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NATIONAL ASSEMBLY

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PROCEEDINGS OF THE NATIONAL ASSEMBLY

The House met at 14:01.

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

QUESTIONS - DEPUTY PRESIDENT

Question 25:

The DEPUTY PRESIDENT: Madam Speaker, government has a sound legislative framework and robust legal instruments to advance sound financial management, as these were precisely designed to inhibit irregular and unauthorised expenditure.

In terms of section 38(1)(a)(i) of the Public Finance Management Act, the accounting officer of a department must ensure that the department has and maintains effective,

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efficient and transparent systems of financial and risk management and internal control. The responsibility to strengthen financial controls and implement sound financial management lies with the accounting officers of departments.

However, provincial government departments have to strengthen their capacity and tighten their processes and internal controls. This will enable compliance with key legislation, resulting in sound financial management and, ultimately, improved service delivery to our people.

What this requires of all of us, as public representatives, as well as officials in the Public Service, is to exercise the necessary political and administrative leadership, based on a culture of honesty, ethical business practice and good governance. [Interjections.] We should be uncompromising of anyone who violates internal controls, and where these controls are weak, they should be strengthened.

We must ensure that all of us, individually, commit to accountability, good governance and consequence management if we are to achieve our objective of clean government. We must

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be able to deliver the necessary services to our people who need them most.

Our call as government, therefore, is for all our national and provincial departments to implement the recommendations contained in the Auditor-General's report, so that we can strengthen our accountability and improve our capacity to deliver services. However, we are still concerned about the level of unauthorised expenditure, which continues to indicate weaknesses in our systems of internal control. However, we are pleased that it reflects a downward trend, compared to the levels in 2013.

Unauthorised expenditure in provinces has decreased considerably over a period of five years by over R10,2 billion when comparing it to March 2013, at R14,9 billion. It stands now at R4,7 billion.

Provinces are managing to contain levels of overexpenditure by implementing cost-containment measures and ensuring that personnel expenditure is kept at the required level. More work still needs to be done to eliminate unauthorised expenditure.

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Our National Treasury is working closely with the provinces to ensure that budget commitments in provinces do not exceed available resources. Expenditure is closely monitored through In-Year Monitoring reports to provide early-warning signals where internal controls are beginning to collapse.

Our major concern is the occurrence of irregular expenditure, which continues to point to weaknesses in our supply chain management environment, across government. Irregular expenditure occurs mostly as a result of noncompliance with supply chain management policies and procedures. In this regard, the Office of the Chief Procurement Officer continues to implement initiatives aimed at modernising public procurement, through the use of technology to automate procurement processes and simplify processes in a manner that ensures that compliance is improved.

The central database system is a critical platform to verify and validate institutions and individuals who can provide goods and services. This continues to be an important mechanism that lays a solid basis for strong internal controls to prevent fraudulent and bogus transactions.

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National Treasury is supporting provinces by providing them with guidelines on how to deal with cases of irregular expenditure and unauthorised expenditure. It has recently developed a compliance framework to assist all accounting officers and accounting authorities of Public Finance Management Act compliant institutions to improve their level of compliance. More importantly, National Treasury is working with provinces to build the necessary capacity of supply chain management practitioners through the provision of ongoing training interventions.

Over and above these measures, government is committed to rooting out corrupt malpractices where supply chain management processes are violated to benefit individuals. Where wrongdoing has been detected, the law must take its course. Thank you very much, Madam Speaker.

The SPEAKER: I believe the hon Breytenbach will take the follow-up question on behalf of Steenhuisen. I see the hon Steenhuisen's hand waving in the air, and I am therefore recognising the hon Steenhuisen.

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The CHIEF WHIP OF THE OPPOSITION: Thank you very much, Madam Speaker. Deputy President, what I would like to have asked you, today, is whether you had any involvement in or anything to do with the secret meeting that took place in Durban, this past weekend. [Interjections.] However, that would have been a new question. So, let me ask you this.

It has become very obvious that Bosasa, a company that has benefited from billions of rand's worth of government contracts, has been throwing around substantial largesse, upgrades to homes, and generous gifts to members and officials of the governing party. So far, the scandal has engulfed provincial government, members of the House and members of the executive.

My information is that the net of rent-seekers will extend even further into the government benches in the coming week. None of this largesse or gifts has been declared in the Register of Members' Interests and there have been significant conflicts of interest that have resulted, where the financial controls and sound financial management systems that you've outlined today have been bypassed.

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Why has your government, after three weeks of the scandal engulfing South Africa, not uttered a single word about this scandal and its obvious implications for many of the initiatives which you've outlined today? [Applause.]

The DEPUTY PRESIDENT: Madam Speaker, when it comes to government departments, one piece of legislation guides our work, and that is the Public Finance Management Act. It calls upon all accounting officers to do certain things. If there are violations of certain prescripts of the Public Finance Management Act, the necessary thing to do is to report them. All of us, as members of this House, play an oversight role on the work of the executive. The same goes for the provinces with their legislatures.

Reports of unauthorised and irregular expenditure get presented, in our case, here, to the Standing Committee on Public Accounts, Scopa. These reports are followed up. If there are violations that show criminal activities, those must be reported and the necessary actions taken.

I have heard that Bosasa, outside this House ...

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An HON MEMBER: Inside! Inside!

The DEPUTY PRESIDENT: ... was working with individual leaders. [Interjections.] I take it that those were allegations. The necessary thing to do for those who are alleging these matters is to report those cases. [Interjections.] It's a good thing to do, so that we don't just simply talk, but we help to uproot corruption, and we all help our country, as responsible citizens. Thank you very much. [Interjections.]

The CHIEF WHIP OF THE OPPOSITION: Madam Speaker ... [Interjections.]

The SPEAKER: What's the position on which ... What's the basis of your getting up now, when your answer has been given?

The CHIEF WHIP OF THE OPPOSITION: That's precisely the point. My question was very specific, Madam Speaker. [Interjections.] It was: Why has government not said anything about the scandal? We've heard all about these systems, etc, but the question was very simple. Why has government not said anything about the scandal?

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Ms R M M LESOMA: Hon Speaker, on a point of order: The hon John is not supposed to ask a follow-up question on the same question if he's not satisfied. He knows what to do.

