO WENDLU (Ms A T Didiza): Ngcongcoshe, lilunga lelihloniphelike, Sonti.

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IsiXhosa:

Nksk N P SONTI: Ubungaphazamanga kanti xa usithi Mphathiswa kum.

USIHLALO WENDLU (Nks A T Didiza): Hayi bendiza kuba ndiphazamile lungu elihloniphekileyo. Thetha Sonti, liyahamba ixesha.

English:

Ms N P SONTI: Minister, in order for there to be free, fair and quality coverage of the 2019 general elections, the SABC must receive a government guarantee.

In your engagement with the Minister of Finance, has there been any indication that the SABC will receive a government guarantee before the elections take place? And if not, does this not compromise the SABC's ability to cover the elections? Thank you.

IsiXhosa:

USIHLALO WENDLU(Nks Ms A T Didiza): Hayi uyasebenza kakuhle namhlanje.

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UMPHATHISWA WEZONXIBELELWANO: Hayi kunjalo nje, ndiyawusebenzela kakuhle umvuzo wam. Sihlalo weNdlu, njengoko benditshilo ukuba isicelo esifakiweyo sifuna i-R6,8 yezigidi zezigidi. Ndiye ndahambisa ndathi, ngenxa yokuba singekagqibi ukudibanisa yonke le migomo ekufuneka siyiphumezile ukuze imali iphume, siye safaka isicelo somnyinyiva kurhulumente kwiSebe lezeZimali esi-R3,2 yezigidi zezigidi sibongoza kuSassa ukuba asinike le mali. Ngale mali siza kuqhawula ezi ngxakana sinazo zokwamkelisa abasebenzi ngempela-nyanga yeyoKwindla le sikuyo. Ulonyulo lona lungenyanga kaCanzibe kwaye loo nto ithetha ukuba sivumelene ngemali noMphathiswa. Nditshilo ngaphambili ukuba igosa eliyintloko lolawulo kunye nabalawuli jikelele bethu baya sebenzisana ngoku ndithetha nawe ukuqinisekisa ukuba yonke inkqubo ekufuneka yenziwe iyenziwa, abasebenzi bafumane imivuzo yabo. Ndiyabulela Sihlalo weNdlu.

Question 44:

The MINISTER OF MINERAL RESOURCES: Hon Chairperson and hon members, the hon Luzipho refers to the investment of Vedanta Zinc International in Gamsberg, Namaqualand in

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the Northern Cape. Our analysis is that that is a very import development in that the company has not only opened the mine in Gamsberg, it has also committed itself to invest in value-addition that is beneficiation of its products that will create more jobs, add more value in what we are exporting. Thus assist us from shifting slightly from the traditional pit to port contribution to the economy.

I must explain that this deposit in Gamsberg could not be exploited by O'okiep Copper Company; it could not be exploited by Goldfields and it could not be exploited by AngloGold Ashanti when it was given to Vedanta Zinc International, it was given to Vedanta Zinc International as a debt that it was at a value of one rand. The fact that they have converted it into a valuable asset is quite important to the economy.

Now, what other benefits do we get? If you go to the Investing in African Mining Indaba which is an assembly of the international mining investors, it presents an opportunity for all of us and investors to network and

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engage meaningfully with each other and the government. In that Mining Indaba, we had a lot of bilateral, we talk face to face with investors, and we talk to other Ministers from other jurisdictions.

More important about the Mining Indaba, hon Luzipho through you hon Chair, was that for the first time in the 25 years history of the Mining Indaba, the Mining Indaba was addressed by the Head of State, the President of the Republic, President Cyril Matamela Ramaphosa and that actually interested investors and therefore confirmed our commitment to creating a conducive environment for investors.

As the Minister of Mineral Resources I stayed there for the whole four days which was quite appreciated in terms of interacting with the investors.

Lastly, I want to acknowledge and thank my colleagues who attended and participated in the Mining Indaba, Minister Jeff Radebe, Minister Rob Davies, Minister Nkhensani Kubayi-Ngubane and the Deputy Minister of Mineral

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Resources, Godfrey Olifant. The presence of the President of Gana also was quite important.

What is important about this incident and link it to the Vedanta Zinc International is that the active participation of mining companies in the inaugural investment conference is beginning to come to fruition in terms of getting concrete investment in the mining industry.

Mr S LUZIPO: Sihlalo [Chairperson.] thank you very much about the response from the hon Minister. Hon Minister, noting that there is a need to ensure that there are measures in place, such as investment to benefit the historically disadvantaged and the marginalised and that there is a need to exploit and benefit the people of our country in the minerals potential.

The question therefore is: Can we say that the Northern Cape with this kind of an investment becomes one area of focus that we can see growth in terms of the mineral

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wealth, but also other forms of commodities in terms of the mineral industry? Thank you very much.

The MINISTER OF MINERAL RESOURCES: I will use only two examples. It is a requirement that in every investment 26% must be given to black economic empowerment. That means it is focussing on the historical disadvantaged. We have increased that to 30% without resistance except by the hon Lorimer who was the only person who resisted. Nobody resisted it. So, 30% of any investment should go to the historically disadvantaged. Now, that is the first thing.

The second thing that is important is that procurement is an instrument of empowerment. We are beginning to monitor it closely and ensure that companies do procure locally. We will come back to that as a question on that issue and we will answer that in detail. However, empowerment is part of the deal. [Applause.]

Mr J R B LORIMER: House Chair and Minister, the decision to invest at Gamsberg was a decision made many years ago.

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I am more interested at what is happening now which is why I am pleased that the question involves the Mining Indaba. At the Mining Indaba the AngloGold Ashanti chief executive officer, CEO, Mark Cutifani said the regulatory and policy environment has improved, but it is still not enough to attract new investment from AngloGold Ashanti. Mining production was down last year, with a major strike underway, it is likely not to be improving.

Minister, please explain why we are not seeing a turnaround yet in growth and investment? If you say we are, please tell us what investments and where?

The MINISTER OF MINERAL RESOURCES: As I said earlier, Gamsberg has always been there. It was given to Vedanta Zinc International by AngloGold Ashanti. We thought that it was a dead asset, it is now productive. That decision was taken. You see, investment is not only investment when it is a greenfield investment. Investment can be a greenfield, it can be expansion, it can be a renewal of an existing assets. Now to try and make a distinction and try to reduce investment that is directed at expansion

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into nothing is actually short-sightedness in terms of analysis of what investment is.

The investment in Gamsberg, is from Black Mountain Mining which has been operational for years. Gamsberg is a new operation that is opened and actually very modern, automated and to me, is quite an interesting operation. So, if AngloGold Ashanti says it did not see attracted investment for them, actually Vedanta Zinc International is 21% investor in AngloGold Ashanti, it is a shareholder of AngloGold Ashanti. They confirmed what you are saying that AngloGold Ashanti is one leg here and one leg out and they are trying to persuade them to remain patriotic about South Africa. I think we should support them in that, because AngloGold Ashanti is a product of this country and it must not look for greener pastures somewhere else and neglect this area.

If you go to BHP Billiton it does not matter how small it can be in Australia, it remains an Australian company. Nestlé generate less than 2% from Switzerland, it remains a Swiss company. Therefore, AngloGold Ashanti should be

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encouraged to have that level of patriotism about this country. [Applause.]

Mr S P MHLONGO: Hon Chairperson and hon Minister, Africa is rich in mineral resources, but Africa simply exports these mineral resources particularly to the developed world leaving Africa bankrupt and the poorest in the world.

What are you doing to ensure that the natural resources of ours that are being mined are processed in order to create more sustainable jobs in our country, but also to bring about capital injection to our economy for it to grow? Thank you. [Applause.]

The HOUSE CHAIRPERSON (Ms T A Didiza): Hon Minister, hon Mhlongo is very passionate about this issue.

The MINISTER OF MINERAL RESOURCES: Njomane did not listen. Let me remind him of what I said. I said Vedanta Zinc International has invested in Gamsberg and one of the commitments it has made is to develop a beneficiation

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plant in that area. That answers your question, because here is a major mining company, mining and saying we are going to beneficiate this area because we love Namaqualand. And by loving Namaqualand, we want to turn the Northern Cape around. In that way, that is a step in the right direction. We are encouraging many of these mining companies to do the same.

Mr J A ESTERHUIZEN: Hon Chair and hon Minister, the Northern Cape being one of the poorest and with most unemployed people in the province, it felt fantastic that Vedanta Zinc International invested actually more than R1 billion is actually - it is R1,2 billion - in that kant [area]. You just said as a beneficiation to the community would be huge, and that is fantastic. However, will it only apply to labourers? Would Vedanta Zinc International bring skills development in this area or would Vedanta Zinc International bring their own qualified managers into the area or will they develop skills in that community? Thank you.

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The MINISTER OF MINERAL RESOURCES: Hon member, it is not just R1,2 billion, it is R1,2 billion thus far and Vedanta Zinc International has committed itself that it is going to invest a further R1 billion in the area. That is the first thing.

Secondly, the chief executive officer, CEO, of Vedanta Zinc International is a South African. I think you should note that. Their global CEO is from India, but taken from AngloGold Ashanti.

Now, I happened to go to their opening on 8 March, one of the things that excited me was that all the skills jobs in Vedanta Zinc International including the automotive operations are actually occupied by people not only South Africans, but people from Namaqualand. Their working there and they are skilled and they are competent. And my own view is that once you begin to see growth of competent local people in an area it reassures us of the future of that operation. So, the people of Namaqualand stay there, they work there and they are not only

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labourers. They are doing skilled jobs at various levels and that is reassuring.

