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PROCEEDINGS OF THE NATIONAL COUNCIL OF PROVINCES

The Council met at 14:04.

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

The DEPUTY CHAIRPERSON OF THE NCOP: Order, order hon members! Does any member wish to move a Motion without notice?

**CONDOLENCES ON THE PASSING OF THE QUEEN OF SOUL, ARETHA LOUISE
FRANKLIN**

(Draft Resolution)

Mr L V MAGWEBU: Thank you, hon Deputy Chairperson. On behalf of the DA, I hereby move without notice: -

That the Council -

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- (1) wishes to express its sincere condolences on the passing of the Queen of Soul, Aretha Louise Franklin, who died at the age of 76, last Thursday, 16th August 2018 in Detroit, Michigan;
- (2) notes that she will forever be remembered for her incredible voice and significant contribution to the music industry;
- (3) recognises that she was a strong woman with an independent spirit, and that Franklin was embraced and loved by people from all walks of life;
- (4) acknowledges that no one will ever forget the sweet, soothing sounds of "You make me feel like a woman, respect and I never loved a man the way I love you";
- (5) admits that she was one of the most remarkable women who began to shatter that glass ceiling, making way for many others to follow,
- (6) affirms too that her beautiful soul may rest in peace and she will forever be remembered, her spirit and her songs will live on. I so move.

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Ms C LABUSCHAGNE: Deputy Chairperson, on a point of order, I just want to make sure if we are busy with notices of motion or the motions without notice?

Ms L L ZWANE: The Motion without notice.

The DEPUTY CHAIRPERSON OF THE NCOP: The Motion without notice.

Ms C LABUSCHAGNE: Thank you.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Zwane, can you continue.

THE WOMEN'S CHARTER REVIEW CONFERENCE

(Draft Resolution)

Ms L L ZWANE: Thank you hon Deputy Chairperson, I hereby move without notice:

That the Council -

1. notes with utmost appreciated the Women's Charter Review Conference, which was held in Parliament yesterday, 20 August

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under the theme: *"Assessing progress for women since the adoption of the 1954 Women's Charter and the 1994 Women's Charter For Effective Equality"*;

2. further notes that the conference, which was attended by various gender activists and representatives from various civil society organisations across the country, served as a launching pad to engage women, across all sectors of society, on the most pertinent challenges still facing women today;
3. acknowledges that the inputs made at the conference was intended to culminate in adoption of a contextually relevant Women's Charter in March 2019;
4. takes this opportunity to congratulate the Deputy Chairperson of the NCOP; the Deputy Speaker and Chairperson of the Women's Caucus for convening such an important engagement; and
5. expresses appreciation to the various staff members under the leadership of the Acting Secretary to Parliament, Ms Baby Tyawa for making sure that the conference becomes a resounding success. I so move.

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THE STATE CAPTURE ENQUIRY FINALLY COMMENCED

(Draft Resolution)

Mr M KHAWULA: Hon Deputy Chairperson, thank you very much. On behalf of the IFP, I hereby move without notice:

That the Council -

- (1) notes that the State Capture Enquiry has finally commenced on Monday 20 August 2018;
- (2) further notes that it is expected to last for 24 months;
- (3) acknowledges that the devastation state capture has wrought on the economy while bringing all SOEs to their knees;
- (4) reregisters its concern with the Chairperson of the commission's utterances that not many whistleblowers have come forward with information to assist the work of the Commission;
- (5) calls on all South Africans who might have information on state capture to submit information to the commission so that

it is able to do its work thoroughly and without fear or favour;

- (6) pledges support for the work of the Commission and expresses hope that all those who have fleeced the state of millions will be brought to book. I thank you, Chair.

EFF IS FAILING TO PROTECT WOMEN WITHIN THE PARTY

(Draft Resolution)

Dr H E MATEME: Deputy Chairperson, I move without notice:

That the Council –

1. notes with utmost concern and apprehension reports that the EFF is failing to protect women within the party, as they continue to battle assault, violence and sexual harassment by some leaders of the party;
2. further notes that in one incident, a North West Deputy Chairperson allegedly told a junior staff member during a confrontation in his office that he would have her genitals

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cut off and that a second incident involves the party Limpopo Secretary who was accused of physically assaulting a female member at a regional conference in 2016; and

3. declares with utmost apprehension and concern that the victims were not receiving any counseling from the party and totally ignored by the leadership of the party;
4. takes this opportunity to condemn in the harshest possible terms any form of violence or harassment against women, especially by people who use their positions and influence to wage ... [Time expired.]

**ARREST OF THE SIXTH AND LAST SUSPECT IN THE 2017 MURDER CASE OF
ACTOR GAUTENG DUMISANI MASILELA**

(Draft Resolution)

Mr A S SINGH: Thank you Deputy Chairperson. I hereby move without notice:

That the Council -

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1. notes with utmost appreciation the arrest of the sixth and last suspect in the 2017 murder case of actor Gauteng, Dumisani Masilela;
2. further notes that Masilela was shot dead a year ago during a hijacking in Tembisa South Africa after a botched hijacking; and
3. takes this opportunity to congratulate the police for working tirelessly to bring the sixth suspect to justice. I so move.

Mr J W W JULIUS: I like the frivolous motion, Deputy Chair. It was hon Singh's maiden motion for now Chairperson. [Laughter.]

The DEPUTY CHAIRPERSON OF THE NCOP: I didn't hear that.

Mr J W W JULIUS: That's on a lighter note, Chairperson.

The DEPUTY CHAIRPERSON OF THE NCOP: I didn't hear that lighter note. [Laughter.] ... [Inaudible.] of course.

**CONGRATULATE SOLLY MSIMANGA AS THE DA GAUTENG PREMIER CANDIDATE FOR
THE 2019 NATIONAL ELECTIONS**

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(Draft Resolution)

Mr J W W JULIUS: Deputy Chairperson, on behalf of the DA I hereby move without notice:

That the Council -

1. congratulates Solly Msimanga on his selection as DA Gauteng Premier candidate for the 2019 national elections;
2. notes that Solly represents a new generation of DA leaders who are young, charismatic, articulate, competent, and wholeheartedly committed to improving the lives of South Africans;
3. perceives that under the DA premier candidate Msimanga, the Gauteng people will now have an opportunity to vote for a party with a track-record of caring for the people, creating jobs and stopping at nothing to halt the scourge of corruption; and
4. accepts that Solly Msimanga understands that the only way to truly get rid of corruption is to change the government and

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will ask people countrywide to vote for the DA in 2019. I so
move

THE APPOINTMENT OF MARK KINGON AS ACTING COMMISSIONER OF SARS

(Draft Resolution)

Mr F ESSACK: Deputy House Chairperson, I move without notice:

That the House -

- (1) notes the appointment of Mark Kingon as Acting Commissioner of SA Revenue Service, Sars, a vital and key institution of the state. Of course, we are more than happy to see the now dubious Tom Moyane having been fired;
- (2) further notes that the looting of state resources has had huge ramifications at Sars as well as the country as a whole. Levels of public trust and credibility of an institution that was once a global leading institution remains low; and

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(3) acknowledges that in this financial year, Sars must collect a target of some R1,345 trillion. In conclusion I quote Mr Kingon:

To rebuild trust is a long and hard road, but it must be done if we are going to resolve the issue and regain the confidence both in the country and globally.

We wish our new Acting Commissioner of Sars every success in this mammoth task.

I so move.

PERSERCUTION OF STUDENTS WHO PARTICIPATED ON FEESMUSTFALL PROTEST

(Draft Resolution)

Setswana:

Moh T J MOKWELE: Motlatsamodulasetilo, ke emela go fana ka kitsiso e e se nang tshitsinyo:

English:

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That the House -

- (1) notes that most students who participated on the Feemustfall protest are being persecuted and are jailed;
- (2) further notes that the protest was solemnly for free and decolonised education for all South Africans, and those students that are charged and are already in jail with the intent of the government to silence them; and
- (3) further call upon President of the country to stand firm and pardon all the students that have been found guilty by the courts of law and also those that have been charged with the Public Violence Act to be pardoned by the President.

I so move.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon members, let me bring into your attention that I've got a list of about ... [Interjections.]

Mr J W W JULIUS: My apologies, I've noticed that you didn't ask whether the members agree or disagree with all the motions today.

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The DEPUTY CHAIRPERSON OF THE NCOP: We are dealing with Notices of Motions, hence I wanted to bring to your attention that because of the pressure of time ... [Interjections.]

Mr J W W JULIUS: No, you started by saying without notice, Chair.

The DEPUTY CHAIRPERSON OF THE NCOP: No, no no! I have been listening to you as well; you didn't present Motions without Notice. You presented Notice of Motions.

HON MEMBERS: No!

The DEPUTY CHAIRPERSON OF THE NCOP: Without?

HON MEMBERS: Yes!

The DEPUTY CHAIRPERSON OF THE NCOP: You know, at least, there's somebody who was listening to me because, hon Labuschagne stood up and asked whether if it is without or with notices and I said, notices ... [Interjections.] No! Okay, we will then have to see how best we can deal with it.

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If members were under the impression that we were presenting Motions without Notice, because we didn't observe whether there are any objections or acceptance of the notices, yes, that's one part that we can deal with. Therefore, they will become notices because I was be pressured by time. Alright, can I proceed in the following way:

The House is of the view that they presented Motions without Notice; therefore, we don't resolve it now. In the next sitting, we can go back to those Motions based on what Hansard would have presented to us then I would present them to the House for objection, each one of them. It can only be procedurally correct than to say we turn them into Notices. It would be unfair. So, hon members ...

[Interjections.]

Hon Mokwele, I'm trying to bring a solution to the problem and I thought I'm getting a solution to the problem. To reverse things would therefore be unfair. ... [Interjections.] No! We can't debate this, hon Mokwele, it was a misunderstanding and in communication there can always be a misunderstanding or a misinterpretation of anything. I don't know why you would have to make a debate around this particular issue. I'm saying that in the next sitting, they will be there and Hansard will be there to present them to us.

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Therefore, in the next sitting I would be presiding over that, therefore, I would be able to call the member's names based on the motions that they have presented and ascertain whether there are objections or not. Can we proceed with that, hon member? Thank you very much! ... [Interjections.] Yes, this coming Thursday. Over to you, hon Mokwele!

Ms T J MOKWELE: Chair, some of us won't be here on Thursday ... [Interjections.] I'm not speaking to you; If you want me to speak to you I will address you.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Mokwele, can you address me, please!

Ms T J MOKWELE: So, now I'm addressing the Chair, please, I must be respected. I'm saying to you, Chair, on a part of the EFF, some of us from the EFF won't be here on Thursday. I'm appealing and requesting to you that ours is a Notice of a Motion, so, if ever you are going to call us by names like that, it must be recorded as such. So, you see I was assisting you to take a decision? So, don't ... [Interjections.]

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The DEPUTY CHAIRPERSON OF THE NCOP: No, that's fine! Yours it's a Notice. Now we are dealing with Motions without Notice. Hon members, you have to listen; not unless the members are not listening. From where I'm sited, we were dealing with Notices, isn't it so? You were under the impression that we were dealing with Motions without Notice.

Now, as part and parcel of getting a solution, we say that on Thursday we would then read out the names on the Motions without Notices that were presented, okay? Then we would ask for objections or an acceptance of the Motion. You don't have to be there because you have already presented the Motion. Now, we are dealing with Notices of Motion.