The SPEAKER: Yes. No, hon Steenhuisen, you won't be given a special opportunity to ask a second follow-up question.

[Interjections.] I now want to recognise the hon Shaik Emam.

[Interjections.]

Mr A M SHAIK EMAM: Hon Speaker, Deputy President, it is correct. Irregular expenditure and unauthorised expenditure, fraud, corruption and maladministration are the order of the day. Whether provincial government, local government, or national government, it appears to be there. I think we've heard about the City of Cape Town - I don't have to elaborate on that one. [Interjections.] You know how serious it must be if they had to block the investigation - you know that! You know about Kannaland, you know about Bitou, you know about Oudtshoorn, you know about all these municipalities.

We have the mechanisms in place, Deputy President. Let me add we go on oversight visits. We uncover a whole lot of this. The

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problem is there are no consequences for failing to comply with the Public Finance Management Act. That is the problem. How can we change that, so that people, particularly those who default again and again, are brought to book and dealt with? Thank you.

The DEPUTY PRESIDENT: Madam Speaker, I think our weakness is that we are not really applying the legislation in front of us.

As provinces, we are all governed by the same legislation that tells us, correctly, in instances where there is maladministration, unauthorised expenditure, irregular expenditure the measures that must be taken are spelled out, clearly. It is upon those accounting officers in departments and municipalities to take the necessary steps to investigate and charge people for the violation of said legislation.

So, I can say we are being failed here by leadership and accounting officers. We can't be complaining about unauthorised, irregular expenditure every day, when we have got people who must account. Thank you.

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Ms Y N PHOSA: Hon Speaker, I am standing in for the hon Ndabakayise Gcwabaza. Hon Deputy President, in your response, you have pointed out that irregular and wasteful expenditure in provincial legislatures has declined from R14,9 billion, in March 2013, to R4,7 billion in March 2018.

Would you agree there is a need to strengthen financial controls and accountability in all spheres of government, in the spirit of intergovernmental fiscal relations, in order to completely eliminate unauthorised, irregular and wasteful expenditure; and that the Office of the Presidency, as the centre of power in a unitary state must play a more visible role in ensuring efficient and outcome-based spending of public resources? I thank you.

The DEPUTY PRESIDENT: Madam Speaker, the hon member is correct. National Treasury has taken bold steps to assist provinces in terms of compliance. In cases where provincial departments have gone beyond their budgets and overspent, they apply to National Treasury, and in certain cases, those applications are not condoned. That is declared as

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overexpenditure, meaning that people have spent money they don't have.

That strict control by National Treasury should be commended and we are now seeing a decline in unauthorised expenditure. National Treasury is also very strict on condoning deviations from the supply chain. If you want to deviate, you must apply to do so. If that deviation is not accepted, that is declared as irregular expenditure.

National Treasury is putting its foot down, which will help provinces. We need to help municipalities. I am happy that the Department of Co-operative Governance and Traditional Affairs has deployed the relevant personnel in the financial and technical spheres to help municipalities manage their resources very well. Thank you.

Mr T RAWULA: Deputy President, for years you have been abusing provincial government budgets, and you personally benefited from national government having weak oversight over the provinces and from corruption. As someone who served in provincial government for so long at the highest level, what

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do you think the weak points in the provincial government system are; and why is it leading to so much corruption in the provinces? Thank you very much.

The DEPUTY PRESIDENT: Speaker, I will try and answer this question using my experience in the province ...
[Interjections.] ... but I'm sure, going forward, I will be excused from that environment because I'm no longer part of the province.

The biggest challenge facing leaders at a provincial level is that each year, year in and year out, the Auditor-General will come in and audit government. After the conclusion of the audit, the Auditor-General will come and call the entire executive council and everyone and give them their results, show them where their weaknesses lie, and point out the areas they must attend to.

The biggest challenge is in the follow-up to ensure that those areas are attended to so that, come the next cycle of auditing, those areas have been improved. You will find, in many cases, that one matter stays on the qualification side,

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year in and year out. The department receives a qualified opinion in the previous year and in the current year on the same matter. That means there has been no improvement or that that matter has not been attended to.

The advice I can give to the leadership is that if they can take a cue from the recommendations of the Auditor-General, we can get rid of all these qualified opinions, and irregular and unauthorised expenditure. That's the advice I can give. Thank you very much.

Question 26:

The DEPUTY PRESIDENT: Madam Speaker, as government we acknowledge that we live in a society largely characterised by extremely high levels of poverty, extreme levels of violence against women and increasing escalation of abuse of our young girls. Crime against women and children which includes abductions, trafficking, murder, rape and other contact crimes remain a reality for far too many in our country, and this scourge is a serious indictment against all of us.

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We are concerned that sexual assault cases have increased by 8,2% according to the recent figures published by the SAPS. Rape has increased by 0,5%. Sadly, this is not only about numbers, but real people whose lives have been affected by these deeds perpetrated against them.

The President recently expressed that a war is being waged against women. It is a war against women's bodies, their dignity and right to freedom, security and equality. Thus, all of us, especially men, have a responsibility to make every effort to ensure that such crimes do not go unreported and unpunished.

We need to strengthen our resolve as a nation, to commit to building families, communities and workplaces that are cohesive, stable, safe and peaceful. This ideal requires us to act with restraint, respect and compassion in all our interactions so that we can model for our children the values that build strong character and ultimately healthy families.

Our response to the violence and abuse of women and children calls for an integrated and multifaceted approach. As a

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society, we need to collectively deal with the social and cultural root causes that breed gender stereotypes which continue to relegate women and girls to the bottom of the social hierarchy.

No nation can succeed if it socialises its young boys to disrespect their mothers and sisters. All sectors of society, including traditional leaders, must work together to inculcate a set of values that respects women as equal citizens who are entitled to all rights, freedoms, privileges and economic opportunities which men enjoy. It is all about behavioural change.

We need men in society to stand up and become agents of positive change. As government, we are joining hands with the men's sector within Sanac to champion change that focuses on building social values of respect and protection of women and children.