Question 81:

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, thank you to hon Mazzone, Eskom remains a strategic entity of government and indeed, of the people of South Africa. And support of the shareholder is critical while the company remains in financial and operational difficulty as well.

The government support is currently expressed both in the R350 billion guarantee that government through the Treasury has extended and the R23 billion per annum equity that I referred to earlier as announced by the Minister of Finance in the budget.

Government has extended the time frames of the Eskom guarantee, not the guarantee amount. The time frames of the Eskom guarantee to 2023, in order that it can have the backing of government to borrow money once stability is restored. Eskom has not requested government for the increase in the guarantee itself.

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The recent announcement by National Energy Regulator of South Africa, NERSA, as I pointed out earlier on, on tariffs, requires that Eskom financials be appropriately revised and I mentioned earlier as well. Currently, there is technical work being under taken between Treasury, Eskom and Department of Energy, DPE, to explore other financial mechanisms to resolve the debt burden of Eskom.

The objective of all of this would be to enable Eskom to return to the markets to undertake the necessary borrowing, having restored confidence in Eskom and restored stability into its balance sheet.

It is precisely the financial position of Eskom that Eskom finds itself in which requires the restructuring of Eskom over time into three separate entities generation, transmission and distribution. This will be done with the appropriate consultation and involvement of all stakeholders including labour to ensure the transformation of Eskom into a viable electricity provider for future generations.

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The success of the above is depended on a concerted effort by Eskom and all of the stakeholders with the full backing of government to urgently implement its comprehensive turnaround plan that is partly developed and is to be modified slightly to accommodate more recent developments.

Resolving the Eskom challenges doesn't only require support but requires the execution of a totality of this turnaround plan that I am referring to including in particular, the cost reductions, the tariff adjustments and the structural changes that I have referred to earlier well.

Ms N W A MAZZONE: House Chair, Minister this is what I fail to understand you have asked us to be part of the fight back against the fight back and we are most certainly part of that fight back against the fight back. However, it is terrible hard to fight back when one of the people that was implicated in "state capture" at Eskom has just been announced to be on the list of the ANC to come back to Parliament. That being as it is - I

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mean it doesn't bode well for the future prospects of Eskom's status and rating with the agencies. Because how can you trust someone that is implicated in stealing from its very own entity? My question is this, what happens when there is absolutely no money left. You already spoke about whether it come out of the Department of Education, police, where does the money come from? Because, at some point it actually has to stop. I don't understand why there is absolute complete disregard to even consider the way the DA has requested a meeting around the table where we look at separating Eskom into two entities, one being generation and one being transmission. Obviously, retaining transmission as a national asset. But why there is this absolute reluctance to think of it an anyway privatization part of the transmission. It would soften the debt burden so tremendously.

Minister, you want us to fight back the fight back. I want to help you fight back the fight back. But to do that I need you to sit around the table and be willing to listen to an idea that we know could work even though ideologically we might be completely separate. We have

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got to think in the best interest of the country.
Minister, will you sit down with me and at least let me show our proposal and show you how we could lessen the burden at Eskom.

The HOUSE CHAIRPERSON (Ms A T DIDIZA): Order! I think the latter part is asking the Minister to meet with hon Mazzone.

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, just for your information and the information of the House, we did have an appointment set aside with ... I almost said MINISTER Mazzone. But that's a long way off giving where we are going at the moment. She called it off for some reason or the other so, we shall reschedule it. The cup of tea is still available.

As far as ANC lists are concerned, that I think is for the ANC to answer. We are here as parliamentarians. But clearly, all of us need to ensure that we prove integrity to one another and in particular to the South African public as we go forward.

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Where is the money coming from? I explained that very clearly earlier several times that we do it again.

Firstly, R23 billion per year over the 10year period, secondly, Eskom's only efforts to cut costs, thirdly, Eskom's only efforts to increase its revenue, because revenue has been declining over a period of time.

Fourthly, obviously, they are going to find new customers for what is actually happening in the particular environment. Fifthly, as we said there is a technical mechanism that we are working on and hopefully within the next few weeks, long before the elections we finalise what that mechanism actually is which will release some of the debt burden.

The objective is quite clear, we need to return Eskom to a point where that debt burden becomes less of albatross in around the neck of Eskom on the one hand and on the other hand it can use its own credibility and credit ratings to do the borrowing that is necessary.

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Unfortunately, the DA's proposal on separating into three entities is well on its way and in fact, its three entities not two. But we still a cup of tea available and you are welcome. Thank you.

The HOUSE CHAIRPERSON (Ms A T DIDIZA): Appointment has been agreed to and all of us are the witnesses. Hon Paulsen.

Mr M N PAULSEN: House Chair, Minister, you mentioned a couple of things I would like to talk about but, I am going to focus on the word "integrity" that you used and that we have to ensure the public out there of our integrity. One of the problems that take Eskom to its dire state is the issue of "state capture" and I think it is important that all implicated in one way or another co-operates with the "state capture" Commission.

I want to ask you, why do you refuse to allow Tom Moyane to cross-examine you at the "state capture" Commission of Inquiry when various other people including those we know

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to be implicated have allowed themselves to be cross examined? Do you have anything to hide, hon Minister?

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, the commission is now being brought into Parliament but that's fine. The simple answer hon Paulsen... you know from your very nice smile that there is nothing to hide. You also know that this is part of a broader political campaign against individuals in the ANC and the ANC itself. You also know about VBS Bank and many other things as well Tshwane, Johannesburg, fleet contracts! Wouldn't you like to volunteer on behalf of the EFF to go to the Zondo Commission and confess your sins? Because, there is a lot to confess... [Interjections.]

Mr M N PAULSEN: Chairperson!

The HOUSE CHAIRPERSON (Ms A T Didiza): Order! Hon member.

Mr M N PAULSEN: Chairperson, we can't deflect here. I don't know anything about VBS Bank. He is talking rubbish!

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The HOUSE CHAIRPERSON (Ms A T Didiza): Can you take a seat? That was not a point of order. You were just making your statement.

The MINISTER OF PUBLIC ENTERPRISES:... Chairperson, I think denials like hon Paulsen's denial of the most recent sort is far less than credible and he knows that. We have nothing to hide but we cannot be participants and co-operate in processes that will not advance the Zondo Commission's work. Its work is to discover those responsible for "state capture" identify them and hopefully at some stage they will be prosecuted as well, but far more importantly, identify where the money is that "state capture" beneficiaries derived and bring that money back into South Africa, so that that money can be used for developmental purposes. That is the point that hon Paulsen must answer. Some of the money that he might know about when is it going to come back into public coffers and how can it be used for development?

Mr N SINGH: Hon Chairperson, there are indeed many questions around Eskom today and I want to confess that

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indeed Minister, we are all looking for light at the end of the tunnel. All of us we should be committed in this House to ensure that Eskom survives and thrives.

Hon Minister, I think one of the indicators that there is light at the end of the tunnel - you referred to this earlier on when you spoke about auditing firms - Many colleagues and I serve on the Standing Committee on the Auditor-General, AG, and we have insisted that the audits of all state-owned enterprises must be done by the office of the Auditor-General themselves and not outsourced to private companies. Because many of these companies have dubious backgrounds and I don't want to mention names here.

My question related to this question that I have put that there is talk of a chief reorganisation officer, which the Minister of Finance spoke about in doing guarantees. Has any thought been given to whether this going to an individual or an office and what... [Time Expired.]

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The MINISTER OF PUBLIC ENTERPRISES: Chairperson, there is more than light at the end of the tunnel. It's just that it dims every now and again under the phenomenon of "load shedding" but we will hopefully get rid of that sooner rather than later.

The Minister of Finance and myself and indeed, Eskom are applying our minds to both the person who would head the turnaround office or the restructuring firstly. Secondly, an understanding of what a team needs to be put together. Thirdly, the kind of tasks that they will face in executing the turnaround plan in co-operation with the current management and the board. Within the next few weeks we will have answers to that particular question as well.

We fully concur with the hon member's point that the AG and we have met him as well. He will take more and more charge of audits of SOCs. And many of the firms that have led us down haven't quite come to the fore yet to admit the fault clients in their own operations and if you like confess their sins as well because I think all of us are

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waiting for these auditing firms to come to the fore. They are hoping that time will be able to distract us from an understanding of what their role was during their last five to seven years. But incidentally, this is a phenomenon that is problematic audit by audits firms that has now become a global phenomenon as well. Thank you.

The HOUSE CHAIRPERSON (Ms A T DIDIZA): Thank you hon Minister. We now move to the last Question for the day and I would advise Ministers that the replies can be forwarded to the NA table so that they can go to the relevant parties who have asked questions as written replies. Our last Question is to the Minister of Mineral Resources asked by hon Jaco.

Question 62:

The MINISTER OF MINERAL RESOURCES: E, honourable Chairperson, e Honourbale Yako, ndiyamthanda mncinci, kodwa ndifuna ukumnika i-advice, ndifuna ukumnika i-advice, mawubuze i-question, do your background check, because you ask a question that does not exist. Eh, [Interjection]

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The HOUSE CHAIRPERSON (Ms A T Didiza): Order, order Honourable Member, Honourable Paulsen what is the point of order?

Mr M N PAULSEN: Minister Ya, Minister Mantashe must not tell us how to ask question or how we should prepare for those question. He must just answer the question.