Ms C LABUSCHAGNE: I understand your Ruling in a way, although I don't understand that anybody in this House can understand that a Notice of a Motion could be on the death of Aretha Franklin because we can't debate it, but in any case that was a first Motion. My question now is, if we are dealing with the Notices of a Motion now, when are we going to finish the Motions without Notice? My proposal is, can't we finish the Motions without Notice then we do the Notices of Motion?

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The DEPUTY CHAIRPERSON OF THE NCOP: You know why I raised the issue? It is because it is a progressive suggestion, but unfortunately it does not allow us in terms of time. But remember that the Rules say that there should be 20 minutes allocated for Motions, with and without. Now, we are already half the hour. Yes, I gave you an extra five minutes; we started at 14h05. Hon Mokwele, can you be the last one on this item?

Setswana:

Moh T J MOKWELE: Ka boikokobetso fela, ke nagana gore fa motho a fana ka kitsiso moNtlong, go tlhokega gore kitsiso eo go ngangisanwe ka yona. Ka jalo, fa ba kgethile gore go se ka ga nna le ngangisano ka kitsiso ya ga Aretha Franklin, go tshwanetse gore go dirwe ka mokgwa oo, ngangisano eo e ka se nne teng.

English:

So, let it be that it's a Motion that won't be debated in the House. It will then depend on the individual member whether his or her Motion or Notices of a Motion needs to be debated by the House or not.

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The DEPUTY CHAIRPERSON OF THE NCOP: That was a Notice in any case. Hon members, can I take five minutes for you to present your Notices? Can we proceed with the business?

Ms B A ENGELBRECHT: Chairperson, I have a Motion without Notice.

The DEPUTY CHAIRPERSON OF THE NCOP: No, we have dealt with ...

Ms B A ENGELBRECHT: No, I was not able to read mine. I didn't have the opportunity to read mine and now I want to read it now.

The DEPUTY CHAIRPERSON OF THE NCOP: It is because the time was up.

Ms B A ENGELBRECHT: No, Chair, you were confused and you used up our time.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Engelbrecht, just take your seat please.

Ms B A ENGELBRECHT: Chairperson, you've got to let me read my Motion without Notice.

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The DEPUTY CHAIRPERSON OF THE NCOP: Can I address you on that? I don't know why you deliberately create a problem where there is no problem. Look, hon member, let me address you on this matter. It is my responsibility in the first place to ensure that at the most, all political parties have an opportunity to present their motions. Guided by time, I would therefore allow other members to then continue further. Therefore, I cannot understand because not everybody will have an opportunity to present their motions. So, we are dealing with Notices of a Motion now. Is that a Notice of a Motion or Motion without Notice?

Ms B A ENGELBRECHT: Chair, it is a Notice of a Motion.

The DEPUTY CHAIRPERSON OF THE NCOP: Is it a Notice of a Motion?

NOTICES OF A MOTION

Ms B A ENGELBRECHT: Yes. Chairperson, I hereby give notice that on the next sitting day of the House I shall move on behalf of the DA:

That the House -

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- (1) acknowledges the role the DA-led city of Johannesburg has achieved in providing Title Deeds to over 500 homeowners in the community of Lufhereng in Johannesburg;
- (2) congratulates the DA-led city of Johannesburg is dedicating its administration to speeding up the delivery of Title Deeds and making this a top priority as part of deliverables to the citizens of Johannesburg; and
- (3) further acknowledges that it is an honour to give the elderly their Title Deeds, and through it, a dignity that they have been deprived of for such a long time. They can now sleep with less anxiety knowing that they are the rightful owners of their own homes.

The DEPUTY CHAIRPERSON OF THE NCOP: It is a Notice of Motion; we are dealing with Notices of Motion. Hon Mokwele, can you please take your seat and let's proceed with the business. Hon member, I made it clear to the member that whatever that she is reading is a Notice of Motion. How it is crafted, how the content is, according to the record it would read as a Notice of Motion.

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Mr L B GAEHLER: Chairperson, I hereby give notice that on the next sitting day of the House I shall move on behalf of the UDM:

That the House -

- (1) debates lack of accountability and monitoring by the Department of Water and Sanitation that leads to substandard quality of bulk infrastructure; and
- (2) further debates how the National Treasury is able to take action against inferior work and corruption with reference to the bulk infrastructure to retrieve some of the money lost in this regard.

Mr J W W JULIUS: Chairperson, I hereby give notice that on the next sitting day of the House I shall move on behalf of the DA:

That the House -

- (1) debates the effects of drug abuse on the South African society and how government should intervene to end the scourge of drug abuse in South Africa.

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Mr O S TERBLANCHE: Chairperson, I hereby give notice that on the next sitting day of the House I shall move on behalf of the DA:

That the House -

- (1) debates the unprecedented high number of rape cases reported to the police over the last few months; and
- (2) requests the Minister of Police and other responsible departments to engage and formulate a turnaround strategy to manage this crisis and to ensure a safer environment for our women and children.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Let me take the opportunity to welcome all special delegates from our respective provinces who are with us today. We express our appreciation of the fact that you are taking a keen interest in the National Council of Provinces.

The next thing that I will be dealing with is a ruling on a point of order raised by hon Smit on 15 August. Hon members, I would like to make a ruling on a point of order raised on 15 August 2018 during

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the oral questions session to the Minister in the Presidency for Planning, Monitoring and Evaluation.

DELIBERATE MISLEADING OF THE HOUSE

(Ruling)

Hon Smit rose on a point of order and said the following, and I quote:

Chairperson, on a point of order: The Minister just now said that the precursor and the following party of the National Party is the DA. That was mentioned before in this House and there was a ruling about that, which is clearly false. [Interjections.] It is deliberately misleading because the DA comes from the Democratic Party, DP, and the DP comes from the Progressive Federal Party, PFP. And the PFP does not come from the National Party. [Interjections.]

I then undertook to consult Hansard and return to the House later with a ruling. Having consulted Hansard in the course of this speech, the hon Minister is recorded to have said, and I quote:

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Hon Chair, I will answer the question, but I am going to start where they ended. I want to say that the history of this country is known. If your library says otherwise, then it must be corrected. Secondly, the precursor of the party that ruled during apartheid is known and the successor party is the Democratic Alliance. If you are a successor party or successor state, you take both assets and liabilities of that party.

The issue in question is whether the statement by the Minister deliberately misled the House. Section 71 of the Constitution, read with the Powers and Privileges and Immunities of Parliament and Provincial Legislatures Act and Council Rule 30, affords members of the Council and Cabinet members the right to freedom of speech in this Chamber. This recognises that members should be free to speak their minds in debates without fear or favour. This right is at the heart of the privileges of Parliament, which are an integral part of our Constitutional arrangement.

However, in exercising this right, I would expect that everyone in this House will always be prudent in their tone and choice of words. One of our roles as presiding officers is to create a space that allows members during debates to express themselves, probe others and listen to others. Every member in this House has the right to

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hold his or her own views and the right to express those views in this Chamber.

To make a point of order out of every heated exchange in this robust House would make the proceedings unworkable. As previously ruled in this House, the officers presiding cannot be expected to adjudicate on the accuracy or otherwise of every statement, as this would lead to endless disputes of the facts. Deliberate misleading of the House involves intent to mislead or knowledge that the statement will be ... [Inaudible.] It will be virtually impossible to prove that a member deliberately misled the House. Members must be allowed to present different interpretations of the debates or events in this august House.

However, we will never allow remarks directed specifically at another member that questions the member's integrity, honesty and character. Therefore, my ruling is that the point of order raised by hon Smit cannot be upheld. Thank you very much.

CONSIDERATION OF LABOUR AMENDMENT LAWS BILL

(Consideration of Bill and of Report thereon)

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Mr M RAYI: Hon Deputy Chairperson, hon members, special delegates, Department of Labour, Deputy-Director General, the Commission for Conciliation and Arbitration, CCMA, workers and worker leaders in the gallery, good afternoon. On the 20th of February this year, we received a briefing from member of the National Assembly, hon Dudley, who presented a Private Member's Bill, which we then considered as the select committee.

We then decided that we should include this Bill together with other three Bills, so that we then advertise for submission by the public. We did that in May, and then we considered all the four Bills. We received two submissions from the public which we considered and deliberated on, and decided that we continue with the submission. And then, the department responded to those submissions. Therefore, I introduce this Labour Laws Amendment Bill, B29-2017, clause 75, for adoption by this Council.

This is a Private Member's Bill - as I said, which was later redrafted by the Portfolio Committee on Labour. In the past, employees who did not qualify for maternity leave, were only entitled to three days paid family responsibility leave, for the birth of employee's child or if the employee's child was sick or in

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the event of death of the employee's child. This Bill allows all fathers to be entitled to at least ten days of Paternity Leave.

Further, one adoptive parent who has adopted a child who is less than two years old, will now be entitled to adoption leave. If there are two adoptive parents, one will be entitled to ten consecutive weeks of adoption leave and the other will be entitled to, at least, ten days of paternity leave.

The Bill also paves the way for one surrogate parent, to be entitled to the surrogacy leave, for a period of up to ten weeks, and other parent will be entitled to, at least, ten days of paternity leave. It should be noted that the leave will also be applicable in the event of miscarriage or a still born during the third trimester and fathers will be entitled to more family responsibility leave.

We should also welcome that the Bill also provide for an increase in the maternity leave benefits. The Bill allows payment of parental benefits and surrogate parental benefits from the Unemployment Insurance Fund, UIF. The proposed Labour Law further prohibits bargaining council to reduce an employee entitlement to paternity leave, adoption leave or surrogacy leave.

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Chairperson, as I submit the Bill for adoption without amendment by this House, I wish to emphasize that this Bill is recognising the rights of the lesbian, gay, bisexual, transgender, queer or questioning, and intersex, LGBTQI. We are truly an open democratic society. Therefore, the committee adopted this Bill without any amendments and I table the Report for consideration and adoption. Thank you.

There was no debate.

Debate concluded.

Question put: That the Bill be agreed to.

Bill accordingly agreed to in accordance with section 75 of the Constitution.

BASIC CONDITIONS OF EMPLOYMENT AMENDMENT BILL

(Consideration of Bill and of Report thereon)

NATIONAL MINIMUM WAGE BILL

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(Consideration of Bill and of Report thereon)

LABOUR RELATIONS AMENDMENT BILL

(Consideration of Bill and of Report thereon)

Mr M RAYI: Hon Deputy Chairperson, I also acknowledge the presence of Commission for Conciliation, Mediation and Arbitration, CCMA. Former President Jacob Zuma, in his state of the nation address on June 2014, announced that the then Deputy President, hon Cyril Ramaphosa, would convene a social partner dialogue under the ambit of National Economic Development and Labour Council, Nedlac, on wage inequality and labour relations.

At the Nedlac Summit, on 5 September 2014, His Excellency, hon Cyril Ramaphosa, announced the convening of Labour Relations Indaba to initiate the Nedlac engagement process.

The Indaba was convened on 4 November 2014. The key outcomes of the Indaba were the signing of the Nedlac Ekurhuleni Declaration and the establishment of the Committee of Principals, CoP.

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It was agreed that the Technical Task Team would be established to engage on the issues raised at the Labour Relations Indaba, as set out in the Ekurhuleni Declaration. Two task teams were established, namely, the Labour Relation Task Team and the Wage Inequality Technical Task Team. The Technical Task Teams reported to the CoP, which is the committee of principals.

After a two-year engagement process, an agreement on national minimum wage was announced in February 2017, that *inter alia*, the national minimum wage would be set at R20 per hour. The national minimum wage would come into effect, latest, 1 May 2018 but because of parliamentary processes that could not happen. The agreement was part of the labour relations stability agreement package.