I was privileged to address the Men's Summit and Expo on 24 August 2018 in Durban under the banner of Men Championing Change. These men, that I have addressed, acknowledged the

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pain and suffering visited on women and children, and have committed to joining the fight to end these barbaric acts. Through the Department of Social Development's Men's Care and Men as Champions of Change programmes, we are galvanising men to shift their attitudes, change their behaviour and become change agents in communities.

The Department of Basic Education's Girls and Boys Education Movement uses school-based clubs of learners to promote positive values and behaviour, human rights, dignity for all as well as mutual respect between girls and boys. To highlight the plight of young women at our tertiary institutions, the Department of Higher Education embarked on its Sexual and Gender-Based Violence Dialogues in institutions of higher learning and TVET campuses to raise awareness and deal decisively with gender-based violence faced by students and staff members.

The Department of Women continues to roll out social campaigns and community dialogue to promote and raise awareness on socioeconomic issues that continue to keep women subjugated to violence and impoverishment. As equal citizens, young girls

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must have access to quality education. For women to be free, they must access economic empowerment opportunities so that they are not perpetually dependent on men, even if it means tolerating the burden of abusive relationships.

More importantly, our criminal justice system must provide protection to women and children who are subjected to violence and abuse. Young women must be empowered to make decisions that reduce their vulnerability to HIV infections and violence. Victims of violence and abuse must receive protection and the necessary psychosocial support.

For victims of violence, government established Thuthuzela Care Centres to provide support to victims of rape and gender-based violence. These Thuthuzela Care Centres are multi-disciplinary in approach and pull together a basket of services provided by various departments and agencies under one roof to ensure that victims are provided with a holistic support within a short space of time. These centres provide a one-stop hospital-based package of services to survivors of sexual violence. Services provided include, among others,

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medical assistance, legal and psychological management support.

Across all provinces, the Departments of Social Development has established Victim Empowerment Centres to support the victims of gender-based violence and sexual abuse with all the necessary psychosocial support. In addition to these, various pieces of legislation have been introduced to ensure that the rights of children are promoted and protected. These include the Children's Act, the Child Justice Act, and the Sexual Offences Act. Early Childhood Development centres and policies that specifically protect children have also been introduced.

In giving effect to these laws, we have opened Social Offences Courts, which are child-friendly courts. We have increased probation officers who deal with cases of children and embarked on a campaign to distribute personal alarms to girls who walk long distances to schools.

Further to this, government is partnering with the National House of Traditional Leaders in terms of which training is provided to traditional leaders on gender-based violence and

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gender stereotypes. So as not to leave out the boy-child, in October this year, we will host the Boys Assembly that will escalate our intervention for boys to the same level as we have done for the girl-child.

As government, we want women's voices to be heard. We will listen and respond to the cries of women and vulnerable children. Recently, thousands of women mounted protests across the country as part of a campaign called #TheTotalShutdown movement. Such courageous activism by women highlights the need for us as government to reflect on and acknowledge our shortcomings in adequately affording protection to so many women of this country. However, we are a government that is responsive and we want to reiterate our determination to work with all South Africans to rid our country of this scourge.

In a memorandum that the women of our country handed over to the President, they called for a National Gender Summit at which they want to discuss matters of national importance on how South Africa can progress in advancing and protecting the rights of women. As government, we have agreed that this National Gender Summit will take place soon to forge consensus

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on approaches to effectively and urgently deal with the crisis of gender-based violence, discrimination against women and gender disparities.

The recommendations of the Gender Summit must be comprehensive to guide the work of government and the activities of all stakeholders. Government is committed to doing its part through its policies, programmes and practices that significantly reduce levels of gender-based violence. We are prepared to decisively act against perpetrators of violence, and provide the necessary support and protection to the survivors of violence. Thank you very much.

Ms N R BHENGU: Hon Speaker, firstly, I would like to convey my heartfelt condolences to the friends and family of the Rhodes University student, Ms Khensani Maseko. Hon Deputy President, thanks for your comprehensive response. Research has shown that domestic violence against women remains widespread and under-reported. Victims of violence are effectively supported by public services and this is among the reasons for non-reporting. Gender-based violence is more prevalent in societies where there is a culture of violence and where male

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superiority is treated as the norm. So, hon Deputy President, how are you going to ensure that there are sufficient specialised services for women and children who are victims of violence, and measures are put in place to capacitate officials handling both the victims and perpetrators of violence? What accountability mechanism is in place to ensure that police and court staff who fail to fulfil their legal duties are held accountable? Thank you, hon Speaker.

The DEPUTY PRESIDENT: Well, I think as government we have put enough instruments and interventions to ensure that all the victims of gender-based violence are taken care of and our justice system responds timeously. It is one thing to respond to a problem, but it is another thing to prevent it. At the root of gender-based violence is patriarchy. Men are central to this problem because most of the cases that have been reported yesterday on 11 September, 762 which amount to 67% are physical abuse. This physical abuse is always meted out to women and it happens in close proximity behind closed doors. It is done by people who are close to these women and it is a problem that men must confront. I think men must change.

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Until men recognise women as human beings who have feelings, rights and enjoy same freedoms as men, gender-based violence will not end. Of course, out of these 762 cases, 96 are cases where men were victims. That means there are women who are also abusing men. Of course, the number is low. But for now, I think the message must go to men because the prevalence and the majority of cases involve men. The numbers of children who get raped are raped by men. Therefore, there is something fundamentally wrong that men must attend to. Men must change.

Outside what government can do, I think as a society and nation, all of us, all sectors of this nation must stand up against this scourge. Otherwise, this scourge cannot be given to government and we continue to perpetrate it ourselves behind closed doors. It demands all sectors of society to stand up against the abuse and murder of women. Thank you very much. [Applause.]

Mr Z N MBHELE: Deputy President, we know that one of the key deterrents to violence against women and children, especially domestic abuse, is high conviction and detection rates. This is because convictions send the message that abusers will not

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get away with it. As you said just now, such abuse should not go unpunished. But, in order to achieve those high detection rates, we need more investigators in the FCS units who are better trained and equipped. So, Deputy President, in light of that imperative, would you support a drastic reallocation of budget from VIP Protection, where this ANC-led government spends an average of R1,9 million per VIP, to the detective service instead so that ordinary citizens can benefit, and we can ensure safer streets and homes for our women and children? [Applause.]

