

Erik Marais:Infrastructure development is key to economic growth

Honourable Chairperson,
Minister,
Deputy Minister and Members

In his State of the Nation Address, the President stated that infrastructure investment was a key priority of the National Development Plan (NDP).

The Department of Public Enterprises plays a key role in contributing to the achievement of the main objectives of the NDP, which are to grow the economy, reduce poverty and increase employment.

The Department will contribute to the objectives of the NDP through Eskom's build programme and Transnet's Capital Expenditure programme that will improve industrial capabilities, provide sustainable jobs and improve the productive capacity of the economy.

Long term growth and investment requires a shared vision, trust and cooperation between government, business and labour. We therefore must look into more public private partnerships as these will ultimately benefit South Africa.

Over the Medium Term Strategic Framework (MTSF) period, the Department will seek to achieve strategic objectives and I want to highlight two of them.

1. The promotion of good corporate governance; and
2. Economic Infrastructure Investment to enhance the capacity of the economy with emphasis on the Strategic Integrated Projects.

The 2014-2019 MTSF focuses on Infrastructure Development as an enabler of future economic growth.

This infrastructure expansion relies heavily on state owned enterprises, Transnet and Eskom, in particular.

The Department must focus their attention and support on all rail and ports, on accelerating Capital Programmes for Eskom and Transnet, and improving the performance management of the boards and executives of these companies.

Transnet is steadily making strides in catching up on decades of under-investment in South Africa's freight system and in driving operating efficiencies to match the world best practices.

Transnet has to increase tonnage moved on rail from 307 mega tonnes to 330 mega tonnes by 2019 and has to improve operational performance of sea ports and in-land terminals.

One of the Strategic Integrated Projects in the Medium Term Strategic Framework is the Saldanha – Northern Cape development corridor that is in my Constituency.

Since the seventies, National Government has promised to invest in the West Coast.

The people of the West Coast are excited about the capital investment to come as well as the promised job opportunities. It has taken till now for this investment to materialise.

Transnet has a 7 year capital investment plan of R 336 billion in this project.

Saldanha will benefit by the further expansion of the Export Iron Ore channel from 60 mega tonnes to 70 and thereafter to be done incrementally in line with the customer demands.

Transnet National Ports Authority will invest in Key Infrastructure Projects in the port of Saldanha, which include the refurbishment of the General Maintenance Quay that will focus on the oil and gas supply base and a rig repair facility.

An Industrial Development Zone (IDZ) was proclaimed in Saldanha Bay, just behind the Transnet operations and harbour, which will also contribute to Economic Development in the area.

Agbare Voorsitter

Wat egter kommerwekkend is, is die voorblad berig hierdie afgelope Sondag, 10 Mei 2015 in die Rapport.

Dit is n treinramp!

Die Passasierspooragentskap van Suid Afrika (PRASA) se tender van R 51 miljard vir die nuwe treinwaens is in die weegskaal. Dit blyk dat die bodprys vir die lewering van die waens in die plaaslike vervaardigingskringe as te laag en onvolhoubaar beskou word.

Die kontrak is vir die lewering van die 3600 treinwaens, of te wel 600 treinstelle van 6 waens elk.

Volgens die tenderkontrak moet 65% van die onderdele wat gebruik word, van plaaslike vervaardigers kom, maar dat daar ernstige probleme is.

Hier is duidelik n probleem om aan al die tendervoorwaardes te voldoen en ek versoek die Minister om asseblief hierop feitelik te reageer.

Rolspelers in die oliedienste bedryf is besig met die sluit van kontrakte om geriewe in die Saldanha te vestig om die groeiende oliebedryf aan die kus van Wes-Afrika te bedien.

Dit kan skoonmaakspanne vir potensiële olierampe, herstelwerk aan olieboortorings en toerusting vir die lê van ondersesepyleidings insluit. Saldanhabaai sal hom graag as n oliedienssentrum wil vestig.

Chairperson,

In conclusion the assets of the various State Owned companies do not belong to the Government alone. They belong to the people of South Africa, because they were established and built with taxpayers money.

Therefore, it is vital that state owned enterprises are managed well and that the Minister, the Department and us, as Members of Parliament, conduct our oversight role vigorously to ensure that that the correct investments are made for the future of our country.