Ms Y N YAKO: Thank you Honourable Chairperson, I think out of the respect for the Honourable dishonourable Minister, I am not going to engage him of what he is saying. There is no stupid question; there is no question that does not exist. He is simple not answering any of the questions that we have asked on mineral resources. Now I am to take a chance and ask a question just off the grade, did the discovery of oil and refinery have any thing to do with the reception of the MPRD Bill. Please answer me Minister because there is no such thing as stupid question or a non-existing question.

THE MINISTER OF MINERAL RESOURCES: Eh, Please, don't put words in my mouth. I never called any question stupid. It

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has nothing to do, it has nothing to do with the MPRDA, there is a discovery of oil.

The MINISTER OF MINERAL RESOURCES: Unfortunately you can't answer a question that does not exist. Eh, because you asked about a Bill that has been withdrawn. Go to the documents of Parliament that Bill is appearing under list of Bills referred to Committees. So you are asking a question that does not exist.

Mr J R B LORIEEMER: Minister, the MDRA was passed in the last days of the fourth Parliament. The ANC passed it against the advice of the DA, we said it was a bad idea. The Bill was sent back, five years later, seems the ANC agrees with that, it was a bad Bill and now it has been dropped. Minister please explain why it took the ANC so long to decide that this was a bad Bill and why you have eventually changed your mind and dropped it?

The MINISTER OF MINERAL RESOURCES: I cannot change minds, eh, of what happened five years ago where I am in office for a year.

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Mr J A ERSTENHUIZEN: Minister, there was really no technicality in withdrawing of this Bill. Withdrawing of this Bill only meant more certainty and growth of the industry. And like the previous speaker, I can also only juts say why it has taken five years to withdraw this Bill

The MIMNISTER OF MINERAL RESOURCES: Let me give you an answer that I was going to give you, in the other questions. What we have done over the last twelve months Mr Erstenhuizen, has impacted positively on South Africa. In terms of policies certainty and regulatory uncertainty, South Africa in terms of international rating has improved by 25 spots from 81 out of 91 to 56 of 83. And in terms of investment attractiveness, it has improved by five spots from 48 to 43. So, what is important, as we manage the economy, we must do things that actually contribute to improving the performance of the economy. That is the only answer that I can give you.

Question 45:

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The MINISTER OF ECONOMIC DEVELOPMENT: House Chairperson, over the past five years the Industrial Development Corporation, IDC, supported growth economic inclusion and job creation through directly investing R72 billion which attracted a further R78 billion in private investment. That means its investment footprint taken together was about R150 billion.

I wish to note hon members that in this period the fiscus did not contribute any money to the IDC and the corporation raised all of this money from its balance sheet and from the return on its investment portfolio. It is therefore currently self-funding and it has been so for more than the last 25 years.

This investment by the IDC, hon Matsimbi, helped to create and to save about 96 000 jobs; jobs for young people, people in the rural areas, workers in high-tech sectors and for those in labour intensive sectors. It has also helped to promote greater African economic integration by committing investment to neighbouring countries.

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Funding for black empowered companies by the IDC amounted to R40 billion in the past five years and this has promoted the entry of many black South Africans into the economy as shareholders. Over the past five years we have been refocusing investment to support black industrialists namely; black South Africans who either own or control their own companies, not a model of 5% or 10% in another company. This is a significant shift to move away from a passive shareholding model to an active entrepreneurial and industrial model.

Over this period, the IDC committed about R25 billion to enterprises run by black industrialists ranging in sectors such fruit and vegetable processing, refurbishing of trucks, manufacturing of buses and production of medium voltage cables.

Support for youth-empowered enterprises have been boosted strongly with R5,2 billion invested in partnership with more than 120 young entrepreneurs. The sectors where these investments took place include; projects in the making of pet food, production of films and a laboratory

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to determine the sulphur content of coal, Minister Mantashe.

To broaden the base of the economy, the IDC committed R9,6 billion in women empowered enterprises, drawing in a large number of female entrepreneurs. These include enterprises in fashion, in engineering services, in medical gas and in aquaculture.

What these examples show is that through industrial funding many more South Africans can help to create wealth, create jobs, enable the payment of taxes - Minister Mboweni, we need a bit more budget support - and to help to bring innovation and entrepreneurship to the economy. That sets out some of the impact of the IDC in the areas of youth, women, black industrialists and broad empowerment. Thank you.

The HOUSE CHAIRPERSON (Ms A T Didiza): Thank you, hon Patel. I can see you are lobbying the Minister in the presence of Parliament. We are not witnesses to that one.

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Ms C MATSIMBI: Madam House Chair, to the Minister, thank you for the reply on the work of the IDC. We can be proud that the public institution does work and it helps to create jobs and economic opportunities for young people and women.

Of course, we would like to see that it achieves even more in future. I would like to ask whether the IDC supports projects infrastructure components or infrastructure investment, and what kind of projects in the Fourth Industrial Revolution sectors it finances.

I raise this because these two sectors are very important as platforms to build our economy. Do we have a message for South African industrialists and investors? Thank you.

The MINISTER OF ECONOMIC DEVELOPMENT: Hon Matsimbi, I think if there is a message for innovators is that the IDC and the South African government stands ready to promote innovation in our economy, and if there is a message to our entrepreneurs is that we need many more

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enterprises to be created in South Africa so that more South Africans can create wealth going forward.

I am going to try to very quickly pick up on the question that you have asked, drawing from a presentation that we made to the portfolio committee in November last year, which all members of the committee will have access to. It sets out the areas where the IDC invested in including what you asked for, hon Matsimbi, which is infrastructure and new technologies.

In the case of infrastructure, for example, the IDC is involved in supporting enterprises in solar energy, drawing in a South African woman as the entrepreneur in the De Aar. It is involved in getting enterprises that converts Biomass to charcoal, energy efficient lighting, the recycling industry, the production of electricity meters, building material manufactures, railway sleepers, electrical equipment manufacturing and many more.

What that means is that as we invest in our infrastructure programme more and more of those

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components are in fact made in South Africa, in many cases, made by enterprises that are owned or controlled by South African women, by young South Africans or by black South Africans.

In the information and communications technology, ICT, sector, there are also a number of really interesting examples, many of which we have provided in detail to the committee. They include for example ...

The HOUSE CHAIRPERSON (Ms A T Didiza): I am sorry Minister, your time is up.

The MINISTER OF ECONOMIC DEVELOPMENT: ... but we have such great examples to give. [Time expired.] Thank you very much.

The HOUSE CHAIRPERSON (Ms A T Didiza): Thank you, I am sure you will share those other examples when you answer the other questions.

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Dr M J CARDO: House Chair, to the Minister, several of the beneficiary companies that received funds from the IDC last year involve former ANC politicians and former and present executives of state-owned entities.

Granted that the IDC has taken measures to promote transparency around funding to so-called "politically exposed persons", but what additional measures can be taken to ensure that the IDC and the Black Industrialists Programme in particular, do not become a cash card for an elite with political connections to the ruling party?

The MINISTER OF ECONOMIC DEVELOPMENT: Hon Cardo, I am really pleased that you have accepted that the IDC has put in place very significant steps. It became the first institution to say that it will publish, on its website, the names of all the beneficiaries of new investment and support by the IDC. It also took very strong action wherever there was any allegation of improper behaviour.

In the discussion that we have had with the portfolio committee we noted that politically exposed persons are

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not prevented from applying for funding from the IDC. They must get no preferential benefit but neither must they be in any way disadvantaged. They must be dealt with in the same way as any other person.

So, to avoid any suggestion of improper consideration, the IDC has clear red flags that apply if there is any person who requests support and is politically exposed. The IDC makes sure that the processes are absolutely thorough, that integrity prevails and that the decisions are defensible.

You point out, hon Cardo, that some of the beneficiaries have a history of involvement in the ANC. I make the point that there are very few black South Africans anywhere in country that, over the last 25 years and before 1994, have not been involved in the ANC - building the people's movement; building the ANC. So, when you take a slice of black South Africans, almost anywhere, you will find many supporters of the ANC there.

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All we need to do is ensure that our processes have integrity, but at the same time we are not going to exclude South Africans from accessing public funding. Thank you very much. [Applause.]

Mr N M PAULSEN: House Chair, to the Minister, you are one of the few decent members on the other side of the House and one of the few that we really take seriously, unlike the Deputy President that doesn't take the Minister of Finance seriously.

Minister, in reality, 25 years into our democratic dispensation, black people, particularly the youth and women remain excluded from the economy. Whatever piecemeal achievement your government will claim on the ground, it is clear that you are failing.

Youth unemployment remains close to 50% and there are more women who are unemployed than those employed. It is clear that the industrial and job creation policies of the ANC from Growth, Employment and Redistribution, GEAR, to the National Development Plan, NDP, have failed. In

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the light of these failures, is it not time to reconsider the NDP? Thank you.

The MINISTER OF ECONOMIC DEVELOPMENT: Let me start by pointing out that just in this administration alone, we are talking just the last five years up to December last year, the net new job creation was 1,5 million people. In other words, over this period, the number of South Africans working in employment grew by 1,5 million additional persons.

And yet youth unemployment, as you correctly point out, is extraordinary high and we need to do a lot more to bring it down and part of it is through entrepreneurship. So, yes, there are important job creation initiatives that the government has undertaken. The Expanded Public Works Programme, EPWP, is an example and some of the support that public enterprises give - I pointed out earlier that Kusile employs more than 8 000 young people.