The DEPUTY PRESIDENT: I think it is correct that we respond to this call and the shortage of police officers. The Minister has reported that the number of policemen and women, over a period of five years, has gone down to 191 000 and the population has grown. So, it is a matter that we must attend to. But beyond that, the Minister of Police highlighted in his budget speech that they are going to create a number of units within the SAPS. The units will be dedicated to child protection, sexual offences cases and family violence so that, as police, we are visible; can arrest and be close to these kinds of cases; and we grow the necessary capacity to

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investigate and prosecute. I agree that, as a country, we must stem this violence against women no matter the cost because I don't see a country that can stand among countries of the world and pride itself when it undermines the rights of women and abuse children. This is something that we must fight with all what we have. Thank you very much.

Mr NTSHAYISHA: Madam Speaker, in light of the fact that women and children are murdered and raped almost everyday, don't you think it would be proper for the government to give a special licence to women to be in possession of firearms so that they can defend themselves whenever and wherever they are? Thank you. [Interjections.]

The DEPUTY PRESIDENT: I can see that the hon member is thinking aloud. [Interjections.]

The DEPUTY SPEAKER: Order, hon members!

The DEPUTY PRESIDENT: I don't think so because, as you have heard, the Minister of Police is considering reducing the number of firearms that are out there, but you are now

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suggesting that we should increase the firearms.

[Interjections.] Remember that all these murders happen through a firearm. [Interjections.] We are looking forward to a gun-free society and we must work hard to reach that point. I don't think if we come across challenges, we must think of buying a gun. We must deal with the challenge. Thank you very much.

Prof N M KHUBISA: Deputy President, you have alluded to the fact that there should be a way of protecting our girls when they go to school. Just recently in Durban, a girl was taken towards her home but thrown out next to the vicinity of the home, and her body was found decomposed in the bush. This is a phenomenon that is rising whereby children are driven, especially girls, dropped within the proximity of their homes and are found dead and decomposed. Besides that, just around here in Cape Town, it is alleged that women are thrown out of the trains and are robbed. This is a widespread phenomenon, a scourge. What is it that can be done, and of course, taking into cognisance the rising crime statistics? Thank you.

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The DEPUTY PRESIDENT: When it comes to young girls that are supposed to go to school everyday, it is very important that these young children are accompanied by an adult if there is no transport that takes them to school. This is just to make sure that they go to school and come back home safe. But we also want to encourage parents to utilise the nearby schools because we have choices. We choose a school that is far from home and the movement of the child, to and from school, becomes a problem while there is a school next door. We have scholar transport that seeks to assist children but, of course, if children are young, they must always be under the watch of an adult.

The incidences that you have cited and are happening in our trains and so on, are a phenomenon that we are talking about that, as South Africans and men, we must confront ourselves because these things are happening in the hands of men that don't respect a woman. When they see a woman, they see an object; they see something that can be killed; they see something that can be raped; and that is a wrong thing. We must confront ourselves. I don't think, even if we have the money in the world, we can have a policeman or policewoman for

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each an every woman or girl-child. As a society, we must take the responsibility to behave and live like human beings. Thank you very much.

Question 27:

The DEPUTY PRESIDENT: Madam Speaker, it is true that there are notable challenges around the country as far as performance in the delivery of infrastructure projects is concerned. The challenges include limited capacity for infrastructure planning at institutional level, slow approval of projects, inadequate contract management and execution capacity, and slow or nonpayment of contractors on time. Due to these challenges, the timely delivery of projects is impacted negatively, leading to delays in the roll-out of infrastructure to meet required basic services to people.

The findings of the Auditor-General, AG, as reflected in the *Media Release* of 23 May 2018, with specific reference to Mpumalanga, on page 15 reads as follows:

Mpumalanga saw an improvement in the overall 2016-17 audit outcomes - a continuation of the trend of slow but steady

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improvements over the past few years. While this is commendable, the AG notes, "a lot of work is still needed to ensure that the improvements are sustainable, to curb irregular expenditure which amounted to 10% of the provincial local government expenditure budget, and to address delays in infrastructure and basic service delivery".

Overall, the report of the AG touches on very important aspects at the heart of infrastructure development and basic service delivery, namely leadership, financial and performance management, and governance. Not only do we agree with this opinion but also support the recommendations of the AG in this report when he remarks:

Many of the municipal problems we have flagged can be turned around through strong, ethical and courageous leadership in the administration and council. ... We believe leadership in administrative and oversight structures such as the national and provincial treasuries, national and provincial departments that deal with local government, municipal councils and municipal public accounts committees have a key

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role to play in changing the current local government audit outcomes picture around.

To improve this situation, you would know that there is a Presidential Infrastructure Co-ordinating Commission, PICC, which seeks to ensure integration and co-ordination of implementation of all infrastructure related projects. This also enables government to ensure proper alignment between national, provincial and local structures, including alignment of investment plans with funding allocations.

In practically addressing these challenges and making necessary improvements, we receive and scrutinise quarterly reports in Cabinet on the state of service delivery. In this instance, government has, through the Department of Co-operative Governance and Traditional Affairs, identified a number of interventions to support municipalities in executing their legislative mandates. Among the key support measures, the Department of Co-operative Governance and Traditional Affairs is working closely with all provinces and municipalities to focus on:

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Firstly, providing direct support to strengthen the capacity for infrastructure planning and delivery;

Secondly, the deployment of technical support in municipal management, engineering and financial management; and

Thirdly, strengthening the effectiveness of intergovernmental structures in co-ordinating various local government interventions for better impact in terms of service delivery.

One of the areas of improvement that needs strengthening is to have a standardised and automated reporting mechanism to track project progress and performance. This should be complemented by the development of an early warning system to address any bottlenecks that may be identified.

We know, for example that as part of the measures to achieve quick turnaround times in the delivery of infrastructure projects, standardised designs for schools, early childhood development centres, libraries and clinics could be one of the ways to go. The outcome is that less time is spent on the designs – if as government we agree on a standardised design –

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which accelerates implementation. This also cuts unnecessary expenses that we pay year in and year out for professional fees.

Despite these challenges, we as government are encouraged by progress that we have made in the delivery of strategic and basic social infrastructure.