Natasha Mazzone: No quick fix for electricity crisis but DA proposals could halt an escalation

Chairperson,

Minister Brown,

Members of the Portfolio Committee for Public Enterprises,

Ladies and gentlemen.

It's a sad, sad day when you have to hold your breath hoping that the lights in the National Assembly Chamber will stay on long enough for your budget debate to happen in the light. However, this is the reality that we as South Africans face on a daily basis.

In our debate of National Importance, Minister Brown thought it appropriate to call me a sour mouth because I complained about the state of affairs of our country's electricity supply. Well Chairperson,

Minister Brown better have her mints at hand because this sour mouth is about to tell some home truths!

The current state of the South African electricity situation can only be described as one of chaos. The electricity crisis can be attributed, in large part, to Eskom's insufficient generating capacity; the never-ending delays in completing its new build programme; the lack of proper and regular maintenance of its existing plants; a lack of competence within the management of the utility; as well as insufficient political will to address the issue and the prioritisation of political imperatives over the technical imperatives of the utility.

The current situation is further exacerbated by the precarious financial reality the company finds itself in. Is it not then completely bizarre that the ANC, who are responsible for the cadre deployment to ESKOM, is today marching on its very own creation. Talk about the worm that turned.

The DA supports a short-term action plan based on rapidly, and vastly, increasing the number and size of energy projects undertaken by Independent Power Producers (IPPs) as a means to increase South Africa's power generation capacity over the coming three to five years.

There is no "quick fix" solution to these problems, but we can take certain steps immediately to stop the problem escalating, these include:

1. Ending the state monopoly of the electricity industry by removing the ability of the Minister of Energy to determine what energy technology is built and who gets to build it, and passing and implementing the long overdue Independent Systems and Market Operator (ISMO) Bill. The ISMO Bill would essentially remove the operation of the transmission grid from Eskom and place it in a separate state-owned entity.
 2. Second, the Government must make clear its intention to release the latest Integrated Resource Plan (IRP) 2015. The 2013 Update Report, as opposed to the 2010 iteration, has a distinct focus on those technologies that can be brought on stream in the shortest possible time. This would include renewable energy technologies and gas fired turbines.
3. Government must urgently publish the Gas Utilisation Master Plan (GUMP) to give clarity to the market on what investments in the gas sector are being contemplated and similarly give policy certainty over mining property rights. The use of liquefied natural gas (LNG) must be fast-tracked as gas turbines can be brought on stream within a few years.
4. The Government must exhibit strong and unwavering political will in terms of fast-tracking the finalisation of the Medupi and Kusile projects.

5. Investigations need to be undertaken with regard to procurement processes for diesel and coal. A number of questions have been raised regarding the procurement process that Eskom uses when buying diesel fuel for its turbines. A transparent procurement process is vital to ensure middle men, benefiting from dubious tenders, do not enrich themselves at the cost of consumers.
6. The government must urgently implement an appropriate subsidy scheme for embedded generation to promote its uptake at both a commercial and a residential level.
7. The Government must ensure that Eskom provides a detailed report on backlogged maintenance at all power plants as well as instituting international best practice measures in a number of areas, including Duvha and Majuba power stations, which have caused the most worrisome maintenance problems on the country's energy supply.
8. A rational explanation needs to be provided on the salaries and bonuses which have been paid to Eskom officials. There is undoubtedly a perverse incentive architecture in the structuring of Eskom salaries and bonuses paid to officials.
9. The National Energy Regulator of South Africa (NERSA) must be required to make Eskom accountable for its tariff increases and give full and rational explanations to the South African people as to why these increases are being requested.
10. The government must rapidly support and reintroduce measures to increase generation capacity, decrease the demand for electricity and improve efficient energy use.

Government must take immediate steps, including splitting Eskom, to begin the expansion and updating of the grid, which will allow more IPPs to connect and begin contributing to generating capacity.

The fact of the matter is this: a secure energy supply is the lifeline of any economy. We are, without being overly dramatic, on a path to economic destruction if we don't take action now. We don't complain, we have solutions, let us put party politics aside and work together to solve this national crisis.

I thank you!