But it is only by adding significantly to that through a deeper growth of enterprise development that we can make

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a significant change in the fortunes of black South Africans, young people and women. Instead of seeing the designated groups as those deserving of special needs because of past discrimination, we see young people and women as sources of enterprise, of growth and of opportunity in the economy.

Look globally at what has happened. When you look at the information economy, the large data driven companies are driven by young people. Young people capture the spirit of an age that is different to the twentieth century; it is no longer the fordist production model that alone creates jobs, it is the new economy and young people are uniquely equipped to add value to the economy, to create more jobs and to grow our gross domestic product, GDP.

So, what we do is that from time to time we refine our policies and bring out these additional aspects. I can say, as a wrap up, that you would have taken note, hon Paulsen, I am sure you have looked carefully at the manifesto of the ruling party. It has a number of fresh additional ideas and some models of implementation that

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are very good. Because in the voting booth it is a secret, I am sure your vote can be given to the ANC. We strongly encourage you to do so and we will welcome that vote. Thank you very much. [Time expired.]

The HOUSE CHAIRPERSON (Ms A T Didiza): The time allocated for questions has expired. Outstanding replies received will be printed in Hansard as I advised hon Ministers earlier.

Given that now we will not be having motions, I think it will be ideal for me, and I am sure you will support as this House, that we congratulate Prof Mashudu Tshifularo, the head of the ear, nose, throat department at the University of Pretoria medical school and Steve Biko academic hospital, who this morning successfully performed the world's first ever middle ear transplant. [Applause.]

It allowed the 35 year old man to hear again after his middle ear was completely damaged in a car accident.

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[Applause.] On your behalf, we will send a congratulatory message to this South African who is so outstanding.

Now, hon members, we move to the next agenda item and I am sure you have seen on your programme that we have a lot to do tonight. It all depends on you whether we finish before midnight or after.

MOTION BY THE CHIEF WHIP OF THE MAJORITY PARTY

The CHIEF WHIP OF THE MAJORITY PARTY: House Chair, we move that the House suspends Rule 290(2)(a), which provides inter alia that the debate on the Second Reading of a Bill may not commence before at least three working days have elapsed since the committee's report was tabled, for the purpose of conducting the Second Reading debate today on the Division of Revenue Bill

Question put.

No objections were recorded.

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Motion was agreed to.

DIVISION OF REVENUE BILL

(Consideration of Report of Standing Committee on
Appropriations)

There was no debate.

The CHIEF WHIP OF THE MAJORITY PARTY: House Chair, we
move that the Report of the committee be adopted by this
august House.

No objections recorded.

Motion agreed to.

Report accordingly adopted.

DIVISION OF REVENUE BILL

(Second Reading Debate)

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Ms Y N PHOSA: Hon Chairperson, hon Deputy President, Mr David Mabuza, hon members, hon Ministers and Deputy Ministers, ... [Interjections.] Please don't make noise for me.

The HOUSE CHAIRPERSON (Ms A T Didiza): Order! Hon member on the podium, can you proceed with your speech.
[Interjections.]

Mrs Y N PHOSA: Distinguished guests, ladies and gentlemen, fellow South Africans, comrades and friends, the ANC, which is organisation of the people - the august organisation - support the Division of Revenue Bill. It is my honour and privilege to make a few remarks as I table before this House of Parliament a report on the 2019-20 Division of Revenue Bill on behalf of Standing Committee on Appropriations.

The 2019-20 Budget ushers our country into another phase of our ongoing transition, from the apartheid era of colonialism to a national democratic society that is truly united, nonracial, nonsexist, democratic and

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prosperous. Let me remind the House that in the 2019 state of the nation address, His Excellency, the President, set out an ambitious agenda for our nation.

It is an agenda that speaks to the South Africa that we can be. It is a task list for all of us, regardless of colour, race or creed. It lays out a series of interventions that will put South Africa on a bold new path. As the state of the nation address noted, faster growth is needed to expand employment and raise the revenues needed to support social development.

While progress is being made on various short-term initiatives, the South African government has begun the implementation of growth-enhancing reforms. However, there is a need to implement a range of other reforms that will bolster investor confidence, boost and increase investment and economic growth. The state's capacity to implement policy also needs to be strengthened.

We fully agree with the Minister of Finance when he says, "This is a Budget that plants a seed for renewal and

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growth." It is a bold and decisive budget for the present and the future, with everything else as pointed out by the hon Minister Tito Mboweni when he said: "Like the 'iconic South African plant', the *Aloe ferox*, we must take the bitter with the sweet."

Harsh reality is that on 20 February 2019, the Minister also tabled the 2019 Division of Revenue Bill against the backdrop of a tough economic environment. Regardless of the tough times confronting us, the ANC-led government has demonstrated its unshakable commitment to a responsive and a redistributive division of revenue, for a better life for all, win and a better future for all. We welcome the economic growth that is projected to improve, from 1,5% in 2019 to 2,1% in 2021.

Subsequent to comprehensive consultations with stakeholders and submissions that were made, the stakeholder list includes National Treasury, the Financial and Fiscal Commission, SA Local Government Association, Western Cape Forum for Intellectual Disability, Equal Education, Budget Justice Coalition,

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Rural Health Advocacy Project; Mr K E Matlala; and Mr M G Buthelezi.

After vast deliberations on the 2019 Division of Revenue Bill, the committee concluded that this Bill strikes a fine balance between fiscal sustainability, social protection and South Africa's developmental agenda. Indeed, the 2019 Division of Revenue Bill reflects the equitable division of nationally-raised revenue between national departments being allocated 47,9% at 1,4% annual average growth - I have to mention these numbers because I am told that numbers do not lie; the nine Provinces being allocated 43% at 1,5 annual average growth; and 257 municipalities allocated 9,1% at 2,9% annual average growth. We are pleased with the 2,9 annual average growth of the 257 municipalities.

The Budget is aligned with the National Development Plan and government priorities. The bulk of government spending is allocated to: Learning and culture, which is R386,4 billion; social development, which is R278,4 billion; health, which is R222,6 billion; and

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community development, which is R208,5 billion. We support this Budget because it is indeed aligned to government priorities.

The ANC-led government is committed to poverty eradication. The 2019 budget is pro-poor people, enabling national departments, provinces and local government to provide water, sanitation, electricity, roads, housing, informal settlement upgrade and title deeds. A Human Settlement Development Grant to the value of R7,4 billion has been allocated over the Medium Term Expenditure Framework, MTEF; as well as a Municipal Emergency Housing Grant and the indigent policy cushioning the poor people with free basic services or necessities.

Indeed, the ANC-led government cares and indeed it is delivering. This is not a wish list but rather it is happening as reflected in the allocations as empirical evidence. In addition, during this fight against poverty eradication, the ANC-led government has allocated R567 billion for social grant payments, with R80,00 increase for the Old Age, Disability, War Veterans and

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Care Dependency Grants. There will be a R40,00 increase for Foster Care Grant, taking it to R1 000. The Child Support Grant will increase to R420 in April, and R430 in October.

We really care for the poor people. Indeed, our priority is the poor people. [Interjections.] Yes, we do! The good thing about this 2019 Division of Revenue is that it reflects a Budget that is redistributive, with taxes raised in wealthier areas to fund poorer provinces and municipalities. It remains strongly, redistributive with 68% of the consolidated expenditure going toward education, health, social grants and basic services.

For example, over the past 10 years residents of other provinces have paid less than 4% of national income tax, yet the province received an average of 12,2% of provincial equitable share allocations over the same period. This is justice and redress. The ANC-led government is ensuring all citizens receive the same quality service.

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Over the MTEF the contingency reserves and provincial allocations, R1,44 trillion, R1,54 trillion and R1,65 trillion are shared across government over the MTEF period. Transfers to local government have grown significantly, providing municipalities with greater resources to deliver basic services. Of course, this is in addition to local government's substantial own revenue-raising powers.

Tata Madiba once said:

Our daily deeds as ordinary South Africans must produce an actual South African reality that will reinforce humanity's belief in justice, strengthen its confidence in the nobility of the human soul, and sustain all our hopes for a glorious life for all.

The ANC-led government has a plan, and not a wish list like other parties. The division of revenue's empirical evidence shows that the 2019 Budget positively responds to the need for accelerated inclusive growth. The ANC-led government has contributed R100 billion to a blended

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finance infrastructure fund over the next ten years. This is highly commended as it will benefit businesses, citizens, including the poor people, which will also promote and increase inclusive growth and investment. Even in this case business will benefit and citizens will benefit, including the poor people.

I would like to skip to job creation. Indeed, government is focusing on job creation and is making it a priority! The committee commends government for allocating R61,4 billion to public employment programmes over the MTEF period. On the wage bill which is above inflation, we commend the Minister for introducing measures expected to reduce compensation by R27 billion over the next three years. The list is long!

Fellow South Africans, this Budget plan by the ANC-led government is about you fellow South Africans, black and white, young and old, women and people with disabilities, as well as rural and urban people. This is your Budget; vote ANC! I must thank the Parliamentary Budget Office, the Financial and Fiscal Commission and the South African

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Local Government Association for their input and forever support to the committee. [Time expired.] I also thank the support staff for their hard work. Thank you very much. [Applause.]

Mr A R MCLOUGHLIN: Hon House Chair, when I first spoke in this House I used a quotation from Winston Churchill to emphasise the virtues of telling the truth and to encourage members to do so, particularly when reporting to the public about what you plan to do with their money. It's a pity that my advice was ignored. It may have prevented much of the emerging evidence with the far-reaching extent of state capture.