Since the development of the National Infrastructure Plan, government has made significant progress in terms of the delivery of social infrastructure. We have been able to guide the development of operational plans and strategies to ensure integration of infrastructure plans over a longer period.

Our hon members can rest assured that our infrastructure delivery programme has contributed a lot in transforming a number of previously underserviced areas in order to raise the levels of development and ensure that equity and inclusive growth is achieved. Our focus on rural development is also contributing to job creation, local economic development and investment.

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To this end, construction has been the second largest generator of new jobs in this administration. Although it struggled during 2017, a total of 85 000 new jobs have been created in the first six months of 2018, and 111 000 jobs have been created since the beginning of 2018. Construction has had the highest job creation rate of all 10 industries reported in the Quarterly Labour Force Survey. The jobs tracked by the PICC through the Strategic Integrated Projects have shown a similar increase since the quarter ending in September 2017.

In light of the responsibilities assigned to me by the President to promote social cohesion initiatives and lead government's antipoverty programmes together with my Cabinet colleagues, our premiers and mayors, we will continue to provide support to existing initiatives that will strengthen various instruments of service delivery.

In the execution of their functions, Ministers have undertaken outreach visits in the provinces and municipalities to assess the delivery of services. As Deputy President, I am part of

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the PICC which is seized with finding solutions and better ways of accelerating infrastructure development.

Thank you very much.

Mr M A PLOUAMMA: Point of order, hon Speaker. [Interjections.]

The SPEAKER: Hon Plouamma, it's strange that you would interrupt the answering of your own question.

Mr M A PLOUAMMA: No; is the Deputy President answering me or is it a state of the nation address?

The SPEAKER: No, hon Plouamma. Allow the Deputy President to finish. Please proceed.

The DEPUTY PRESIDENT: I'm done, hon Speaker.

The SPEAKER: The hon Deputy President is finished and now I call on hon Plouamma to ask a follow-up question should he wish to do so.

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Mr M A PLOUAMMA: Hon Deputy President, I took effort in preparing your letter of resignation as Deputy President. [Interjections.] However, you must first agree with me that you did to Mpumalanga what Supra Mahumapelo did to the North West. Can you also agree with me that you became a Deputy President by holding our President and the ANC hostage? Can you agree with me that you are not a fit and proper person to occupy that office? I thank you. [Interjections.]

Mr S M RALEGOMA: Point of order, Speaker.

The SPEAKER: There's a point of order.

Mr S M RALEGOMA: The member is casting aspersions. Rule 85.

The SPEAKER: Hon Plouamma, you know what to do when you have issues of the nature that you have alluded to. You know what to do, which is to prepare a properly prepared motion with the details that will be required in order for this House to deal with the issues that you would want to raise. Therefore, I assume you have done your part of doing a follow up and I proceed to hon Steenhuisen.

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Mr M A PLOUAMMA: Hon Speaker? [Interjections.]

The SPEAKER: Hon Plouamma, your point was raised wrongly.

Mr M A PLOUAMMA: No! How? What? [Interjections.]

The SPEAKER: Hon Plouamma, you've raised your issues wrongly and I'm saying to you, go and prepare a properly constructed motion.

Mr M A PLOUAMMA: Hon Speaker, I want you to educate me. Tell me where I raised this issue wrongly. [Interjections.]

The SPEAKER: Hon Plouamma, if you stand up in the House and accuse an hon member of this House I have to stop you because you know what to do if you have information that you want to bring to the attention of the House.

Mr M A PLOUAMMA: Hon Speaker, I did not accuse him.

The SPEAKER: I am not going to argue with you, hon Plouamma. Take your seat. Hon Plouamma, take your seat.

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Mr M A PLOUAMMA: I asked him if he can agree with me.

[Interjections.]

The CHIEF WHIP OF THE OPPOSITION: Deputy President, as a former premier yourself, you will be aware that one of the mechanisms to combat poverty is the school feeding schemes where hungry children get a meal. In 2014, the Mpumalanga High Court set aside a R100 million a year tender for the province's school feeding schemes. It found that all nine companies, including three companies owned by Ms Ethel Shongwe, who was a provincial government official in the administration and a member of the tender adjudication committee, had inflated their prices. It was further found that four companies charged 400% – the maximum allowable price – and had still been awarded the tender. All were linked to African Pearl Trading 15, a company whose registered directors included an MEC in your Cabinet and Mr Mduduzi Manana who was an ANC Member of Parliament, MP. Were you aware of this, and if so, what lessons have you learnt that you will carry into your new role as Leader of Government Business? [Applause.]

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Mr S M RALEGOMA: Madam Speaker, a point of order: You will know that a follow-up question must arise directly from the original question or at least from the answer provided by the Deputy President. Now, in his answer the Deputy President did not talk about issues that are being raised by hon Steenhuisen. Certainly that question does not arise directly from the original question. Thanks.

The SPEAKER: That point of order is sustained.

Mr T RAWULA: Speaker, point of order,

The CHIEF WHIP OF THE OPPOSITION: Madam Speaker?

Mr T RAWULA: The Deputy President has an option to respond to the question. He's fully capable.

The SPEAKER: The Chair knows that. So take your seat, hon member.

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Mr T RAWULA: So ... [Inaudible.] ... assistance. The Deputy President must just ... because the matter is in the interest of the House.

The SPEAKER: Take your seat! That point is a serious point. However, I will give the Deputy President the opportunity, should he wish to deal with the question. It doesn't arise from the actual original question or what the Deputy President has said. However, Deputy President, please go ahead and deal with the issue in the best way you'd deal with it.

The DEPUTY PRESIDENT: Hon Speaker, I agree with you. The question does not arise from the original question. [Interjections.] However, I want to help the hon member. I'm no longer a Premier of Mpumalanga and that province of Mpumalanga still has a government. It has a premier. There is an authority now that must answer to everything that happens in that government with regard to all matters that relate to that government. Correctly speaking, I must recuse myself from that office. [Interjections.]

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The CHIEF WHIP OF THE OPPOSITION: Madam Speaker, the point of order is simply this. The question I asked arises directly from both the written original question, where it asks specifically that, as Deputy President, what you will do now to promote social cohesion initiatives and lead the government's antipoverty programmes.