The National Minimum Wage Bill is the legislative prescript intended to give effect to the agreement on the national minimum wage. The Basic Conditions of Employment Amendment Bill proposes amendments with the Basic Conditions of Employment Act of 1997 consequent upon the enactment of the National Minimum Wage Act.

Both Bills were tabled at the Nedlac on 2 June 2017 and the first sitting of the task team convened. The task team comprised of

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representatives from organised labour, organised business community and government.

After concluding the deliberations, parties submitted report to the Minister of Labour in terms of section 8 of the Nedlac Act of 1994. The Bills were submitted to Parliament on 24 November 2014.

The process that then was followed by the Select Committee on Economic and Business Development was the following: It was referred to us by the National Assembly on 29 May. In anticipation of the transmission of the Bills from the National Assembly, the committee invited the Department of Labour to brief it on 20 February 2018.

The aim of the National Minimum Wage Bill is to provide for a national minimum wage, to establish the National Minimum Wage Commission; to provide for the composition and functions of the National Minimum Wage Commission; to provide for the review and the annual adjustment of the national minimum wage; to provide for the exemption from paying the national minimum wage and to provide for matters connected therewith.

With regard to Basic Conditions of Employment Amendment Bill, the aim of the Bill is to amend the Basic Conditions of Employment Act

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of 1997, so as to substitute and insert certain definitions; to provide for daily wage payments applicable to certain employees; to repeal certain provisions dealing with the sectoral determinations and to disestablish the Employment Conditions Commission; to extend the jurisdiction of the Commission for Conciliation, Mediation and Arbitration, CCMA; to extend the provisions for monitoring and enforcement by the labour inspector; to include enforcement of the provisions of the National Minimum Wage Act, 2018, the Unemployment Insurance Contributions Act of 2002; to provide for claims for underpayment; to provide for the transitional arrangements; to regulate sectoral determinations currently in force; to strengthen collective bargaining in respect of the sectors regulated by those sectoral determinations and to provide for matters connected therewith.

With regard to Labour Relations Amendment Bill, the aim of the Bill is to amend the Labour Relations Act of 1995, so as to provide criteria for the Minister before the Minister is compelled to extend the collective agreement as contemplated in the Act; to provide for the renewal and extension of funding agreements; to provide for picketing by collective agreement or by determination by the commission in terms of picketing regulations; to provide for the classification of a ratified or determined minimum service; to

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extend the meaning of ballot to include any voting by members that is recorded secret; to provide for the independence of the registrar and deputy registrar; to provide for the advisory arbitration panel; to provide for advisory arbitration award; to provide for transitional provisions and to provide for matters connected therewith.

The committee, acting in accordance with its constitutional obligation to facilitate public participation, invited interested parties to submit comments on the Bill.

The committee advertised the Bill on 1 June 2018 inviting all interested stakeholders to submit written submissions and to indicate whether they would like to make oral submissions to the committee.

The committee received 10 submissions prior to the closing date as well as two additional submissions after the closing date. All the submissions were considered and all submitters were invited to make oral submissions. Ten submitters availed themselves and two declined.

On 27 June 2018, the Department of Labour responded to the submissions received and responded to questions by members in respect thereof.

On 7 August 2018, the committee deliberated on the contents of the Bills and considered the issues raised in the public participation period and the department's response thereto.

Having considered the matter, the committee agrees to adopt the Bill without any amendments.

With regard to minority views, the following parties expressed their views, which were recorded as minority views: The DA indicated that whilst it supports the purport and object of the Bill, it does not support the Bill in its current form. This is on the national minimum wage. It is the view of the DA that given the current economic climate, the Bill may have unintended consequence of negatively affecting small and medium businesses who cannot afford the national minimum wage. It is the view of the DA that the focus of the Bill should have been on sectoral determinations and the introduction of national minimum wage in those sectors that could afford it rather than have it apply generally, as it is currently the case.

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The EFF noted that whilst it supports the Bill and agrees to the objects of the Bill, it does not support the proposed minimum wage of R20 per hour as this is too little and will not succeed in alleviating poverty.

With regard to the minority views on the Labour Relations Amendment Bill, the DA does not support the Bill and objects to the fact that the committee was not provided an opportunity to engage with the National Union of Metal Workers of South Africa, Numsa, in respect of its submissions and oral presentation during the public hearing. The DA is of the view that this stifled the public participation process.

With regard to Basic Conditions of Employment Amendment Bill, the DA objects to the Bill and noted it is concerned that the extension of jurisdiction afforded to the Department of Labour's Inspection and Enforcement Unit will result in practical difficulties as they do not have the necessary resources and capacity to perform additional functions.

In conclusion, on behalf of the committee, I would like to thank all those who participated in ensuring the success of the law making

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process, the interested parties of the public, parliamentary leadership, NCOP Chairperson, House Chairperson on Committees, Chief Whip, who I had to update from time to time on the status of the processes. I would also like to thank members of other committees, who also attended and participated in the deliberations, hon Dlamini, hon Zwane, Dr Mateme, hon Ncitha, hon Samka, hon Parkies, the staff, including the legal service unit, Department of Labour, CCMA, Office of the State Law Advisor and the media. I hereby present the report for consideration and adoption. I thank you.

[Applause.]

Debate concluded.

Declaration of vote: on Second Order:

Ms T J MOKWELE: Chair, today we want the National Council of Provinces to record our dissatisfaction with the manner in which the ANC-led government has taken such an important policy, only to turn it into a tool for internal factional squabbles. The reason why Saftu was refused access to input at Nedlac is enough to undermine the whole process of Nedlac and the drafting of these Bills.

There idea that such an important policy will affect the lives of millions of workers can be agreed upon by a group of elitists at

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Nedlac and some panel-appointed by one person who has demonstrated beyond doubt that he will at all times protect the interest of big businesses before workers, poor people, women, children and people with disabilities, is one we must completely reject.

These Bills were written with the interest for capital in minds and will do nothing to help the working poor people of this country. Instead, they will further entrench the casualisation of labour, weakening the ability of workers to organise, dismantle the right to strike which countless generations fought for and legitimise a minimum wage which no person could live from in dignity. As the EFF, we will never support such reactionary, anti-poor, anti-worker legislation.

Mr L V MAGWEBU: Chairperson, I beg your indulgence. I will make three declarations per report because this Order covers three Bills. I will go through them in no particular ... [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Magwebu, we are dealing with one! [Interjections.]

Mr L V MAGWEBU: With one! Right, I will focus on one then for now. Indeed, the DA supports the spirit and the purport of this Bill. However, we cannot support this Bill in its current form. It is our

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view that given the economic climate, the Bill may have unintended consequences by negatively affecting small and medium business enterprises.

Therefore, this will negatively affect businesses that cannot afford the minimum wage. It is our view that the Bill should have focused on sectoral determination and the introduction of the minimum wage in those sectors that could afford it rather than its general application. It is in those bases that the DA does not support this Bill. Thank you.

The DEPUTY CHAIRPERSON OF THE NCOP: The chair has presented the report. Now, I wanted to check if political parties wish to make declarations of vote. The EFF did it; the DA did it. I saw the ANC's hand was up, but now the ANC is saying they are not making any declaration. [Interjections.] Okay, fine. We shall then proceed with the voting, hon members, in accordance with Rule 63.

Question put: That the Basic Conditions of Employment Amendment Bill be agreed to.

Voting.

[TAKE IN FROM MINUTES.]

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Bill accordingly agreed to in accordance with section 75 of the Constitution.

Declaration of vote: on Third Order:

Mr L V MAGWEBU: Hon Chairperson, the DA objects to this Bill, because of the extension of the jurisdiction afforded to the Department of Labour's Inspection Enforcement Unit. It is our view that it will result in practical and serious difficulties as they have in their own concession through the interaction with the Select Committee on Business and Economic Development that they continue to let capacity to enforce the policies that they should be enforcing. Therefore, this will add an unnecessary burden on them and thereby this additional function will prove to be very impractical. This will be just a Bill – a Bill that will never be effective. Therefore, the DA, on those bases, does not support the Bill. Thank you.

The DEPUTY CHAIRPERSON OF THE NCOP: Is there any other political party that wishes to make a declaration? In the absence any, then we shall proceed. I don't know if the chairperson of the committee ... [Interjections.] You see the problem is that the chair presented the

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report. The voting and procedure is that we are in actual fact reacting to the report that you presented to the Council. We shall then proceed with the voting.

Question put: That the National Minimum Wage Bill be agreed to.
VOTING.

[TAKE IN FROM MINUTES]

Bill accordingly agreed to in accordance with section 75 of the Constitution.

Mr F ESSACK: Chairperson, I apologise, I don't want to screw up the proceedings but the hon member is jumping up and down as if something is wrong. Can you assist the member: Either she leaves the house to relieve herself and come back or something, but ...

[Interjections.] [Laughter.]

The DEPUTY CHAIRPERSON OF THE NCOP: Order hon members! Order! Hon Mathevula, you know we had a very wonderful hon Mathevula last week.

[Interjections.] [Laughter.] I don't know; I never said that! I never said that but hon Mathevula is different today.

CONSIDERATION OF LABOUR RELATIONS AMENDMENT BILL

(Report of Select Committee on Economic and Business Development
thereon)

Declarations of vote:

Mr L V MAGWEBU: Hon Chairperson and members. The DA places on record that we do not support this Bill because we hold the view that not all labour unions were provided adequate opportunity to make oral presentations during the public hearings phase. The DA is of the view that this stifled public participation process; therefore, as the DA we do not support this Bill.

Mr E MAKUE: Chairperson, the ANC has always operated on the basis of consulting as broadly as we possibly can. We have established the National Development and Labour Council. We have the greatest respect for all members of trade unions in this country...

[Interjection.]

The DEPUTY CHAIRPERSON OF THE NCOP: Order, hon member. The hon member is addressing, don't interrupt the member. Even if you heckle, don't heckle to a point where you disrupt the member; can we listen to the member? I want to hear what he says. Can you continue hon Makue!

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Mr E MAKUE: Chairperson, as I said, the ANC has the greatest respect for all members of trade unions in this country. It is also for us, not people out there; it is our mothers, fathers, brothers and sisters who are the working class in this country. And we will propose that everybody should be supporting this legislation, that is progressive to create a better life for the workers in this country and therefore, the ANC, without apology is fully behind all pieces of this legislation that will benefit the working class in this country. Thank you, Chairperson.

Mr J W W JULIUS: I rise on a point of order, Chairperson. I noticed that hon member read his declaration or maybe from his head now, but, he said we reject all pieces of legislation and we are dealing one by one; because you didn't prepare for motions that's why you're coming with this for all and we are dealing with one by one. Can the member withdraw and do his right declaration please?

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Julius ... [Interjection.] can I make ruling, hon [Inaudible.]? Hon Julius, that is why I emphasised the Fourth. Hon Makue, I can remember hearing all, did you refer to all the three or just this one?

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Mr E MAKUE: Chairperson, the ANC supports all legislation that benefits the working class of this country and if this piece of legislation before us now is part of the package, we support that piece in as much as we support the entire package. [Applause.]

The DEPUTY CHAIRPERSON OF THE NCOP: That is [Interjections.] No, hon members. Order! Hon Julius, order! Hon members ... House Chair, manage the process, please. Hon members, can you just be ... so that we don't confuse ourselves and get challenges tomorrow for things that are unnecessary. Hon Makue, the Fourth Order, we are dealing with the Fourth Order; not all, the Fourth Order. Does the ANC say that it supports the Fourth Order? Just for record purposes.