Estimates are that R1,7 trillion has been pilfered one way or another from state coffers over a period of approximately nine years. Put in another way, members of this government either stole or assisted others to steal or did nothing to prevent the theft of the equivalent of R30 000 from every single man, woman and child in this country.

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If that does not bother you, it should. Why? Because even if you did not have that money for anyone to steal from you in the first place, you would still lose the equivalent of that amount and more in the form of higher taxes, higher prices, lower grant increases and even lower levels of service delivery going forward.

And if that is not bad enough, we have another major problem: our national debt totals approximately R1,1 trillion. That means that in addition to the R30 000 already stolen from every single citizen, every single citizen will be burdened with a further R20 000 share of that debt plus the interest on that money until it is repaid. As this government clearly has no plans to ever repay its loans, but only budgets for interest and not the capital, you, your children, their children and their children's children will still be paying this debt for many years to come.

Now this year's Division of Revenue Bill is before us for debate. Our government is planning once again to spend more money than it is expected to receive. In order to do

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that it would normally need to borrow enough money to cover the shortfall or raise taxes. However, as Winston Churchill said:

For a nation to try to tax itself to prosperity is like a man standing in the bucket and trying to lift himself up by the handle.

It's impossible, so that leaves borrowing.

Several ill-advised decisions by both our current president and his predecessors have resulted in either sovereign credit rating downgrades or falls in the value of the rand, both domestically and as compared with foreign currencies. As a result South Africa is currently borrowing R1,2 billion per day and paying R554 billion per day in interest. Obviously, as the debt grows, so are the repayments. At over 10% in this financial year alone, this is not sustainable.

Both the ANC and the EFF stand here and tell us of how they intend to improve the lives of all South Africans by

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means of spending huge amounts on ridiculously ambitious policies, plans and projects with never a mention of where the money to pay for it all is to come from. I imagine that it is the shortage of funds that fills a desire to nationalise the Reserve Bank, commercial banks and the mining industry. I regret to inform you that should you proceed with such self-destructive tactics; everything that you nationalise will end up in the same condition as Eskom, SA Airways, SAA, Passenger Rail Association of South Africa, Prasa, Denel and others - bankrupt.

I would like to inform hon Carrim that I am an unapologetic capitalist. This for the simple reason that capitalists work for their money; the more they generate, the more they spend on employing others, increasing demand and production and may pay more taxes. Capitalism acts as an incentive to generate money; yes there is always the risk of greed and avarice, but that is not an exclusive product of capitalism as the whole state capture debacle clearly demonstrates. Margaret Thatcher was right when she financially said when referring to the

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British Labour government; they got the usual socialist disease, they run out of other people's money.

We can no longer afford to borrow money because we will soon not collect enough revenue to cover even interest payments. If that happens, China will own much of South African infrastructure and what the Chinese will not find will fall into the hands of the World Bank and International Monetary Fund.

So what does this government propose to do to solve this difficulty? I will tell you - this government, the self-proclaimed caring champion of the poorest of the poor in our country has decided that to solve our financial difficulties, it will punish the poor yet again. I kid you not; thousands of those poor souls who have continually trusted the ANC to improve their lives in line with all the grandiose promises made to them in the past will be betrayed once again.

In an attempt to balance the books the Minister of Finance has decided, for example, to further reduce the

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human settlements' development grant by another R3 billion over the medium-term. Added to the previous reductions since 2016, this grant will have been reduced in total by R12, 6 billion over a seven year period. At approximately R80 000 for an RDP house this means that 158 000 planned RDP houses will not get built. At an average of five people per family, that means that 790 000 shack dwellers who hoped for an RDP house will now not get it - again bitterly disappointed by this ANC led government.

The hon Minister also deemed it a good idea to reduce the allocation for provincial conditional grants and a comprehensive agricultural support programme, both of which will have a negative impact on intended services delivered by provinces and the Department of Agriculture, Forestry and Fisheries. Again, the poor will be the hardest hit by these reductions.

When Treasury recently reported to the Committee on Integrated Financial Management System, it became clear that even the National Treasury is incapable of following

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its own rules. The forensic report conducted on this dangerously mismanaged project indicated that irregular expenditure in excess of almost R165 million had been incurred by Treasury officials themselves. Although the report was concluded in July 2018, no disciplinary action whatsoever against any Treasury official has yet been instituted. Shame on you!

When hon de Beer asked the assembled committee last Friday how it could stop such things from happening, I told him that if the existing consequence management rules and appropriate sanctions were judiciously and expeditiously enforced, the problem would be largely eradicated. It is notable that the Division of Revenue Bill contains no penalty of any nature; sadly the ANC patently has no appetite for justice and vainly hopes only to recover the misspent funds. The ANC has failed, the evidence is everywhere apparent in every department, in every municipality; in every province that is run by the ANC collapse is imminent if not already a reality.

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The Democratic Alliance has plans to fix South Africa just as we have fixed and continue to fix the Western Cape Province and the several municipalities that we already govern; we plan to fix the whole of South Africa for all South Africans. My colleague, hon Michael Shackleton will provide some details of these plans in his speech a little later; and to those who think that voting for a small opposition party is a good idea, I have this to say, that vote will not remove the ANC from power nor will it remove the insidious rot from South Africa - it will only serve to weaken the opposition and effectively be a vote for the ANC. However, with that vote the DA will be strong enough to oust the ANC. This country cannot afford another five years of ANC rule, the time is now. Do not delay, there is no other way - on the 8th of May vote DA, thank you.

Mr M N PAULSEN: House Chair, the Division of Revenue Bill is the piece of legislation that determines how revenue is collected and will be distributed amongst the three spheres of government, national, provincial and local government. But in South Africa the Division of Revenue

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is fundamentally flawed. Firstly it does not facilitate or allow for the development of the economy, and secondly the way the revenue is divided between the three spheres government does not make sense.

In South Africa local government is at the frontline of service delivery, when there are service delivery protests they are primarily directed at local government and rightly so. But local government is not being capacitated and properly resourced, and only receives 9% of revenue collected. The division of revenue should be seen as a developmental budget, a budget that will promote job creation, the development of the forces of production, and improving living standards. Across the world from Germany to China we have practical examples of the central role played by local government if it is properly financed and capacitated, but our government like in so many instances continues to remain ignorant of what good governance requires.

In this house we have provided other substantive examples of how government revenue should be split between the

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three spheres of government, as the current framework has led to collapsed of local government because of the assumption that municipalities must raise money from taxes and selling of services when the reality is that our people live in poverty, unemployed and we cannot afford to pay for most of the thing we really need.

It is ridiculous to expect local government to raise revenue, invest in infrastructure, and also contribute to the development of the economy and job creation, when large numbers of our people in municipalities do not have jobs, we live in poverty and we rely on the grants to survive.

That is why as the EFF we propose the following changes to the Division of Revenue Bill. Firstly and the most important thing and people in the ANC must now forget as why they came up with this format of government. You must do away with the provincial sphere of government, absolutely, and 60% of revenue must be allocated to the local sphere of government, with revenue that was

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previously allocated to provinces must be earmarked for internal capacity building.

Once this happens local government can then both deliver services and increase the internal industrial capacity of South Africa. Under an EFF government tenders will be abolished and the revenue will increase. At a local government level this will mean that government will abolish tenders and begin to develop its own internal capacity. So that it is able to build houses, build roads, and provide services to communities directly without having to outsource, that is where you agree with the capitalist on my left here is that you have an addiction to outsourcing every aspect of government.

At the same time an EFF National Treasury will work with all municipalities to develop a build transfer and operate model for financing all housing infrastructure especially to eradicate the backlog of housing. While we have many other examples of the role local government will play under an EFF government; we unfortunately do not have enough time and well Madam, you should have

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confidence in the ability of black people, and I know it's difficult for you, but you must try, you should really try.

I want to make it clear, the local sphere of government has the capacity to develop our economy and change the material conditions of our people. But because the Division of Revenue Bill is ill-conceived, it does not serve the interests of the majority of South Africans, and maintains and reinforces apartheid special planning and distribution of resources. The EFF therefore rejects this Bill.

Ms S J NKOMO: The spheres of national, provincial and local government is constitutionally entitled to an equitable share of the revenue raised nationally to enable them to provide basic services in performing or doing their respective mandates to the people of South Africa. We like to state as the IFP that when it comes to the national, local, as well as all those spheres we are talking about, we were actually instrumental in setting up the provinces and we still support the use of

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provinces because it's a show that power has been taken to the people, and that people will definitely be managed effectively.

We would like to further state that as this is enshrined in the Constitution, especially the matter of the allocation of these equitable shares, we definitely are requesting that we become on the lookout, especially on this fiscals that they are not abused and that the wrong hand does not come into contact with those funds.

We further include what we the IFP championed all our life and that we have continued to do up to today and that is the issue of no corruption. We would like to encourage the ministry as well as government to continue being on the look out.

As we are people of the revolution of the of goodwill, the IFP we would like to continue stating that the money which is usually said to be coming from a particular political party and yet it comes from the public purse should be the amount which is used by the country, for

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the country and it should be stated to the people of South Africa that this money comes from fiscal funds, it does not come from the ruling party.

We definitely do encourage a system of government to which we already have a system where tolerance especially among our people and especially the matter of ensuring that corruption does not feature, is something which is held uppermost. I would like to state that while the IFP supports this Appropriation Bill, we are stating that we will like encouragement to be put forth so that all loops are actually closed and that the people of our country are served appropriately. Thank you.