He also spoke about the audit processes that his department had gone under. This was not about Mpumalanga now. It was about Mpumalanga in 2014 when he was the premier, when these tenders were awarded. The simple question was what he learnt from it and what will he carry now into government. That is completely germane to the original question and the hon Deputy President has not answered it. It's no good us coming here and wasting time if the Deputy President is not going to answer the questions.

The SPEAKER: Hon Steenhuisen, you have had your chance. Hon Lesoma?

Ms R M M LESOMA: Hon Speaker, point of order: Hon John knows very well that he's abusing the opportunity. The Deputy

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President has responded, whether he likes it or not. There has been a response that has been given. [Interjections.]

The CHIEF WHIP OF THE OPPOSITION: What point of order was that? What rule was that? [Interjections.]

The SPEAKER: I have recognised the hon Hlengwa?

IsiZulu:

Mnu M HLENGWA: Mhlonishwa Somlomo ngethuba onginikeza lona ...

English:

Hon Deputy President, once audit outcomes are actually presented – and earlier on in another question which I think is linked to this one you made reference to the Standing Committee on Public Accounts, Scopa, and so on – the fact is that there is an absence of consequences. On top of that is that even the institutions of state which have been given the duty and responsibility to prosecute and deal with these matters are not doing so. A point in case is the National Prosecuting Authority, NPA. A total of 686 serious cases have still not been processed up to now. So, whether the AG does

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his job or does not do his job, the bottleneck is in the system in so far as prosecution is concerned.

So what is it that you believe needs to be done in order for us to complete the full cycle of the audit, so that it's from audit to outcomes to prosecution? How do we actually take the NPA out of the mess that it's in so that it's able to fulfil its duties and functions, and give credence to the work that the AG or any other institution of state has done, including but not limited to whistleblowers? Thank you.

The DEPUTY CHIEF WHIP OF THE MAJORITY PARTY: Hon Speaker, on a point of order: The hon Hlengwa is asking a new question. Thank you.

Mr M HLENGWA: Madam Speaker, with all due respect to the Deputy Chief Whip, the question arises out of the findings of the AG, and I'm saying ... [Inaudible.]

IsiZulu:

USOMLOMO: Mhlonishwa uHlengwa, awungiyeye ngiphathe uhlelo.

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Mnu M HLENGWA: Hhawu! Ngiyaxolisa Somlomo, ngiqondise.

English:

The SPEAKER: Hon Deputy President, do you want to handle the issue that hon Hlengwa has raised?

The DEPUTY PRESIDENT: Yes, hon Speaker.

The SPEAKER: Please proceed, hon Deputy President.

The DEPUTY PRESIDENT: Well, it's correct; it's a new question ... [Interjections.] ... but I want to answer the question.

In the previous question I said that if all of us as leaders in the different spheres of government were to follow the AG's findings and recommendations to the latter, we won't be talking about these findings today. What is missing here is a follow up on issues that have been raised by the AG. Now that National Treasury is trying to intervene in this space, I think we are going to insist that provinces and municipalities must respond to the issues raised by the AG.

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Some issues are clear ... to say, this is irregular. It must be investigated. This is unauthorised and a suggestion is made on how to deal with these issues. But I say again, it is not only the responsibility of National Treasury to insist that provinces respond to the AG's recommendations. It is also about the different legislatures that are holding the executive to account, because these financial matters are brought to the legislatures and they are discussed. Certain recommendations are being made again by legislatures. In the case of municipalities, the council discusses these AG recommendations and outcomes, and they make recommendations. Therefore, it is not one person who can resolve this problem.

You will understand that these three spheres of government are autonomous. You can only intervene through a certain section of the Constitution. However, in the spirit of co-operative governance you work closely with them and you advise them to handle a matter in a certain way.

In the case of audit findings, we will work with provinces and municipalities to ensure that they respond to the AG's

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findings. That is what I said and I am repeating it. Thank you.

Mr A M SHAIK EMAM: Deputy President, I think once again you have highlighted all the mechanisms that we have in place, and we all know about it. The AG often makes his findings and recommends remedial action but time and time again nothing happens. Let me give you a good example.

An HON MEMBER: It's a new question.

Mr A M SHAIK EMAM: There is a duplication of oversight in the country. You have internal audits, you have monitoring and evaluation and you have portfolio committees at every level. And very often, even these national MPs go and do the work of members of the provincial legislature because they are not doing their work.

Now, surely they have a responsibility to monitor and evaluate to make sure that plans are implemented, and that people perform, serve and deliver. They don't and very often we go

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there with them, and they sit back and watch us while we do the interrogating and the work for them.

So what is the purpose of a second sphere of government if it's not serving the intended purpose? Maybe we should do away with it and let there be two spheres of government ...

[Inaudible.]

The SPEAKER: Your time for raising your question has expired.

Mr A M SHAIK EMAM: Deputy President, we have the mechanisms. It's not working. There are no consequences. They are not implemented. [Inaudible.] What are we going to do?

The SPEAKER: Hon Shaik Emam, your time for statements has expired. You've been making a statement I guess.

[Interjections.] I would like to take a fourth supplementary question and it will be hon Ntlangwini.

Ms N P SONTI: I pressed. Deputy President, while you were the Premier of Mpumalanga ... [Interjections.] ... the provincial

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department of education failed to deliver basic services with funds always going missing.

The SPEAKER: Order hon members!

Ms N P SONTI: The national Department of Basic Education is also in a mess. In 2013, the Department of Basic Education set itself a deadline in the minimum norms and standards for school infrastructure, that by the end of November 2016 all schools would have access to water, electricity and proper sanitation. [Inaudible.]

The SPEAKER: Your time is almost expired and you haven't asked a question. [Interjections.] Do you have a question, hon member?

Ms N P SONTI: Yes.

The SPEAKER: Please ask it. Fast forward to the question.

[Interjections.]

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Ms N P SONTI: Deputy President, if you were unable to hold your provincial government accountable for not delivering services and for corruption, how are you going to hold the national Department of Basic Education accountable and make sure that they meet the deadlines they set for themselves with the minimum norms and standards for school infrastructure?