[Interjections.] We dealt with the Second, the Third and now we are dealing with the Fourth Order. Does the ANC ... [Interjection.]

Mr E MAKUE: Chairperson, the ANC ... [Laughter.] [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Hon members, order! Hon Mokwele, I'm sure if we can go to the records of the previous Houses or sittings, you will notice that there were less orders called.

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Can I ask hon Makue to be clear on dealing with the Fourth Order? Because I'll make a ruling, you're leaving me with no option, but to make a ruling on the matter.

Mr E MAKUE: Chairperson, the ANC conference that was held in December last year mandated us and therefore, the ANC is fully supportive of the Fourth Order. But we are also supportive of the other three. [Applause.]

Setswana:

Moh T J MOKWELE: Ke ne ke batla ...

English:

... to check with you Chair, is it permissible for you as the Chair to give one member more than once to make declarations on one item? Is it permissible? [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Can I respond? [Interjections.]

Ms T J MOKWELE: Is it permissible?

Setswana:

Ga ke bue le wena!

English:

You have sold the workers.

Setswana:

Wena, o rekisitse badiri. Ga ke bue le wena.

English:

The DEPUTY CHAIRPERSON OF THE NCOP: Hon members, a question has been put ... [Interjections.] Hon members, a question has been put to me and my response is very [Inaudible] and is as follows: for purposes of clarity and for record, it is my responsibility to make sure that whatever that this House agrees to, is clarified and is clear to everybody; it doesn't matter how many time I ask a member. I didn't allow the member to make another declaration, I allowed a member to clarify himself on the Order ... [Interjection.] So, the hon member clarified that he was speaking on the Fourth Order, okay.

Hon members can we proceed with the voting?

Mr S G MTHIMUNYE: Hon Deputy Chairperson, just before the voting was proceeded with, two members of the DA rose on two points of order, and they used from where I'm standing language that is denigrating

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on the decorum of this House. One, hon Essack who used the words "bugger all"; two, hon Julius used the words "fuck all". Can you please rule if that is parliamentary?

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Ey-e-e, that one is a bit difficult for me because I didn't hear it ... [Interjections.] ... I didn't hear it. Was it on record?

Mr S G MTHIMUNYE: Let's consult Hansard, hon Deputy Chair, and come with a ruling later.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: No, no, no, no, it is going to be difficult ... [Interjections] ... E-e Mokwele! It is going to be difficult if it was not on record. Hon members, if it was not on record, it is going to be difficult. The microphone was not on. It said off. It is going to be difficult to check with Hansard. May I just ascertain with members therefore on the basis of that. Hon Julius, did you say what you said? Can I make a ruling please?

Mr J W W JULIUS: Deputy Chairperson, I swear I never ... I don't know where ... he must wash his ears because I didn't say that. I don't know ... [Interjections.]

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The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Okay, thank you. Hon Mthimunye, hon Julius says he didn't say that. Hon Essack, no, no, he can't withdraw in something that he denies. What point are you raising, hon member?

Ms C LABUSCHAGNE: Deputy Chairperson, are we changing the rules in the NCOP now? Can I wait 10 minutes and then stand up at the end of a plenary and raise something that happened previously and you will entertain it, because the rules of the debate says that you need to rise on the point of order many times in this Chamber while you are in the Chair. When a Minister was speaking or answering questions and somebody stand up on a point of order, when the person left that podium, you said that you can't entertain the point of order. Now, today the hon member raised 10 minutes after something happened and you entertained the point of order. I'm sorry; this is not convention in this House.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: I take your point. Hon Essack!

Mr F ESSACK: Deputy Chairperson, with due respect to my colleague, I really don't understand what he is trying to imply. If I said

something about not understanding "bugger all", maybe I sounded out of context. Therefore, if "boggerol" or "bugger all" is a big issue, I withdraw.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Don't justify.

Mr F ESSACK: I withdraw ... I mean really I don't know that it is a big deal.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Don't justify it and try to explain. I take it that you're saying that you didn't say it. Okay. That's fine. Can you take your seat hon? Hon Mateme, can you introduce the debate?

WAYS TO ADDRESS GOVERNANCE CHALLENGES IN STATE-OWNED ENTERPRISES

(Subject for Discussion)

Dr H E MATEME: Hon Deputy Chairperson, Minister Nene, Deputy Minister Gungubele, special delegates, hon members of this august House, ladies and gentlemen, firstly, lest we forget, the journey of a thousand miles starts with one step.

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Secondly, I would wish to remind ourselves that our inductive state of the nation address in 2014 enjoined the Fifth Parliament to have a constructive opposition.

Just over 30 days ago, our nation joined the global community in celebrating the 100th anniversary of the birth of a fearless fighter and a remarkable leader of our people, none other than tata Nelson Rolihlahla Mandela.

We had the opportunity to recount Madiba's long walk to freedom, his wisdom, his unfailing humility, his abiding passion, his essential integrity and the indelible legacy he left for our country. Allow me to dedicate this speech to the memory of tata Nelson Rolihlahla Mandela, as we continue with our journey to the realisation of his vision of a democratic, just and equitable society.

In his revered maiden thuma mina state of the nation address, President Cyril Matamela Ramaphosa gave a picture of the enormous challenges facing our state-owned enterprises, SOEs. He highlighted in greater detail the enormous challenges that they are facing, which has impacted on the performance of the economy and placed pressure on the fiscus. He then committed our government to intervene decisively to stabilise and revitalise them in order to

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ensure that they continue to fulfil their economic and developmental mandates.

Delivering his Budget Vote Speech, the Minister of Public Enterprises, Minister Pravin Gordhan, highlighted five key pillars that will underpin the review of SOEs: Review current boards; improve efficiency; restore SOE financial sustainability and reduce dependence on the fiscus; stamp out corrupt practices at SOEs; and ensure that SOE mandates are aligned to the state's developmental agenda.

The Minister said this because for quite some time many of our SOEs were faced with weak and inexperienced boards and management. In many instances, some of them were even negligent in executing their fiduciary responsibilities, suffering from poor performance, limited direction and inaction or consequences against corruption. Consequent management was very weak, if there at all.

I am happy to highlight that in the last six months the government has worked tirelessly to turn the tide in many of our SOEs. We have seen the review of current boards of directors of companies such as Eskom, Denel, Transnet and SA Express.

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Government, through the stewardships of President Ramaphosa and Minister Gordhan, have put in place processes to review the boards of companies such as the SA Forestry Company, Safcol, and Alexkor. A new Eskom chief executive officer, CEO, and chief operating officer, COO, were appointed. Many of these boards have been mandated to ensure that they appoint permanent executives urgently and also to ensure that all SOEs are not only financially viable but also make a meaningful contribution to our economy.

For us as the ANC, SOEs are an important pillar to achieve our economic policy objective of transforming our country from apartheid to the new democratic society. Our SOEs are not created to maximise profits or incur unnecessary losses. Rather, their existence is for the purpose of driving the developmental agenda. The dual mandate of SOEs is to achieve a balance between the required level of self-funding and undertaking developmental projects that the private sector would ordinarily not undertake.

So, when the leader of the DA said, ahead of the 2018 Budget Speech, that: "We must stabilise public finance by announcing a package of austerity measures and a comprehensive spending review ... We must reform SOEs by privatising or part-privatising Eskom", we know where he is coming from ideologically.

We also know that DA policies are underpinned by the classical liberal philosophy. Classical liberalism is a political philosophy and ideology in which primary emphasis is placed on securing the freedom of the individual by limiting the power of the state.

Liberals have historically promulgated a belief that the market could deliver the greatest good to the greatest number of people, and the conviction that states should interfere as little as possible in the lives of individuals.

However, a quick look at the historical roots of all the pioneering technologies of the past centuries points to decisive leadership by the state sector. In the developed countries, in North America and Europe for instance, SOEs and public investments have led the innovation, research and development that have facilitated the establishment of most of the well-known global brands. Apple is a perfect example that supports my argument. Every technology that gives the iPhone its smartphone capabilities owes its vision and funding to the state. Technologies I am talking about include the internet, the global positioning system, GPS, touch-screen displays and even the voice-activated smartphone assistant, Siri.

[Interjections.]

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The ninth biggest auto manufacturer by volume globally is the French company, Renault, that very few of us know is an SOE. The company was ...

Ms B SCHAFER: Oh my word! It's a private company.

Dr H E MATEME: Am I protected, Chairperson?

The DEPUTY CHAIRPERSON OF THE NCOP: Order hon members! Order!

Dr H E MATEME: This lady will have her time to take to the podium. [Interjections.] Thank you very much. The company was expropriated without compensation by the government of Charles de Gaulle from the suspected Nazi-aligned Renault family in 1945.

In developing countries, we are fed propaganda that SOEs are by their nature undesirable assets that the state should sell off to the private sector. Even students in our public universities and business schools swallow this neoliberal mantra uncritically.

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It is time that we educate our society that in fact the 10th largest bank in the world, with total assets worth over US\$2 trillion, is the Post Bank of Japan. Four of the top ... [Interjections.]

Dr H E MATEME: Am I protected, Chair?

The DEPUTY CHAIRPERSON OF THE NCOP: Hon member Schafer, the problem is your proximity. As you heckle ... [Inaudible.] ... I'm worried about your proximity ... [Inaudible.] Can you just allow her? You will have ... You are on the Speaker's List. You will raise your views. Continue hon Mateme.

Dr H E MATEME: Chair, anyway, her heckles will not change the validity of what I'm saying. [Interjections.]

Four of the top five banks globally are from the communist-governed People's Republic of China and are part owned by the state. Chinese oil and gas companies – all of them SOEs – have recently displaced their well-known North American and European counterparts, and now top the list of the largest firms in the energy sector on the globe.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Mateme? Can you just take a seat? [Inaudible.] On what point are you rising, hon member?

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Ms C LABUSCHAGNE: Hon Chair, I would like to know if the hon Mateme would take a question.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Mateme, are you prepared to take a question?

Dr H E MATEME: I am not.

The DEPUTY CHAIRPERSON OF THE NCOP: She is not prepared.

Dr H E MATEME: It is time that we educate our society that in fact, the 10th largest bank in the world, with total assets worth over US\$2 trillion, is the Post Bank of Japan. Four of the top five banks globally are from the communist-governed People's Republic of China and are part owned by the state. Chinese oil and gas companies – all of them SOEs – have recently displaced their well-known North American and European counterparts and now top the list of the largest firms in the energy sector on the globe.

Many South Africans have accepted a myth as a fact, namely that SOEs are always associated with crisis and failure, and can only rely on state bailouts to survive. However, evidence here at home and abroad shows that with a bold vision driven by capable and ethical

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leadership, SOEs are able to be viable commercial businesses that are global leaders in their fields.

In fact, the proliferation of SOEs under apartheid was part of the agenda of the regime to promote economic development which was aimed at the promotion of the industrialisation strategy premised on the export economy and import substitution. Within this strategy was the notion of economic self-sufficiency. The SOE sector was effectively used by the apartheid regime to empower Afrikaner enterprises in mining, agriculture, finance, manufacturing and commerce. Almost 55% of the over 500 SOEs we have in South Africa today were established after 1997 in all spheres of government.

In conclusion, as the ANC we are aware of the greater urgency to infuse common strategic purpose among all these entities. We welcome the decisive intervention of President Ramaphosa in ensuring that SOEs develop a comprehensive strategy that spells out clear decisive turnaround strategies and interventions.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon member, your time has expired.

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Dr H E MATEME: I'm concluding. Former President ... [Interjections.]
I'm concluding Chair. Our former President said, it always seems ...
[Time expired.]