Prof N M KHUBISA: House Chairperson, hon members, the NFP welcomes and supports the bill tabled here today. This debate is done when the economy of the country is very sluggish. It is therefore of utmost importance that government pulls its act together to ensure that the government fiscals is equitably distributed to all the areas that need service delivery the most.

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The debt of the country is astronomically high at the moment and as the Minister of Finance said that per day the country will borrow about R1, 2 billion, if we don't borrow over the weekends. Unemployment has grown to more than 27% and we also see high levels of poverty and inequalities. It is of utmost importance to close the gap between the rich and the poor. Government has a responsibility to create a climate that is conducive to job creation and the reduction of poverty and unemployment.

Youth unemployment has grown exponentially. We have seen the increase the price of petrol and diesel; we have also seen National Energy regulator of South Africa, NERSA giving permission to Eskom to raise its tariff and this is worrying because it affects the poorest of the poor severely as people depend on electricity for their livelihood and also to ensure that their businesses thrive.

Another elephant in the room is the issue of fraud and corruption which we have to nip in the bud. National

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Treasury has to try to balance the scales in order to ensure that money is distributed equitably to various departments. The NFP notes that National Treasury has allocated R150 billion to Eskom for the next three year period. State-owned enterprises, SOE's have been performing badly due to lack of technical skills, poor governance, poor administration and we have also seen that there is some poor infrastructure which deprives us from getting results we want.

Another area that needs funding is Water Services Infrastructure Grant. This grant aims to accelerate the delivery of clean water and sanitation to communities that do not have access to basic water services. We have also noted that in rural areas some rivers have dried up and the few dams that are there have also dried up, thus, causing huge challenges for service delivery on water services.

The Division of Revenue bill also comes with R200, 3 billion which is added to the Education Infrastructure grant in 2019/2020 and is ear marked for

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the construction and rehabilitation of school infrastructure affected by national disasters in KwaZulu-Natal, KZN and additional R2, 8 billion in addition over the medium term to the indirect School Infrastructure Backlogs Grant to provide for safe and appropriate sanitation in schools. The NFP welcomes this but it is worrying that it has taken 25 years to acknowledge the fact that we have schools without toilets and we have children that receive their lessons under trees, having said that we support the Bill. Thank you very much.

IsiXhosa:

Mnu N L S KWANKWA: Sihlalo weNdlu, lo rhulumente we-ANC udlala ngabantu baseMzantsi Afrika. uMphathiswa wezeZimali uze apha ephethe ukhalakhulu, ukrakrayo ngesiXhosa. Uthe, kwakuziwe neeplam ngaphambili. Bazityile bazigqiba, ngoku bathi abantu baseMzantsi Afrika mabatye ukhalakhulu. Lo khalakhulu aze naye awunayo la ndawo kuthiwa yimvomvo inencasa idla ngokumfimfithwa, kuba yona ishiyelwa abantu be-ANC. Abantu boMzantsi Afrika kuthiwa mabatye le ndawo ikrakrayo, ukuze barhude kwizisu ezilambileyo ngenxa

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yentlupheko eMzantsi Afrika. Nindixakile, andiyazi kuba nixakwe zizisombululo ngoku nisiphathela ukrakrayo.

Alinakho ukunyanga kwisisu esingenanto ikhala. Ndikhule ngalo. Ewe, niqale natya iiplam. Okwesibini, lo rhulumente wenu sayithetha kudala le nto sathi, ukuba aniyiqapheli imali eniyinika oomasipala phaya ezantsi niza kufikelela kwixesha apho niza kuchitha imali enkulu kwi...

English:

...debt service costs than you do...

IsiXhosa:

...kwimali eniyinika oomaspala...

English:

... as the share of the revenue. That is exactly what is happening...

IsiXhosa:

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...ngoku kulo Mzantsi Afrika wenu kuba kaloku izinto ezibalulekileyo zigqwethekile. Imali imoshwa ngabantu ekubanjweni kombuso ngobhongwana, neepokotho zabantu phofu esasibaxelela yonke le minyaka. Ayisayi kusinceda le yokuba sibe siyikhumsha, sigquma umbona ngamakhasi. Animameli. [Uwelewele.]

Umbane awukhanyisi, ngeli lixa imali ingena ku-Eskom. Anikwazi nokuposa iileta, zihleli zigwanyile phaya eposini. Uyazi ukuba xa igusha ixhelwa ngamaqhitala, iza kugwanya ukuba abayihlinzanga kwangoko. Naziya iileta zigwanyile eposini azihambi. Yiyeke leyo, sisuke embaneni, size kwinto yokuba neenqwelo-ntaka azibhabhi, nazi bezincinda ngesifuba phaya eMonti kuba oo-SA Express benza into engekho simana sijika emoyeni. Ngulo rhulumente we-ANC. Xa yonke into niyiphetheyo niyimoshile, yintoni le niza kwazi ukuyilungisa maqabane? Kha nilungise.

English:

The other issue which is very important, hon MCloughlin said here earlier that voting for smaller parties is a

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waste of time. I will be the chief negotiator of the UDM after elections when we discuss coalitions and I will remind the DA about that. [Interjections.]

IsiXhosa:

La masela [Uwelewele.]

English:

The school infrastructure grant, Minister is another issue that we want to talk about which we think is very important. Over the medium term it is being reduced while the Department of Basic Education's set target for minimum norms and standards of 29 November 2016...

IsiXhosa:

... iyimisile, nezinye ezilandelayo. Umzekelo, ufumanisa ukuba abantwana bakuthi bayaqhubeka befundela kwizikolo ezingalunganga. Amaqhinga aphinda enziwe ngulo rhulumente we-ANC kukunika ezi zikolo i-R100 000 kuthiwe yiba ubamba apha esi sibonelelo wakhe noba ngamagumbi mathathu esikolo.

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Xa sele akhiwe loo magumbi mathathu esikolo kubuye kuthiwe, awusiso isikolo sodaka wena nokuba amanye la amagumbi ngawodaka okanye ziintente. Nokuba na loo magumbi mathathu okufundela ingathi zizindlu zikanomyayi. [Kwaphela ixesha.]

Mr W W WESSELS: Hon Chair, it is truly worrying that the hon Phosa and the ANC that she represents live in a completely different South Africa than the masses of poor people out there. She talks about a truly united South Africa that the ANC built, but that is untrue. The ANC is the problem with the united South Africa because they are detrimental to united South Africa. They broke South Africa by creating politically connected, elite, corrupt elite that stole all the money and who are living in a complete different world than the poor out there, hon Phosa.

Hon Phosa, talks about a range of reforms needed to boost investments. The only reform that is needed is to replace the ANC on 8 May. She talks about a future-driven party, a future-driven government, but the ANC is not interested

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in the future. They are only interested in the past and creating a better past.

She talks about the fact that she is pleased by the growth in the allocation to municipalities. How can the ANC be pleased by that? Because that means our indigent people are increasing and our dependence of municipalities on the fiscus is increasing. That is not a good thing that is a bad thing. The ANC does not care about the poor because they neglect local government. During the last financial year, 220 municipalities under spent on their capital budget. The full expenditure of national and provincial departments masks the inefficient spending such as with the Department of Human Settlements where houses are not built and targets are not met. The division of revenue does not address the huge outstanding debt of municipalities to Eskom. This will create a complete chaos in the country in the near future and has already.

Without consequence management Chair, the equitable share appropriated to municipalities and provinces is lost,

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stolen and misspent. A drought relief of R220 million got lost in KwaZulu-Natal and nothing is done.

Afrikaans:

Agb Mcloughlin maak 'n kritieke fout. Die ANC is nie verantwoordelik vir die probleme in Suid-Afrika nie; ANC-beleid is. U beleid beweeg alhoewel nader aan die ANC se beleid. [Tussenwerpsels.] Op 8 Mei kan die kieser werklik 'n party kies wat oplossings bied en wat teen die beleid wat vir die probleme verantwoordelik is, terugslaan. Dit is wat nodig is - 'n nuwe beleid, 'n nuwe denkrigting wat werklik die arm mense van armoede verlig. Dankie.

Ms D Z SENOKOANYANE: House Chair, hon Deputy President Ministers present, hon Members, and hon guests, I don't want to start by talking about the ANC haters. I don't understand this thing of people just talking about the ANC. It reminds of one of my favourite clown who recently was launching a manifesto, but he only spoke about the ANC.

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The economy continue to face challenges as we all know but we have a commitment that we have made and we shall honour that commitment. The President in his state of the nation address laid out the path for us to follow and we will do just that and I hope these haters are also watching.

Since the dawn of democracy, we have come a long way and it's exciting to see that the Division of Revenue Bill continues to be highly redistributive even in the face of new spending pressures

The Budget seeks to ensure that through a comprehensive social protection system the poorest citizens of the country will benefit from the taxes paid by the wealthy.

Across the country, we have large sections of the population that do not have tax bases and it is such situations that are targeted to benefit from this Budget, which is biased towards them. It is in this spirit that allocations for programmes that fall under the social sector have been protected from Budget cuts.

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Learning and culture rightfully receive the largest Budget allocation as it provides access to basic and higher education. The allocations to Basic Education and Post-school Education are R847,5 billion and R361,6 billion over the Medium Term Expenditure Framework, MTEF, respectively.

The allocation also includes funding for the improvement of school and student housing infrastructure and providing bursaries for students from poor and working class families. Education continues to receive the largest allocation with basic education playing a critical role in the development of learners.