The DEPUTY PRESIDENT: I will insist on what I've said, which is that the new premier in Mpumalanga can best answer some of these questions. I'm here now and I will answer to the questions that you present to me on the basis of the work that I'm doing now. I can't answer for the premier in Mpumalanga. Thank you.

Ms N V MENTE: Point of order.

The SPEAKER: What is the point the point of order, hon member?

Ms N V MENTE: Speaker, the question just made reference to his former position. The question ...

The SPEAKER: We all heard.

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Ms N V MENTE: No, the question said, he failed to do it then. Will he do it now? Will he hold the department accountable now? It didn't ask what he did in Mpumalanga.

The SPEAKER: Hon member, I think I heard him saying, ask him questions about his responsibilities now and he's prepared to answer that.

Ms N V MENTE: We asked exactly that. Will he do it now?

The SPEAKER: May I continue to Question 28 asked by hon Kilian and call upon the hon Deputy President?

Question 28:

The DEPUTY PRESIDENT: Hon Speaker, let me state at the outset that the root causes of poverty and inequality have to do with the unfair and unequal distribution of economic opportunities engendered by the history of land dispossession, lack of access to quality education and health care as well as years of underdevelopment in the former homelands and townships.

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Apartheid stripped people of their dignity, land, livelihood and overall means of production. It distorted the supply and demand patterns of the economy along racial lines. It undermined the asset base of individuals, households and communities through poor healthcare system, overcrowding, environmental degradation, mismatch of resources and opportunities, race and gender discrimination and social isolation. These triggers have shaped the nature of South Africa's economy and society and they represent apartheid's legacy of inequality and poverty. Importantly, they have the potential to ensure the persistence of poverty even though many other aspects of the South African political economy are being transformed.

Apartheid spatial planning was a chief enabler of a system that was essentially designed to keep the black majority landless, unskilled and malnourished. Townships and Bantustans under the apartheid spatial planning framework were designed simply to be pools of labour to service the main industrial and commercial areas without prospects for active participation in the mainstream economy. Because of the combination of all of these, we had to come with interventions

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that will reverse the adverse impact of this painful past on our people. Inspired by the Freedom Charter, the Constitution as well as the National Development Plan, the narrowing of inequality, breaking down the barriers that hamper participation in the economy and reducing poverty has been consistent themes of our democratic government since 1994.

Our multifaceted approach to addressing the challenges of poverty and inequality includes a number of instruments. We continue to reprioritise our budget so that it is pro-poor. To this end, we opened access to education for all. We rolled out early childhood education to promote holistic development that instils the culture of lifelong learning. We introduced no-fee schools for the poor. We implemented adult basic education to raise the levels of literacy amongst our adult population. We implemented school nutrition programme to ensure that no child goes to school hungry. We have introduced free higher education for students from poor households.

South Africa has one of the largest social assistance programmes in the world covering more than 17 million beneficiaries. Similarly, government has put in place

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programmes that aim at improving access of the poor to other social services through the provision of improved sanitation, electricity, water and access to health care services.

We are making progress in expanding the quality health care including the implementation of the national health insurance. In previously underdeveloped and underserved areas, we have built transport infrastructure networks to connect communities and provide economic mobility.

In the longer term, the sustainability of our efforts against poverty and inequality will depend on an economy that grows at sustainable levels to create sufficient employment for the majority of our people. Employment enables people to earn an income to support themselves and their families. These services improve other aspects of life for the majority of our citizens. In an effort of empowering the recipients of social assistance and ensuring economic development in areas where these recipients reside, the Department of Social Development provides market opportunities to a number of co-operatives through purchasing of food and school uniforms produced by these co-operatives.

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The upcoming jobs summit will ensure that we continue on the path of addressing our country's poverty and income distributions. The summit will elevate the efforts focused on inclusive growth and correcting the issue of wage differentials. Further to this summit will be an investment conference where we will continue to embark on a drive to attract more and more investment into our economy.

As already noted, the redistribution of assets has been an important component of our country's approach to addressing poverty and inequality. Key among them is land reform which is at the heart of addressing inequality, poverty and restoration of dignity of our people.

Government realises that the National Minimum Wage Bill is one of the greatest contributors to poverty alleviation and reduction of income inequality. We have also introduced various government incentives to support entrepreneurship under the Department of Small Business Development. We have also made interventions like the Expanded Public Works Programme, which provide income relief, skills development and opportunities to get into long-term gainful employment and

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creation of own enterprises. In the first five years of the Expanded Public Works Programme, EPWP, a target of one million work opportunities was set in the infrastructure, environment, social and economic sectors. This target was exceeded with a total of 1,6 million job opportunities being created by 2009. Further upscaling of EPWP has resulted in more than three million work opportunities being created between 2009 and 2013. We are currently tracking in achieving our target for the third phase of the EPWP.

There is no doubt that the sustainable path to addressing the challenge of poverty and inequality lies at the heart of our industrialisation efforts to enhance greater levels of participation by those who are historically disadvantaged and marginalised in our country. In this regard, we have made significant progress in directing strategic investments towards targeted areas in order to support economic growth and job creation. The special economic zone programme was specifically developed to promote the creation of a regionally diversified industrial economy by establishing new industrial hubs in underdeveloped regions of the country. The total number of designated special economic zones has to date

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increased to nine. The majority of these were designated as industrial development zones, IDZs, and are presently in the process of transitioning their institutional, governance and ownership structures in compliance with the requirements of the Special Economic Zones Act. The designated special economic zones, SEZs, continue to show a positive progress in terms of the number of investors operating in the zones. More importantly, there has also been a significant increase in the number and value of secured investment in those special economic zones.

The number of operational investors in designated SEZs has increased from 72 to 80, with an investment value of over R10 billion. The number of secured or signed investors is 86, with a total investment value of R52,2 billion. These SEZs include Richards Bay IDZ, Saldanha Bay IDZ, Dube Trade Port SEZ, Coega IDZ, East London IDZ, Gauteng IDZ, Maluti-A-Phofung SEZ, Atlantis SEZ and Musina-Makhado. Some of these IDZs and SEZs such as Musina-Makhado SEZ, Saldanha Bay IDZ, Maluti-A-Phofung SEZ are found in the previously marginalised areas.