The MINISTER OF FINANCE: Hon Deputy Chairperson, Deputy Minister of Finance and delegates of the NCOP, distinguished guests, let me start by reiterating the point that was made by the hon member Mateme. State-owned companies, SOCs, play a critical role in the development of social and economic infrastructure. Therefore, they give practical effect to the country's National Development Plan, NDP.

In recent years, their ability to perform this critical function has been hampered by what has become known as state capture which, in simple English, would be referred to as fraud and corruption. So, today's debate is opportune because of the various government initiatives currently under way. They are aimed at rebuilding the capacity of state-owned companies, to live up to their mandates.

However, in the rebuilding of state-owned companies, there is a great risk that we will lean more towards measures that focus on individuals, rather than on institutions. We do run the risk of focusing more on the heroes and their heroic deeds. Jean Monnet, one

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of the architects of the EU, warns of this trap. He once wrote: "Nothing is possible without men - as in human beings - but nothing lasts without institutions."

Given the dire situation in which some of the state-owned companies are, we do need capable and morally upright men and women that we can parachute into these state-owned companies, to stabilise them. However, we should not search for heroes that we can just drop behind enemy lines without applying our minds to the institutional frameworks that will help secure the long-term future of these state-owned companies.

In this regard, we've done a lot of preparatory work, drawing, in large part from the recommendations of the Presidential Review Committee on State-owned Companies. The committee concluded that the key challenges leading to the poor performance of our state-owned companies included, firstly, policy and mandate misalignments; secondly, inefficient operations and failure to keep pace with changes in the industry; thirdly, governance failings; fourthly, weak balance sheets and poor financial performance; fifthly, the inability of state-owned companies to refinance their existing debt, leading to liquidity risk; and sixthly, inadequate mechanisms to enforce accountability.

In my input today, I will try and focus on three of the five measures that the hon member spoke on that seek to address these challenges. These measures are firstly, the private sector participation, PSP, framework; secondly, costing the developmental mandates of our state-owned companies; and lastly, the framework for the appointment of members to boards of state-owned companies and remuneration of executives in state-owned companies. Let me try to deal with each of these measures in a bit of detail.

The first, the private sector participation framework, was approved by government in 2016. It provides for alternative financing strategies to enable infrastructure investment and highlights considerations for the state-owned companies to partner with private-sector companies. This is in order to enable faster and more efficient delivery of goods, services and economic infrastructure, to support the country's high economic growth aspirations and economic transformation goals. The PSP framework is therefore aimed at accelerating the delivery of infrastructure projects that are key for enabling economic growth through leveraged financing with the private sector.

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The PSP framework proposes the key principles for determining where PSP projects should be undertaken. These are: firstly, the possible PSP structures that could be employed, depending on the nature of the infrastructure project; and secondly, a governance framework for government to oversee the implementation of public sector participation.

The proposed PSP projects must be a by-product of the filtering process based on sector performance and market structure analysis, with a key focus on economic development. Key principles of the framework include considerations that a PSP project is feasible and demonstrates that it will yield socioeconomic benefits for the country; that the project delivers value for money versus the equivalent public sector comparator; that it is financially viable; and that there is appropriate risk allocation between the parties.

In crafting the PSP framework, consultations were held with key departments. These are the Departments of Economic Development, Public Enterprises, Transport, Energy, Water and Sanitation, and Telecommunications and Postal Services, and their comments were integrated into the framework.

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Currently, all SOCs are required to give effect to the implementation of the PSP framework in their respective corporate plans. Government is currently working towards the following objectives to give effect to this framework. The first is higher levels of investment in economic infrastructure in both the public and private sectors for South Africa to achieve its economic growth rate aspirations of 5%, as outlined in our National Development Plan. In addition, to enable state-owned companies to be key players in the delivery of this economic infrastructure, requiring them to strengthen their financial positions and in-house capacity to package, procure, and deliver projects. It is also required to crowd in the private sector, while accelerating investment in the form of funding, as well as realising other benefits, such as greater innovation, efficiency and expertise.

The second measure is the costing of developmental mandates. Government has also committed to a mechanism aimed at costing the SOCs' developmental mandates more explicitly, with the financial implications to be set out more clearly in shareholder compacts. The proposed mechanism includes identifying existing or future developmental activities; and quantifying the net cost of the activity, using a corporate finance approach to measure the net present value to quantify the value add. This can be done per

activity undertaken by the particular state-owned company. Once costs have been quantified, a funding mechanism then needs to be decided upon.

State-owned companies contribute to the development of the country both through their commercial and noncommercial, or developmental, activities. Many poorly performing SOCs claim that noncommercial, or developmental, activities have contributed to their poor financial performance. In this regard, it has become important that the costs associated with developmental activities be clearly specified and that they generate external benefits, whilst not compromising the financial sustainability of the entity.

State-owned companies are required to identify activities, quantify the net costs of the activity and calculate the net present value, using a specified rate of return. Where activities have a negative net present value and they are strategic and developmental, fiscal support may be considered.

Our critical objectives include the following: firstly, reviewing the commercial models of certain SOCs; secondly, developing a national strategy to strategically reposition and sustain them; thirdly, centralising procurement by SOCs with a view to achieving

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economies of scale; fourthly, strengthening the current public accounting and oversight role of government in relation to SOCs; fifthly, the realisation of transformation targets in relation to skills development and economic empowerment, with clear timelines; sixthly, strengthening the governance relationship between government and SOCs; and lastly, but by no means least, differentiating state-owned company sectors - which are water, agriculture, transport, and so forth.

The commercial and developmental mandates of SOCs are also being aligned to government objectives and being strengthened with a view to ensuring that services are delivered in a cost-effective manner, taking market conditions into consideration.

The last measure is the framework for the appointment of members to the boards of state-owned companies and the remuneration of their executives. Under the guidance of the Minister of Public Service and Administration, the framework for the appointment of members to SOC boards and of the SOC executives has been developed. It comprises the following key elements: reviewing the requirements of minimum qualifications for potential candidates; reviewing the methodology for processing board appointments to the Cabinet; reviewing the number of boards a board member may serve on at any given time, especially in view of the importance of growing the knowledge base

and enhancing transformation; the appointment of executive authorities to strategic boards; and developing guidelines regarding the level of security clearances for board appointees.

It is also important that the framework for the appointment of members to the boards of SOCs and the remuneration of SOC executives should be aligned to the remunerations framework - both guaranteed packages and short-term incentives - for the boards and executive management. This is in order to standardise the determination of compensation and also close the huge gaps between the compensation of boards and the executive management of the different state-owned companies.

In conclusion, the successful implementation of these measures requires close co-ordination within government and effective collaboration with the private sector. In addition, the enquiry into state capture will be closely monitored. Any recommendations aimed at addressing governance-related challenges, strengthening the financial position of state-owned companies, and improving service delivery to the public through optimal procurement practices, will be considered favourably by government.

I thank you very much for your attention. [Applause.]

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The DEPUTY CHAIRPERSON OF THE NCOP: Hon Chabangu and hon Julius, I won't say what you are doing but refrain. Hon Chabangu and hon Julius, no, no, you know what you are doing. You are on your feet.

Mr F ESSACK: Hon Deputy Chairperson, hon Minister, members of the House and of course my fellow South Africans, more than two decades have passed by since democracy was achieved in our beautiful South Africa. Back in 1994, the majority of South African's had depended on a government which today, absolutely without doubt, has become a monumental failure. Now, I will tell you why. Yes of course, I am referring to the government of the ANC.

There has been a total systematic mismanagement of our state-owned entities, SOEs, by the political elite, where corporate governance and developmental value of our SOE's have now been grossly eroded. Your comrades, both Malusi Gigaba and Lynne Brown's tenure as Ministers of SOEs can only be described as pathetically disastrous.

My fellow South Africans, it is imperative that we understand, the SOEs in this country have not been performing well and it simply boils down to the fact about how they are governed.

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The quality of Ministers that remain liable to appoint boards of SOEs and perform oversight roles, these in the past have been poor. I don't think anybody can dispute that with us. Surely, then with the poor quality of Ministers that are overseeing the appointment of these boards, will realise that these SOEs will totally underperform?

Fortunately, - if I must just recall, hon Mateme has agreed with me on that point in her opening remarks. We must recognise that the failing of these institutions has had huge negative impacts on critical public services, such as the state of health departments, housing and of course education nationally across all nine provinces.

Now, the DA has for many years, pointed out this government's lack of having no grasp, whatsoever for the developmental imperatives of these vital institutions and of course the track record speaks for itself.

Our fiscal prudence has had a rippling effect with jobs being shed across all industries to nearly some 10 million South Africans now currently being unemployed. The negative growth in our GDP, is resulting in even further shortfalls in revenue income, now,

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resulting in even further looming downgrades in South Africa's financial ratings, as you and I both know. The Medium-Term Budget Policy Statement has now lying ahead of us in next two-three months time is a very difficult act for you to follow and I respect that. You have inherited the situation.

The spiralling cost in fuel, value-added tax, VAT, hikes and the unions that continue to hold our SOEs to ransom are still inhibiting factors to our country's economy. Hon Makue, you will realise that the SOEs are rolling us to account, through you hon Chairperson.

The hijacking of our SOEs by Trillian & Regiment together with various Gupta linked companies has had a huge impact on SA Revenue Service, sars. Of course the Hlaudi Motsoenengs, the Brian Molefes, the Tom Moyanes and of course the Ben Ngubanes will all go down in history as having ransacked our country. Therefore, with respect, reversing the rot will take decades. We need to move with speed in closing the loopholes in public procurement, holding corrupt public servants to account and now, appointing suitably qualified and experienced individuals, rather than the unqualified politically connected individuals. I am sure you are with me on that one, Chairperson.

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The creditors cannot be paid and yet it remains ironic. The Chief Executive Officers, CEOs, and board members of today, are now looking to make new political friends, like some of you who have jumped ship now to obviously protect yourselves in 2019. You know where I am coming from. [Laughter.]

The looting of pension funds, continuous government bailouts and politically motivated business decisions must stop. The lifestyle audits must be made public. The time has come to pinpoint the looters and cut out the nice diplomatic talks. Let's get down to the crux of the matter.

We must seriously move towards privatising certain SOEs. We must begin to restore confidence. This will then create the much needed jobs; the much needed revenue income this country so much deserves, as well as then promoting a sense of security and the eradication of poverty of this beautiful nation.

In conclusion - I've done pretty well time wise, as you can see - the DA will not, and I ask you to digest this for immediate reference, allow this government to continue holding the country to ransom by refusing to consider part privatisation of certain

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entities such as Eskom and SAA. My fellow South Africans, I thank you.

Ms E PRINS: Deputy Chairperson, hon Minister of Finance, hon Deputy Minister of Finance, hon members, special delegates, ladies and gentlemen, as we meet here today, our largest state-owned company, SOC, Eskom, is locked in stalemate with the trade unions that represent over 30 000 of its workers: the National Union of Mineworkers, NUM, Solidarity, and the National Union of Metalworkers of South Africa, Numsa. The unions are refusing to sign a wage agreement unless the companies give them the assurance their members who alleged committed acts of misconduct during the strike will not be disciplined. The company thus far has refused to accede to this demand. We call on the parties to do their best to find middle ground.

Eskom, which has struggled financially for years, had been paying millions of rand in bonuses even to its disgraced executive managers. Eskom's annual reports revealed that the company's managers pocketed handsome performance bonuses in spite of the fact the company was running at a loss and sinking deeper into debt. The senior management cohort also grew over the past 10 years from 80 to 600. [Interjections.]