Over the years, challenges with the school infrastructure have reached unacceptable levels, particularly in the area of maintenance and the Education Infrastructure Grant together with the National Indirect School Infrastructure Backlogs Grant will definitely address the challenges and reduce or even eliminate these backlogs.

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The school system in some instances is experiencing the problem of overcrowding and shortage of schools.

Many schools still struggle to function optimally due to challenges and conditions under which they have to operate and to mention just a few: water and sanitation at schools has been an ongoing challenge, but a lot is already being done to reverse this situation and this Budget still targets this programme, with the aim of providing this service to every school. Alongside this programme the project of pit latrine eradication is on track as it is also being targeted through this Budget.

I know that there are those who keep criticising the ANC government for these latrines, yet they never mention how they originally came into being. In case people want to pretend as if this is an ANC invention, think again because some of us can tell you a story. This type of toilet was the improved version of the bush toilets which many of us have had the displeasure of using. We would go to the bush even in heavy rains or snow because there was

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no alternative, but this doesn't necessarily condone the unsafe toilets at some of the schools.

Since the launch of the Safe Initiative in August 2018 resources have been mobilised from various sources, patriotic individuals, including pledges from business, strategic partners and the building industry to replace all unsafe toilets in public schools.

The National School Nutrition Programme Grant continues to address challenges faced by learners from poor families who go to school on empty stomachs, having started many years ago and initially targeting primary school learners and eventually included high school learners. This programme is aimed at relieving hunger, improving nutrition, improving learning and school attendance.

Once the programme was in place, school attendance was at its best, just to show that little things which we take for granted are an uphill to many ordinary South Africans. Just a meal can change someone's life for the

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better. This is one of those programmes we need to support at all costs, while we tackle the challenges of poverty and unemployment. About 9 million learners at more than 20 000 schools will benefit from this programme over the MTEF and it has been allocated an amount of R23 billion.

The classification of schools according to quintiles has been helpful, particularly for the no-fee schools which have improved access to all learners irrespective of their economic status, and the cherry on top is that learners from these schools are amongst the top achievers in matric.

The rollout of free sanitary products to needy learners from low income households is yet another commendable initiative which has the potential to make a huge impact on the lives of young school girls. Many girls when they had their monthly menstrual periods would stay at home simply because they did not have sanitary pads which are very expensive.

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The ANC has a vision and looks forward to an educational system that responds to new technological realities. The maths, science and technology grant is aimed at helping produce learners and capacitating educators to improve their ability to deliver these subjects.

Learners with profound intellectual disabilities are also beneficiaries of this Budget allocation and we all know their situation. The programme has been allocated a grant that specifically aims to help expand access to education for these learners. Having been implemented only in the 2017-2018 financial year, it is now allocated an amount of R719,9 million over the MTEF period and the grant will make this a reality by recruiting 230 outreach team members and 9 Provincial Grant coordinators.

Post-school education has been receiving a lot of publicity in recent times and it is encouraging to see the progress we have made to date. Free higher education has become a reality and so is the ANC vision, giving great opportunities to the poorest of the poor who had no prospect of ever seeing or accessing a higher education

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institution. These beneficiaries would not have been able to access higher education.

As we celebrate this achievement, we need to look at the bigger picture. We are addressing the challenge of poverty, providing education, grooming future professionals, targeting youth, including employment opportunities and future economic growth.

The conversion of the National Student Financial Aid Scheme, NSFAS, grant to a bursary scheme has come in handy in terms of boosting the budget allocation for the bursary beneficiaries. The allocation for these bursaries grows from R27,1 billion to R40 billion over the MTEF. This will cover more than 1,3 million undergraduate students at universities and 1,5 million students at technical, vocational, education and training, TVET, colleges. Check this out, TVET Colleges are getting the necessary recognition and we look forward to producing the professionals that we require.

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A specific focus is also directed to the funding of skills programmes, learners hips, internships and apprenticeships.

The National Health Insurance, NHI, is a top policy priority of the ANC government, a drastic move from the segregation and racism which saw poor people being excluded from a safe and acceptable health care system. The NHI has been allocated different grants to cover various components of the programme, but all of them targeted at the poor.

We often listen and read a lot about the NHI being wrong and that it will not work, by the so-called experts, but it is nothing but greed that controls them. I do not know what is wrong with people, only thinking of protecting their wealth, with no interest whatsoever in the welfare of others.

The Indirect Grant is an important allocation aimed at facilitating the implementation of this programme as it cannot be implemented without the key aspects having been

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addressed. The ANC supports this Bill. I thank you, Chair. [Time Expired.]

Mr M S SHACKLETON: House Chair, we have a right to be angry as South Africans. We are budgeting in a time of austerity and state capture; state capture which was brought to us by an ANC government. The pleas to trust those who put our nation into this mess, to be the ones to get us out of it, are noted but are frankly, not credible.

The Division of Revenue Amendment Bill makes this abundantly clear. Austere expenditure ceilings have affected government departments in every sphere and every area of service delivery.

In the year 2015, more than half of the population earned below R992 per month and these trends have only been exacerbated by rising living costs as well as the increase in VAT.

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The Auditor-General's 2018 audit report shows that irregular expenditure arising from the abuse of procurement management policies rose to R58 billion, while provincial health and education departments have growing deficits, amounting to R8 billion. Ask yourself; is this a government that you should trust with the money of the people of South Africa?

We are very concerned that the Child Support Grant of R425 is below the value of the extreme poverty line of R547 per person per month, let alone the lower or upper bound poverty lines which are still regarded as being survivalist measures, of R785 and R1 183 per person per month.

The ANC has given people with children a poverty wage; as the DA we will give them a living wage. In fact, the United Nations Committee on Economic, Social and Cultural Rights has recommended that the Child Support Grant be increased to match the food poverty line. This has not happened to date and speaks volumes as to this government's alleged commitment to human rights.

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The DA believes in accelerating access to title deeds. At our Federal Congress in 2018, we resolved that a DA government would support the giving of superfluous state land to poor families on a one-family-one-plot basis. Title deeds provide a source of collateral to borrow money to fund education and to start businesses.

In contrast, during the Medium Term Budget Policy Statement, the Title Deeds Restoration Grant was phased out despite the fact that there is still a backlog in the issuing of title deeds for beneficiaries of state houses. The target for title deeds registration has been reduced from 170 240 in 2018-19 to 159 867 in 2019-20. This is the opposite of how to unlock opportunity.

As the DA, our offer is to put a job in every household in South Africa. This Bill fails to do so and is certainly not developmental. I thank you.

Mr N E GCWABAZA: Hon House Chairperson, your Excellency Deputy President David Mabuza, hon Ministers and Deputy and hon members. The 2019 Division of Revenue Bill

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expresses the central policy of the ANC on the economy which focuses on growing inclusive economic growth and creating decent jobs. It remains guided by the goals of the National Development Plan, namely, growing the economy by more than five percent and creating eleven million jobs by 2030.

To this end, the Division of Revenue Bill allocates R19,8 billion for the Industrial Tax Incentives to boost growth in manufacturing. Of this amount, R600 million targets the Clothing and Textile Competitive Programme to sustain over 35 500 existing jobs and to create 25 000 new jobs in the next three years.

The ANC will ensure that the Small Enterprise Development Agency, Seda, and the Industrial Development Co-operation, IDC, facilitate access to finance for women enterprises to the tune of R3,8 billion and R3,2 billion for youth businesses. In addition, the IDC will provide loans for priority sectors such as metals and mining, chemicals and pharmaceuticals, clothing and textiles, agriculture and agro-processing.

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These sectors will create new and sustain 107 629 existing jobs. The Division of Revenue Bill, DORB has allocated R17,6 billion over the medium term to support 49 black industrialists.

4 The Jobs Fund which is located in the National Treasury has created over 225 802 jobs, it has provided skills training to 244 000 people and supported over 20 444 internships. This Bill we are debating today allocates an additional R1,1 billion to the Jobs Fund. The Jobs Fund focuses on job creation, skills training and supporting internships for the youth and women. The Extended Public Works Programme, EPWP, has created more than four million job opportunities over the ten year period since 2009.

The ANC is committed to creating more sustainable and decent jobs through the Public Employment Programme which is being allocated an amount of R61,4 billion in the Bill that we are debating.

IsiZulu:

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Omaspala bahlinzekwe ngesabelimali sika R2,3 billion ukuze baqhube imisebenzi yePEWP.

English:

Infrastructure is the backbone for investment, economic growth and job creation.

IsiZulu:

I-ANC izibophezele ekwakhiweni kwengqalasizinda yomnotho ukuze kube lula futhi kusheshe ukuhamba kwabantu nokuthuthwa kwempahla edayiswa ngaphakathi ezweni lethu kanjalo futhi nethengiswa emazweni angaphandle.

Ngalokho ke uKhongolose usishayela ihlombe isibelomali sika R526 billion wokwakha le ngqalasizinda ezosabalala kwizifundazwe zalelizwe, kanye nakoMasipala, futhi ifinyelele nasezindawen zasemakhaya.

English:

For the construction and maintenance of Non-Toll roads, the South African National Roads Agency Limited, SANRAL,

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is allocated R 3,5 billion during the 2019-20 to 2021-22 period.

IsiZulu:

I-ANC isaqhubeka nohlelo lokubuyiselwa komhlaba kubantu, ngakho ke sisishayela ihlombe isabelomali esingu R18,4 billion sama Land claims, awu 1700 nokunikezelwa komthamo womhlaba ongango 325 000 hectares kubantu bakithi.