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I provide the historical context to make the point to this House that the current state of many of our SOCs did not come about by accident. Over many years, there was unrestrained feasting on our resources by top executives in many of these companies whilst the boards and shareholders either looked the other way or were complicit in these shenanigans. The narrative about state-owned companies in South Africa is generally negative. When we read in the papers about the finances of the SAA and Eskom, we often see the phrase "state bailouts". Our people see our SOCs as a drain on the fiscus.

The ANC believes it is important to keep an informed perspective on these companies. For example, the percentage of households with access to electricity in our country is nearly 90%, thanks to the ANC-led government's policies and work done by Eskom. If Eskom were privately owned, we would not have come even close to this target. The six SOCs in the portfolio of Public Enterprises collect annual revenues of over R280 billion, employ more than 120 000 workers in relatively well-paying jobs and have assets worth R1,1 trillion.

The SOCs are responsible for enabling the growth and development of the South African economy, as they are structured to provide

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reliable electricity, transport and handling of goods, mining of diamonds, forestry and timber processing, manufacturing of defence technology, and aviation. However, these companies have also been vulnerable to interference by unscrupulous internal parties with criminal intent such as those who are the subject of investigation by several state bodies.

The ANC is proud of and we know that all patriotic South Africans applaud the leadership provided by the Minister of Public Enterprises and the team at his department, as well as the boards and honest managers and staff who have blown the cover of these delinquents who had infested our system undetected for such a long time. We have witnessed practical measures being taken to rid our SOCs of the corrupt individuals and the exposure of the private firms, particularly those in the auditing discipline, that enabled the siphoning off of public resources.

In less than six months, the new board and management at Eskom ensured that 10 senior executives implicated in corruption have been dismissed, and 11 criminal cases have been opened, five of which involve nine senior executives. A total of 1 049 outstanding disciplinary cases has been initiated since April 2018, of which 628 have been finalised, resulting in 75 dismissals. Of 25 staff

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members doing business with Eskom, seven have been dismissed so far, and lifestyle audits of senior management are in progress. All irregular supplier contracts have been investigated, and R902 million has been recovered from McKinsey & Company, the most prominent of the lot.

In these few months, we have witnessed an improvement in liquidity and more positive investor sentiment. Once again, investors have begun to buy Eskom bonds, including one valued at \$1,5 billion. However, there are still concerns about the debt that has ballooned in the past 10 years from R40 billion to R355 billion, whilst electricity sales have dropped. Investors have also expressed concerns about municipal debt and the cost structure of the company.

Similarly, remarkable progress has been made at Transnet to return it to financial health, good governance and accountability by those appointed to positions of responsibility. These include a new board and acting chief financial officer appointed in May 2018. The department has observed much-improved oversight on contract management and deviations, as well as the adjudication of procurement contracts. Forensic investigations have been instituted, including into the 1 064 locomotives. Criminal charges and forensic investigations have been opened with the police, Special

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Investigating Unit and the Hawks. The review of procurement processes and the strengthening of both internal and external audit functions are under way. The department is taking similar action to bring the smaller entities - Denel, Alexkor and the SA Forestry Companies Ltd, Safcol - onto a path of sustainability through strong oversight and regulation.

I was pleased during our recent committee oversight visit to Transnet at Koedoespoort to learn that Botswana and Ghana have placed orders for our luxury train coaches. It would appear that our African sister countries look up to South Africa to take up these opportunities offered by their markets because of our infrastructure, as well as the capacity and capabilities our state-owned companies have thus far demonstrated, but we seem too shy to aggressively pursue these opportunities.

We are excited by the work the department is doing to help the SA Express airline grow its wings to fly again. The airline was grounded by the SA Civil Aviation Authority early this year. The suspension of the air operator certificate was lifted on 26 June 2018 with only two aircraft allowed to operate. The SA Express is finalising the flight schedule, and we hope the new board made up of South Africans with integrity and experience in

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aviation will do their utmost to turn around the airline and address its shortcomings.

The ANC salutes these outstanding patriots, some of whom have volunteered their services in the spirit of Thuma Mina our President has implored all of us to embrace. I thank you. [Applause.]

Ms D B NGWENYA: Hon Deputy Chair, hon fighters and fellow South Africans, if state-owned entities, SOEs are managed properly with the necessary support and vision can help transform our country and our economy. They are central to the development of any state, especially states that have not yet industrialised. Throughout modern history SOEs have formed the backbone of economies from developing to the developed world.

China, the greatest economic miracle of the last 30 years saw its economic transformation to one of the most industrialised and sophisticated economies in the world because of the role of the SOEs. In the mid-twentieth century the British government nationalised many of the strategic industries in the country turning them into SOEs because it saw that benefit the state owning and managing the industries would have to an economy that had just seen

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its industrial power destroyed after six years of war and which needed to be rebuilt.

Strong capable SOEs with a clear developmental vision are able to find the delicate balance between growing the economy, developing the forces of production and improving the living standards of the people. That is why as the EFF we are unashamed in our position that the strategic sectors of the economy must be nationalised. An SOE is not limited by the immediate need to create profit which its shareholders demand but is also driven by the needs of the government and the people of the country.

SOEs allow for strategic development and long-term planning in comparison to private companies who only chase after short-term profits. Unfortunately for South Africans the last nine years have seen our SOEs becoming the centre of state capture as the Zuptas used SOEs' contracts which they were illegally given to enrich themselves and certain individuals within the ruling party.

When Zuma left office, many expected to see a change in how SOEs were managed but instead Mr Pravin Godhan, the new Minister of Public Enterprises has embarked on a reign of terror at the SOEs. The minister is using his power to fight political battles but also

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battles on behalf of various factions of capital which want to get their hands on SOEs tenders as the Guptas once did. Various individuals at SOEs have come to the EFF complaining that Mr Pravin is a law unto himself, doing as he pleases without any regard for legislation or due process. He bullies board members; threatening them with removal and other forms of intimidation if they do not do his bidding. He accuses board members who disagree with him of being involved in corruption and state capture. He engages in racism and other forms of discrimination. He gives unlawful instructions to board members and executives ...

Ms T MOTARA: Hon Deputy Chair, on a point of order: The member at the podium is casting aspersions on a Member of Parliament; she is also using very derogatory terms on the character of the Minister.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon members, there is a point of order raised and I would just quickly refer to the earlier Ruling that I made related to point four which I made clearly that every member in this House has a right to hold his or her own views so can we just continue with debate hon members.

Ms D B NGWENYA: Chair to justify his actions he says he is fighting state capture and cleaning up the SOEs. If we want to SOEs that

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contribute to the economic development of our country, we need sound leadership that has got no ulterior political or economic agenda. The manner in which the Minister has appointed the new boards of the SOEs has been random with no clear and transparent process followed. We simply wake up to a new board the same way we did during the Zuma years. The same is true for how Minister Gordhan has gotten rid of board members. No due course is followed and board members are simply dismissed. If we want to address the legacy of state capture, we need to do it in a fair and honest way with clear justification as to why certain actions are taken. That is good governance. We cannot allow Mr Gordhan to replace one form of bad governance with another as it will lead to the collapse of the SOEs that can play such a crucial role in the development of our country.

If he continues in this path, Mr Pravin will only add fuel to those both within the ruling party and the DA advocating for the breaking up of the SOEs and their privatisation which will only serve the interests of the capital. We will find ourselves in a situation where we have got the land but the SOEs are in the private hands.

Thank you Chair.

Ms B SCHÄFER (Western Cape): Hon Chairperson, hon Minister, hon members of the NCOP, good afternoon, the national Department of

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Public Enterprises highlights not only the pinnacle of national government's outright failures in governance, but also in its flawed policy framework which has done nothing but pillage key public service sectors rendering them completely ineffective. Indeed, the ruling party sees the South African fiscus as nothing more than a cash cow for its corrupt elite, with the consolidation of our country's state-owned enterprises, SOEs acting as the ruling party's milking machine for state funds.

In fact, it is through this very department that State Capture was refined and perfected by the ANC over almost nine years of corrupt rule under the former President Jacob Zuma. We know that the ANC continues to cling to its SOE's, even though it has shown little evidence to run them, in the hopes that more connected politicians will cash in on billions of rands in bailouts footed by the South African taxpayer.

Chairperson, we should not even be debating governance in South Africa's SOEs as this department, in my opinion, should frankly not exist in its present form. By holding key public service enterprises hostage, national government believes that it's creating employment for the South African public. Yet, I continue to remind them that it is not government's responsibility to create jobs for the public,

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but that government instead creates a conducive environment for the South African economy to grow.

The consolidation of our public enterprises does nothing, but paralyzes economic growth while the financial mismanagement and plundering of our public entities enriches those highest in the ANC. Surely, our rising unemployment rate alone, hon Chairperson, should signal that ANC policies simply do not work. State-owned enterprises should be privatized apart privatized to create a competitive environment which gives South African consumers a variety of choice when it comes to the services they deserve, while stimulating economic opportunity for the people of South Africa. Eskom, for example, supplies 95% of electricity to the South African public largely through coal-burning power stations. When the coal supply is monopolized by opportunists such as the Guptas, and when the government is responsible for wage disputes among Eskom employees, the unions continue to shackle our entire country through strike action, plunging our state into darkness and flat lining our economy.

The unions surely cannot be allowed to stronghold our government in this manner. The privatization of our public enterprises will mean that unions are disarmed, and our economy is released. But it does

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mean much more, it creates a platform for coal-burning power supply to be rivalled by clean, green alternatives which tie directly with our allegiance to the Paris Climate Agreement. This is the progress our country should be making. Instead, SOE's are at the mercy of horrid financial mismanagement and corruption which burns at the hardest South African fiscus and ability to deliver to our poor.

In the Western Cape, this is evident in the Passenger Rail Agency of South Africa, Prasa, which transport Minister- Minister Blade Nzimande himself described as an "ATM for the people". This SOE, which is tasked for with provides a crucial service to approximately 1000 000 people per day in the Western Cape, has been looted beyond repair. Auditor-General Kimi Makwetu revealed last month that Prasa senior executives failed to disclose contracts scored with their business partners to the tune of R87 million, with nothing to show for this transaction. All while thousands of rail passengers are left stranded in the City of Cape Town on a daily basis and trains which do run are ravaged by criminals. The knock-on effect of this corruption and negligence is a dip in economic activity which dissuades potential investors and kills much-needed jobs.

The Western Cape economy is held ransom by Prasa alone, which fails to deliver this essential transportation service to the people who

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so desperately need it in our province. Were it not for the City of Cape Town, hon Chairperson, and its attractiveness for business and tourism, ailing SOE, SA Airways, SAA, would also be out of business. As our national carrier edges on bankruptcy, the Cape Town–Johannesburg route, has just been listed at the 9th busiest in the world, and is one of the only regular flights keeping the airline afloat domestically. Under the leadership of Zuma-linked Dudu Myeni, SA Airways was slowly milked dry while ailing in its service potential. Once the finest airline in Africa, the SAA is slowly being overtaken by Ethiopian Airways, Angolan Airways, and Kenyan Airways, the national carriers of African economies which continue to surpass our own country in economic growth and job creation.

The national Department of Public Enterprises is, quite frankly, making a mockery of South Africa's economy in the face of a continental upswing from capable governments elsewhere in Africa. To date, SAA has received tens of billions of rands in bailouts which have done little to turn the carrier around. How many schools could have been built with that money? How much land could have been bought and redistributed with that money? How many antiretroviral, ARVs, could have been supplied to our people to keep them healthy and alive? This is the true cost of failing SOEs – people who are forced to cough up for services they never receive. Where is the

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money? In the pockets of the ANC-linked elite, none of whom have faced any arrest or prosecution. It is tragic what SOEs have done to this our country and the economy of South Africa and ultimately the people of this country.

Hon Chairperson, we should not be having this debate because a national Department of Public Enterprises should not exist. Privatisise Eskom, SAA, Prasa, Denel and the like to open up the economy and free government's hands to deliver services where they really matter. Allow the private sector to provide excellent services at competitive rates to the people who need them. The national custody of SOEs merely serves as an example of the dangers of greater nationalisation of the state.

The financial state of these merely point and red flag what exactly will happen to land, health care, and the reserve bank that the national government also seeks to control. In countries such as Zimbabwe and Venezuela, where the state has monopolised almost every asset, the people are left totally destitute, the national currency has failed, and the economy has also ultimately collapsed. The management of our Public Enterprises is but a microcosm of what would happen to our country should ANC policy gain further ground. We just cannot sustain this type of governance any longer. Despite credible Ministers, such as Minister Nene and Minister Gordhan

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If the future of South Africa lies in the vitality of our economy, we must create a conducive environment which nurtures it. This includes allowing enterprises to function independently of the state, and using the market of supply and demand to regulate a level of excellence in service delivery for our people. The national government, under the ANC, has proven that publicly-owned enterprises have dismally failed, so why do we continue to pump money into them? Perhaps the answer lies in the many enriched ANC politicians who continue to lobby for this department's retention. Hon Chairperson, South Africa SOEs will never recover and it will be a matter of time when South Africa will have no other option but to look for private partners to bail them out of their black holes. So, until this department and its entities are investigated and let loose to form part of an independent economy, it will continue to be at the mercy of greedy political opportunists. I thank you.

[Applause.]

Mr M KHAWULA: Hon Chairperson, hon Minister and the Deputy Minister, the state-owned enterprises in South Africa have continued to be plagued by the usual challenges of corruption, maladministration, poor services, erosion of the rule of the law in governance, bail-outs and so on and so forth.

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Whilst the primary objectives of the establishment of the SOEs may have been, amongst others, economic spin-offs and benefits to the country associated with their existence, the opposite is true that these have rather become a burden to the state.

If these were not a burden to the country, the NCOP would not be having this debate today. At least, at last, the ANC has finally conceded, that it has run down the country on the SOEs.

Some of the reasons associated with the poor state of affairs in our SOEs are: Lack of consequence management to wrong-doers by government. People get deployed, steal the finances, and get redeployed to go and steal elsewhere; poor cadre-deployment of comrades who hardly qualify for the jobs at hand. Factionalism, which results into the scramble for resources and power; the Gupta-isation of South Africa, which has collapsed the rule of law in governance. Exorbitant salaries determined by the executives, and paid by the executives to themselves. This is coupled with the bloated administrative structures of our SOEs, especially at top levels.

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In the case of these maladministrative practices, the boards are merely rubber-stamps of what the executives determine. If the country wants to bring back focus and good practices in the SOEs, it is important that the SOEs must operate in accordance with business ethics and business principles.

The SOEs need a back to basics of business principles. In fact, some of the SOEs like the SAA have become so much of a disservice to government and the citizens of our country such that they have become a disaster waiting to happen.

A recent SCOPA oversight visit to SAA has found that the technical operations of SAA are in an appalling state. Plane new engine parts at SAA get stripped off and sold to the black market and are replaced by old, outdated ones.

In the records, the plane will be documented as having new parts, whereas those were sold to other airlines by employees who pocket those millions for themselves. South African Airways, SAA, is soon heading for causing a major disaster in this country. This must be stopped, Minister.

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Hon Ngwenya, corruption at Transnet and other SOEs is so institutionalised that the culprits are resolved to want to go to court in order to defend corruption. Where in the world have you ever heard of SOEs who want to do corruption by force? This is all because of the absence of consequence management in our country, this all because of lack of the rule of law in our country.

The country has wrong role models. Those who govern pocket resources for themselves and go on to be defended by Parliament. Those who govern pocket state resources for themselves. When they get charged in courts, they go on to demand that government must hire expensive advocates for their defense and they are granted this privilege. Hon Chairperson, governance in South Africa and the rule of law are taken too much for granted. These malpractices must be stopped in order to give the country and government some dignity and respect.

One was hoping that under the new "President Ramanyusa" administration things were going to get back to normal. Progress is very slow. Action is very slow. The hopes are beginning - not "benigning," beginning to fade slowly away. We need action and quick action Mr Minister. Thank you.

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Mr L B GAEHLER: Thank you, Chairperson. Hon Minister, hon Deputy Minister, the state-owned enterprises are meant and designed in order to contribute to the economic growth and facilitate integrated and sustainable development.

However, this is not the case for South African Airways, Eskom and others. They are rather a burden to the public purse and are wasting public money as they serve as a dumping ground for the ruling party cadres.

The government's response is always to throw more money at these SOEs rather than trying to understand the causes of their problems. It is also disturbing to note how many SOE executives refused to make themselves accountable to Parliament.

When it comes to the broader economic policy, government must always be guided by long-term sustainable developmental goals. The gradual, carefully worked out approach of the National Development Plan seemed to have been forgotten and are replaced by the so-called radical economic transformation, which is not the government policy. It looked very much like the ruling party has run out of ideas and is using other parties' policies without clear plans.

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State-owned enterprises' boards must be independent and qualified. They should not be deployed by political party leaders but should rather be appointed on the basis of merit and competency.

Corporate governance must be part of the SOEs DNA including through the application of internal controls and risk management systems. This means ensuring that principles of transparency, accountability, and ethics are widely respected and upheld.

A state-owned enterprise must further encompass issues of gender and social inclusion, for example setting the standards for women's representation in boards and top management.

They must be structured and positioned such that they are more responsive to challenges and demands of local communities. These communities must not only be in urban areas as it is the case now, but must integrate and unlock the potential of rural areas.

We need to see these government companies in having an impact in the villages, contributing to developmental needs and changing the lives for the betterment of our people. I thank you. [Applause.]

Mr J W W JULIUS: House Chairperson, Ministers, members and South Africans at large, I think this debate needs a question and an

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answer. Who appointed these leaders at SOEs? It's non other than the ANC. It's your Ministers that appointed them. Now today we are seeing the two sides of the ANC. It's now trying to correct its own mistakes and you are saying, no, these ones are not ANC; we are now the real ANC. It's the same corrupt ANC that brought these SOEs to its knees. It's the same ANC that allowed these politicians to steal our money from SOEs; and that is a fact - we cannot hide from it. Hon Matema, you brought the motion today, through you House Chair, I thought that you will mention it here that there is a problem at SOEs and its brought by the ANC. You brought it here and you spoke nothing about it. I am actually disappointed with you.

Hon Essack, yes, the former Minister of Public Enterprises, Gigaba and Brown oversaw these poor appointments. Brian Molefe was appointed by Minister Gigaba. He was even redeployed to Parliament. That is how the ANC thinks, you steal money then you come to Parliament, we will give you more - more opportunities to steal. These Ministers appointed Ben Ngubane and many other individuals linked to the Gupta family. Some are still Ministers in President Ramaphosa's administration as we speak. Do you really expect us to applaud you? I don't think so.

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House Chairperson, what I didn't hear today from the ANC, from Minister Nene and never heard it from President Ramaphosa, and even Minister Gordhan, is telling South Africans that we are sorry. You never apologised to South Africans; in fact, the ANC defended these appointments when the DA brought these issues to the attention of the public. The ANC defended Zuma for years when the DA fought to get his day in court for the arms deal. President Ramaphosa is even today is still paying for Zuma's legal fees. He uses our money to defend someone who stole our money; it doesn't make sense to me.

Now hon Prins, why are these ANC politicians not also subjected to lifestyle audit? You say senior leaders or CEO at SOEs are subjected, yes it's the step in the right direction, but who appointed them? These guys are also thieves; they must also be subjected to lifestyle audit. You also mentioned Transnet and the locomotives that they are so good; they are doing a wonderful job, so why did we buy locomotives from other countries if we can do it here? It is to steal; it was a plan to steal even raise it to over R9 billion of our money. Shame on the ANC, you failed us, you brought us in this situation, you cannot be applauded for this. I am sorry.

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Now Chairperson, hon Mateme and Minister Nene, I agree with you that part of the state-owned entities, its role is to create jobs, but did we create jobs? Today we see more than half of our youth unemployed in this country. How can you say this is the role of SOEs? Did you do it? People are not stupid out there, they know who brought this unemployment to them and it is the ANC who opted to enrich themselves, stole from the poor and today you want to come and stand here and say we are trying to sort it out. You can't sort out your own mess and expect us to applaud you, I am sorry.

President Ramaphosa and his role in SOEs cannot be ignored in this discussion. He is not new to the SOEs as the ANC today wants to portray it. While he was Deputy President he was tasked to oversee the turnaround of SOEs. He was there when the Guptas, Zuma and others looted the people's money and failed to create jobs, he kept quiet. Do you really expect us to applaud you?

Now Chairperson, what is worse is that no one in ANC, not President Ramaphosa, or any Minister, is willing to apologise to South Africans. South Africans cannot applaud you for poor attempts to clean out the mess that you created. You say now that there is a process underway, that process will send no one to jail. You have a clear mandate, why don't you go to the police and charge Zuma,

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charge the Guptas, so that they can go to jail immediately.

[Interjections.]

Mr E MAKUE: Chairperson, our Rules are quite clear, that we should not cast aspersions but also, ... [Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Order members!

Mr E MAKUE: ... the Rules are quite clear that we must not pre-judge what is before a judge and this gentleman has just done that and I ask him to withdraw that section of his speech, please Chair.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon members, lets allow the debate to go on. Conclude hon Julius.

Mr J W W JULIUS: Hon Chair, I make a call on President Ramaphosa and the ANC to apologise to South Africans for the rotten at the SOEs and the lack to create jobs at these companies. Extend lifestyle audit to include these influential politicians - ANC politicians - that allowed these guys to steal our money.

Chairperson, the ANC cannot and will never fully hold their comrades accountable. The only way is for South Africans to change government

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in 2019 by voting for a party that have a proven record of caring for the people, creating jobs where we govern and stop at nothing to root out corruption. This party is undoubtedly the DA. I thank you.
[Applause.]

Mr J P PARKIES: Hon Chair, hon Minister, the Deputy Minister and hon Members of Parliament in the NCOP, let me place my humble request, Chair, that when I am left with three minutes, please, just caution me. It is an honour for me to be part of this important political debate in the House. Let me be hasten to state the fact that our revolution was never made of motley collection of Hollywood stars and never resemble a brittle process but instead a combination of sacrifice and political commitment of individual cadres with political willpower to make a noble contribution in the liberation of humanity and establishment of democracy and freedom as a hallmark of development of our society. Embedded in this revolutionary struggle is the war against the imperialist calamitous rule which its effects are felt by the very poor masses of our country and tormented and exploited class in our society. The nature of monopoly capitalism is destructive, extractive, divisive and corrupt. Therefore, the democratic breakthrough in 1994 brought about the greater possibility of assuming political power by the ANC which

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placed in practical terms that we carry responsibility of governing the country through the exercise of political power.