English:

As part of the President's economic stimulus and Recovery Plan R1,8 billion will be spent on 262 priority land reform projects.

The Ilima/Letsema project receives R1,9 billion to boost food production by supporting 145 000 historically disadvantaged subsistence farmers.

IsiZulu:

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Sicela abantu bakithi bavotele i-ANC ngo mhlaka 8 Meyi 2019 ukuze siwuqhube sonke lo msebenzi wokubuyiselwa komhlaba kubantu bakithi.

English:

There are 435 000 emerging farmers under Operation Phakisa who seek to develop their farming businesses, to contribute to growing the agricultural economy and to job creation. A grant of R5 billion in the Division of Revenue Bill for the Comprehensive Support Programme aimed at facilitating access to markets for these farmers, it will be used to repair agricultural infrastructure including revitalising provincial agricultural colleges and placing over 1 000 unemployed agricultural graduates on commercial farms. The ANC is committed to rehabilitating 48 900 hectares of land through which over 2 400 full-time jobs will be created.

The Working for Forests programme will create over 2 040 jobs in Qwaqwa in Free State, Rustplaas in Limpopo, Upington in Northern Cape, Bloemhof and Mahikeng in North West, and Wolsely in the Western Cape.

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On Fisheries, the ANC supports the transfer of over R264 million to the Marine Living Resource Fund, which will create 1 725 full time jobs. The beneficiaries will be assisted to participate in the mainstream fishing economy. His Excellency, President Cyril Ramaphosa has emphasized the economic growth with a specific focus on policy certainty.

The 2018 Fraser Institute annual survey on mining companies indicates that, the ANC government's commitment and effort to bring about policy certainty and attract investment to the economy is beginning to show positive results. This is demonstrated by the rise up in rankings of South Africa's mining sector to position 56 out of 83 mining jurisdictions compared with position 81 out of 91 jurisdictions in 2017.

The signing of the Mining Charter and the separation of mining from the petroleum sector has provided this policy certainty and has allowed petroleum and related resources sector to develop and to contribute to economic growth on their own. Not only does the ANC's mining policy strategy

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ensures competitiveness, but also contributes to the growth stimulus. The ANC and government are committed to pursuing the transformative agenda and policy certainty improvements in other sectors, in partnership with labour, business and civil society.

The ANC, together with its social partners and the people of South Africa at large have the will and capacity to forge ahead and coordinate the economy across the key sectors, to grow an inclusive economy and to create decent jobs in pursuit of the National Development Plan, NDP, goals.

We urge our people to vote the ANC on the 8th of May 2019, with the ANC in government after May 8, over 5% Gross Domestic Products, GDP growth and 11 million jobs by 2030 is within reach. I thank you

The DEPUTY MINISTER OF FINANCE: House Chairperson, I think the biggest challenge we are facing - which is not actually a challenge for the ANC - is that the ANC

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acknowledges the situation and the challenges it poses. The ANC makes a proposal with regard to what to do.

For instance, when the Minister speaks about the aloe, it is because he acknowledges the character required for the kind of situation we have to emerge from and articulates the fiscal framework with the characteristics of that aloe in line with the current situation. [Interjections.]

Now, what does this do? It says to South Africans the ANC is aware of the challenges we are facing and that the ANC has a plan to deal with these challenges.

[Interjections.] What does the opposition do? They speak about the ANC because they have nothing to propose to South Africans. [Interjections.] Just recently ... they do not want to accept the fact that they never grew the economy in the Western Cape the way we did.

[Interjections.] They do not accept that they never created employment in the manner we did. [Interjections.]

So, what we are going to do is to present to you, in line with my colleagues, what exactly the ANC is trying to do to this economy. If we engage with a lot of things you

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say, we run the risk of arguing against ourselves. The things you are saying are the things we have just said in the Budget.

The Division of Revenue Bill appropriates R1,66 trillion to be spent by the three spheres of government in the next financial year. Over the next three years, the amounts allocated to national, provincial, and local government all grow faster than inflation. This means that, even after accounting for the rise in prices, each sphere will have more to spend on services than in the previous year. We are also planning to invest R865 billion in the public sector infrastructure projects over the next three years, which will lay the foundation for faster economic growth.

It is hard to look at a Budget like this with growing spending and investment and call it an austerity budget. It doesn't make sense. Yes, we have made cuts where we had to in order to free up resources to invest in the infrastructure and turnaround of Eskom. Our reason is simple: We understand that to deal with this current

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situation, tough fiscal measures alone without stimulating the economy will not assist us. As responsible custodians of the national fiscus resources, we could not spend more on the areas without being willing to make adjustments elsewhere to fund them. We have tried to limit these reductions and take them only from the programmes where they will have the smallest negative impact on delivery - my apologies. In the areas where we intend to grow the economy, we say South Africa is emerging from a long period where our economic growth has been stubbornly below potential. We are determined to change this. This Division of Revenue Bill makes a decisive contribution towards that.

Over the medium term, this Bill funds investment of R36,5 billion in providing provincial roads, over R40 billion in school infrastructure, over R23 billion for health facilities, and over R130 billion towards municipal infrastructure development. That is what we are saying to South Africans the ANC is going to do. We are also introducing changes to promote the increased use of partnerships between provincial and local governments and

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the private sector and communities to solve public sector challenges.

Examples from the Bill include assisting the Land Bank to subsidise the cost of loans to emerging farmers and establishing a market to private companies to fund the retrofitting of municipalities with more energy-efficient technologies. Municipalities will be able to use their savings on electricity costs to pay for this infrastructure. For partnerships with communities to upgrade informal settlements, we have allocated no less than R14,7 billion. The conditional grant system is also being changed to explicitly incentivise greater own-revenue investment by cities in their infrastructure. These measures are complemented by a review of the Policy Framework for Municipal Borrowing and Financial Emergencies to broaden the number of municipalities that can access private capital to fund investments.

Later this year, we intend tabling amendments to the Municipal Fiscal Powers and Functions Act that will enable the regulation of development charges that could

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add up to R20 billion per year to municipal capital investment - an amount that can make a tremendous contribution to expanding the ability of cities to invest in much-needed upgrades to their economic infrastructure. However, these partnerships to increase investment and our efforts to improve ... I beg your pardon. These partnerships that we actually mobilise to increase investment help our efforts to improve the financial sustainability of municipalities more broadly and will only work if residents pay for the services they receive. Municipal finances will only be sustainable if residents pay for the services they use. As we said in the Budget Speech, "Thuma Mina! Pay your municipal bills on time".

The provincial equitable share funds public schools in the area of the poor. The local government equitable share, as we have said, funds these free basic services. Further, the provincial equitable share funds the public schools and health facilities that provide free schooling and health care to the majority of our people. The National School Nutrition Programme grant allocated through this Bill funds free meals for over 9 million

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learners, delivered at 20 000 schools every schoolday, ensuring that even the poorest learners do not have to learn on an empty stomach. The HIV/Aids, tuberculosis, malaria, and community outreach grant funds the largest programme of antiretroviral treatment in the world, providing treatment to over 4 million people.

Funding programmes like these that provide for the basic needs of the people and give our children the start in life they need to build better futures for themselves are at the heart of what this Bill funds and what government does. If a budget is a reflection of how government prioritises its values, then I think it speaks well of South Africa and of this government that more than 60% of our consolidated expenditure is allocated to social services like these. [Interjections.]

In the area of redistribution, the Division of Revenue Bill also acknowledges that the legacy of apartheid and its selective underdevelopment have impacted parts of the country very differently. In response, the allocation in this Bill serves as a powerful tool for redistribution.

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In a society as highly unequal as ours, inevitably the majority of our tax base is located in wealthier, urban areas. However, the allocation to provinces and municipalities made through this Bill redistributes that tax revenue to fund spending across all parts of the country. In other words, in the manner we are distributing horizontally among provinces and municipalities, we distribute more in the weaker areas from the point of capacity, be it in the institution or infrastructure.

The impact of programmes funded through this Bill ultimately depends on the provinces and municipalities responsible for implementing them. Indeed, the ANC is setting the path forward. We are not crying about what to do about the current situation. [Time expired.]

[Applause.]

Debate concluded.

Question put: That the Bill be read a second time.

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Division demanded.

The House divided.

[TAKE IN FROM MINUTES]

Question agreed to.

Bill accordingly read a second time.

FINANCIAL MATTERS AMENDMENT BILL

(Decision of Question on Second Reading)

There was no debate.

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon members, I wish to remind you that yesterday, 12 March 2019, the Decision of the Question on the Financial Matters Amendment Bill was postponed. Are there any objections to the Financial Matters Amendment Bill being read a second time?

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Question put: That the Bill be read a second time.

Division demanded.

[Interjections.]

The HOUSE CHAIRPERSON: (Mr C T Frolick): Order! Order hon members! Order! A division having been called, the bells will be rung for one minute.

Mr N SINGH: Hon Chairperson, I just want to know about a division. Don't you need to have four members to call for a division?

The HOUSE CHAIRPERSON (Mr C T Frolick): Yes, they do have four members in the House.

Mr N SINGH: I only see three.

The HOUSE CHAIRPERSON (Mr C T Frolick): There is another one at the back.

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The House divided.

Mr N PAULSEN: Chairperson, I just want to tell the IFP people that I know where they live. I know where they live. [Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): You can visit them at your leisure.

[Voting take in from minutes]

Question agreed to.

Bill accordingly read a second time.

The House adjourned at 19:30.