However, the reality is that any process of this exercise of power without monitoring and supervision leads to corruption. State power is a crucial determinant factor in the life of society and that if any basic changes were to take place, force would be needed to countervail against the status quo. The development of our country needs integration with strategic focus in our rural areas and any looting of millions of resources by the masters of grand larceny with their voracious accumulation its effects are felt by poor masses in the deep rural areas and in the villages behind the cold and freezing mountains brows and hills in the Eastern Cape, KwaQili, in Matatiela and KwaZulu-Natal which are without electricity and water. These are the very same poor people who will still be failed by the recalcitrant judiciary that will never prosecute looters of our public resources.

Hon Minister, any country with weakened law enforcement institutions criminals will score free without trials. It is true that in a class divided society there is no neutrality of judiciary, it can be independent but no class neutrality will exist. The revolution must never shrink in the face of the parasitic network of engorged

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leaders with their grimly schemes of corruption. We need virtuous leaders. Hon Minister, I want to repeat this that we need virtuous leaders with integrity and sensitivity to the social needs of our people. We need in appearance and in deeds political intensity, more proclivities that goes beyond rhetoric and judicious leadership. The current state of our parastatals needs an extraordinary intervention. In the same context flexibility and involvement of the National Treasury becomes so crucial to release resources precisely because the suffering of our people cannot be postponed for the next generation.

Chairperson, as much as we are alive to the global economic trends the genuine black economic empowerment is the one that touches the lives and effect quality change in the living standard of the ordinary masses and the exploited class and thrusting their economic activity as opposed to the elevation of the political elite. The material inequality in our country is terribly not acceptable. We say so, as the ANC and therefore, we will not feign satisfaction and normality when all measures fail to create egalitarian society. The rate of unemployment more especially that of young people is a source of chronic social inequalities and we ought to be fastidious about the strategic orientation of state entities. Hon Minister and Deputy Minister, we ought to be fastidious about the strategic

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orientation of our entities. The activities of our parastatals must be scientifically evaluated on case by case within the framework and the bases of the gamut of pillars: firstly, what is the nature of economic contribution of each entity? Secondly, is there revenue collection into the coffers of the country? Thirdly, what kind of jobs have been created? Fourthly, the nature of skills created and lastly; deepening research, science and technological innovation.

Hon Minister and Deputy Minister, anything without this framework in the context of our entities it is useless and must be collapsed with the supreme intention to redeploy - I want to repeat that - redeploy resources to productive economic activities. Actually, I am repeating what you have said yourself, hon Minister. We need to impose vetting to all board members serving in our state entities and regulate the salary bills of those chief executive officer, CEOs, and chief financial officer, CFOs, before we could talk of encouraging ordinary workers to take voluntary packages. In our state departments we have director-general, DGs, deputy director-general, DDGs, chief directors, deputy directors, assistant directors who earn fabulous salaries but you cannot even assess their performance and evaluate the value for money. Hon Minister and Deputy Minister, this is where we need to cut and they must be

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subjected to annual security clearance and enforces vetting in our public service.

The perforation that is glaring in our state entities is on governance and we have been saying that. Individuals have been charged and some dismissed. However, the reality that exists is that we have descended to venality. The governance is the big issue that we need to deal with and address in our state entities. Therefore, with the current conditions of our parastatals we need institutional intelligence with ego-strength equal to an individual capacity to maintain his identity in the face of psychological pain, distress, turmoil and conflict between the external forces and the demands of reality. Let us remind those leaders in the same institutions ...

[Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Parkies, it is the three minutes now.

Mr J P PARKIES: Okay, but let me make this point. Let us remind those leaders who constitute the core of parasitic network enamoured by money that our people are still reverberating in tormenting poverty; have no electricity, no water, no jobs and have no sanitation. We appreciate as the ANC the good work of those

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individual workers and managers who are not synonymous with corruption and complicity but remain immaculate with total commitment to serve our people. Denel, Transnet, PetroSA, South African Airways, SAA and Eskom they make valuable contribution in the lives of our people in our society. The DA talk about privatising Eskom ...

IsiXhosa:

...bakhamisile ...

English:

... they are waiting for the ANC to take a decision to say that we are privatising Eskom. No where in the world where liberalism and capitalism have created jobs.

Mr L V MAGWEBU: Chair, with due respect, he knows I respect him as the member of this House but what he has just said now that ...

IsiXhosa:

Bakhamisile. Ngesixhosa...

English:

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... it is very derogatory. [Interjections.] No, no, no he said; DA they come here and then ...

IsiXhosa:

... bakhamisile ...

English:

... because they don't have a plan. Now, if you are saying to somebody like that, that is very derogatory. He must withdraw, Chair, he must withdraw.

The HOUSE CHAIRPERSON (Mr A J Nyambi): No, no ... hon ...

[Interjections.]

IsiXhosa:

... uthi bakhamisile,

English:

... no, that is derogatory and demeaning. You cannot say that! You, cannot say that ... you cannot say that ...

IsiXhosa:

... bakhamisile.

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The HOUSE CHAIRPERSON (Mr A J Nyambi): Honourable ...

IsiXhosa:

... bakhamisile.

The HOUSE CHAIRPERSON (Mr A J Nyambi): No, Honourable! ...

Mr L V MAGWEBU: Hay! No, no, no.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Keep quiet!

Mr L V MAGWEBU: In isiXhosa that is very derogative, I take offence.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Magwebu!

IsiXhosa:

Asizanga zoku khamisa apha!

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Magwebu! hon Magwebu ...

Mr L V MAGWEBU: Chair, please, rule.

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The HOUSE CHAIRPERSON (Mr A J Nyambi): Ja, let me rule. Hon Magwebu, hon Magwebu! Allow me to make a ruling. I have listened to him attentively. Indeed, he has said ...

IsiXhosa:

...bakhamisile.

English:

But for me to make an appropriate ruling - because my understanding is that he was referring to the public sector to get to the privatisation of the entity not to the DA. However, be that as it may, we will go through Hansard so that we see the correct context and make a proper ruling.

Mr J W W JULIUS: House Chairperson, whilst the point of order was raised by hon Magwebu and you made your ruling, still you allowed hon Parkies to stand and he is supposed to sit down.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Parkies, the point of order is sustained. In future if they are raising a point of order, take your seat.

Mr J P PARKIES: Look, we need an inordinate political confidence of our leaders and decisive leadership to set and impose itself to

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difficult situations on behalf of the poor and exploited class not against it. Also, to ensure that capitalism must function within a strict imposed system. It is a recitation of the DA that we don't have responsibility as government to create jobs. We have been waiting for the private sector to create jobs in this society, instead workers continues to lose their jobs in South Africa. The issue of lifestyle audit, it is the ANC President who explicitly said that lifestyle audits will continue to happen in our society.

Chair, the last point is that pessimism is synonymous to liberalism. Then, the issue that our state-owned enterprise, SOEs, will never recover under the ANC government in our land is just but nonsense, a truckload of nonsense. It is pessimism at its highest order.

Chairperson, on the issue of credit rating, the DA members must go and study the political economy of the rating agencies in any country in the world and do yourselves a favour about the history of credit rating agencies. They will never love the ANC government because is a progressive government led by a national liberation movement which is a revolutionary organisation in South Africa.

Mr C F B SMIT: Chairperson, my apology for my voice. I just want some clarity because previously I used the word "nonsense" in this House and I was called out of order. The hon member on the podium

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used it twice. Is it now allowed or not? I just need clarity on that.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Order, members. Hon members, it is only the context that will make it in order and out of order. Conclude, hon Parkies.

Mr J P PARKIES: My last point hon Chair, hon members, hon Minister and Deputy Minister, water and energy security cannot be traded in any way. Our sovereignty will never be traded with anything whatsoever in the world. Thank you. [Applause.]

Dr H E MATEME: Hon House Chair, if you were to end this session by running a test on the topic treated here, I think some of us were going to score very low. [Interjections.] I think we were going to score very low. Period! Period under review.

I have said, for the past six months, people go years behind and so forth. However, I have realised that there is a lot of information here which hon members must take to the Zondo Commission.

Hon Minister, you were spot on by saying that this time around *modus operandi* is going to be fit for purpose - whether financial or human

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resource. State owned enterprises are there to stimulate economic growth in this country - that is the mantra.

House Chairperson, I appreciate a lot from the speaker from the EFF and I would still repeat that the negative practices observed should be taken to the Zondo Commission. That is why we have the Zondo Commission; the people of this country have spoken and we, the ANC as the leader of society, have listened. Take matters to the Zondo Commission, he is waiting. [Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Order! Hon members. Sorry hon Mateme. Hon members, hackling is allowed but we cannot do that in a way that will compromise the decorum of the House. The hon speaker at the podium is protected. Continue, hon Matema.

Dr H E MATEME: House Chair, as regards ... [Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Mateme, sorry can you take your seat? Let me take hon Chabangu.

Mr M M CHABANGU: House Chair, can I, with due respect, ask the hon member a question?

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The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Mateme, are you ready to take a question?

Dr H E MATEME: I am not.

The HOUSE CHAIRPERSON (Mr A J Nyambi): She is not ready so take your seat. [Interjections.]

Mr M M CHABANGU: Who is the Zondo you are talking about?
[Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Chabangu, take your seat. Continue, hon Mateme.

Dr H E MATEME: House Chairperson, as regards, the official opposition of the Republic, I deliberately reminded ourselves that our inductive state of the nation address indicated that this country needs a constructive opposition.

The other day hon NomaFrench comes here and say to this august House, "I can vilify the ruling party, I can call them names and I can do all sorts of negative things to them". But that is not going to improve the service to our people by an inch. In my view, that

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was constructive. Now here comes hon Schäfer who has the left the House before I could respond to what she said.

One of the things she said which I believe is constructive and I agree with her is that the responsibility of government is to create a conducive atmosphere and we are hard at work doing just that. Where I do not agree with her is that then we have to privatise these SOEs. What is going to stimulate this economy? Hon Parkies correctly says that there is no class neutrality in the judiciary. Until society is given that gentle push by intervention by the state, the lives of our people are not going to improve.

Hon House Chairperson, this information that hon Khawula has about people selling parts of our planes ... Zondo Commission. [Laughter]

House Chair, to hon Julius, South Africans ... [Interjections.]

House Chair, I am being drowned.

The HOUSE CHAIRPERSON (Mr A J Nyambi): As you conclude hon Mateme ...

Dr H E MATEME: Definitely. To hon Julius, I just want to indicate that the ANC, as the leader of society, is going to be applauded by

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citizens of this country for listening and taking action.

[Interjections.] There is Zondo Commission - go to the Zondo Commission if you have issues. [Interjections.]

Hon Parkies, I agree with you and I also agree with you Minister - let us strengthen the vetting because some people somehow get into our service and true colours then emerge.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Mateme, I am afraid your time has expired.

Dr H E MATEME: In conclusion House Chairperson ... [Interjections.] The transformation of SOEs is work in progress. Thank you very much. [Applause.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon members, two quick issues ... hon Mokwele?

Ms T J MOKWELE: Chair?

The HOUSE CHAIRPERSON (Mr A J Nyambi): Let me take this opportunity to thank the Minister, the deputy and special delegates from our respective and beautiful province, as this is the House that represents the interests of the provinces, to be with us today.

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Ms T J MOKWELE: Chair?

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Mokwele?

Ms T J MOKWELE: On a point of order: I want to tell the House that I have been given this. I do not think somebody is trying to bribe me somehow. I am declaring it to the House. Whoever gave it to me, do not think you are bribing me somehow but I appreciate it. Thank you.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Mokwele, I am shocked as a presiding officer because according to my records, all members of the NCOP were given some weeks back. It means you have not been at work.

Debate concluded.

The Council adjourned at 16:59.