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Work is underway between the Department of Trade and Industry and the provinces on the planning and implementation of SEZs in the following previously marginalised communities, namely, Nkomazi, Bojanala, Upington and Tubatse.

Additionally, in order to bring about full scale industrialisation and inclusive growth, government initiated a structured programme for the revitalisation of industrial parks located in old industrial areas across the country. This programme has identified 11 state-owned industrial parks to be revitalised and this is implemented through national government partnerships with the provinces, their agencies and municipalities.

I am advised by the Department of Trade and Industry that, to date, a total of 65 854 jobs have been created within these state-owned industrial parks across the country. These cover townships and underdeveloped areas such Botshabelo, Seshego, Garankuwa and Nkowankowa to name but a few.

In the last two years alone, government has invested approximately R511 million in revitalising the basic

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infrastructure of 10 industrial parks across South Africa addressing challenges key challenges of industrial development infrastructure such as electricity, bulk water supply and sewage system. This has assisted in arresting the decline in the industrial park's infrastructure so as to encourage further investment. Thank you, hon Deputy Speaker.

Ms J D KILIAN: Hon Deputy Speaker, I want to thank the Deputy President for elaborating on government's antipoverty interventions and for explaining the root cause\ of the poverty and the inequality that we still face in the country.

My follow-up question relates to the issue of quality education as former President Barack Obama said:

The best antipoverty programme is a world-class education.

What we know is that we have expanded and provided access to education especially also to early childhood development.

However, despite investment in the basic education system we still have a huge dropout rate and the quality of some of the language, maths and science subject teaching is really

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questionable. In addition to that, we also seem to have a skills mismatch.

My question is: How will government improve the quality of our basic education system particularly maths, science and language teaching outcomes? Secondly, how will government enhance the human resource development strategy to ensure that our economic and industrial development policies are actually firmly linked to the skills planning strategy so that the two can overcome the skills mismatch which is currently causing qualified young people to be unemployable? We need to address that urgently and I would like to make out a case for a master plan for economic and social policies to be linked. [Time expired.] Thank you.

The DEPUTY PRESIDENT: Deputy Speaker, as a country I think we have done enough and we are still in the process of improving the quality of education. You will be aware that this government has continued to build and put new infrastructure right from early childhood, primary education, secondary education and tertiary education. This amount of

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infrastructure that we have put in place is a clear indication about the seriousness that we put on education and skills.

Of course there are still areas where there is no sanitation in our schools. It is a challenge that I think we are equal to it as a country. Currently, the Minister of Basic Education invited business people to assist in the provision of sanitation to our schools. I am trying to say that we have invested a lot of money since the inception of democracy in schools infrastructure.

Well, quality as you will have notices is improving day by day and year by year. The number of learners that are taking maths and science is growing every year. We are investing a lot in infrastructure that support maths and science in all provinces. We are quite satisfied as a country that we are on the right track.

When it comes to our tertiary education, we have done a lot as a country in terms of skilling the nation. We have universities and technical vocational education and training, Tvet, colleges that continue to train and skill our young

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people. We have invested more of our resources through the Skills Education Training Authorities, Setas, in training young people.

I am not convinced that there is a skills mismatch - I am not convinced. Of course as a country we must from time to time as we train and skill our people be guided by the supply and demand. But from where I am standing now I am not convinced that there is a skills mismatch in our country. All that I can confirm is that we still need to train more and more people especially those who have dropped out of our schools. I agree that year in and year out young people drop out of schools and those are challenges for government to find ways and means to train them. Thank you very much.

Mr D J MAYNIER: Deputy Speaker, I will be taking over hon Lees' question. He has just withdrawn from the House as he is ill. The question is that your 9,6 million people who do not have jobs or have given up looking for jobs, that in the end is the root cause of inequality. Most economists agree that the impact is caused by reckless policy proposals like the nationalisation of the central bank and indeed the formation

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of state bank. What are you going to do to modify or withdraw those reckless policies so that we can get economic growth up and inequality down in South Africa?

The DEPUTY PRESIDENT: Well, if I may ask, which are those reckless policies that you are talking about?

Mr D J MAYNIER: Deputy President, I will be happy to remind you that it is the land expropriation without compensation, the nationalisation of the Reserve Bank, the formation of the state bank and I can go on, and on, and on, and on.

[Interjections.]

The DEPUTY SPEAKER: Hon Deputy President, please, do not invite additional questions. Their questions are limited. Thank you.

Ms J D KILIAN: Hon Deputy Speaker, on a point of order. Hon Maynier's question has absolutely nothing to do with the reply of the original question.

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The DEPUTY PRESIDENT: Hon Deputy Speaker, remember that the policies that continue to shape our country are informed by our past. These policies seek to redress the past imbalances. I don't see us as a country proceeding and going forward and leaving those imbalances with us. You must acknowledge the fact that there are people who are aggrieved that land has been dispossessed from them. Somewhere down the line as a country we must acknowledge this and try to redress that problem if we are serious about our development. Really, I don't see these policies as irrelevant to growth. As long as we South Africans, black and white, are committed to work together and share the country's wealth, I think we can make South Africa work.

As long as you still see yourself as white and I see myself as black we are not going to make it. We must work together in one economy that seeks to make our country better for all of us. There comes a time as a country where we must accept that the challenges that we are facing all of us are of our own country - all of us. Agree with me that the policies that we have in front of us as government seek to address problems of our past. Thank you very much.

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Ms D CARTER: Deputy Speaker, I must say, no skills mismatch that's quite a shocker. We have done enough. I'm serious this must be a joke. The solution to resolve poverty and inequality lies in an inclusive growth and in order to achieve inclusive growth we need economic growth in the first instance. A leading business person has recently stated, and I quote:

We will reach a point of no return if government continues to enact damaging populist policies that are destroying hope of restoring investor confidence as is evident by years of stagnation and recession.

Twenty-four years later you are still blaming apartheid. But the government agree that we face a crisis of lack of economic growth and that bad and irrational governance lies at the core of this stagnation. If not, what factors inform these crises? Thank you.

The DEPUTY PRESIDENT: Firstly, we have a challenge of an economy that is not growing. It is a challenge. There are certain sectors of the economy that remain a backbone of our overall economy. Our economy rests mainly on the mining

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sector, agriculture and manufacturing. There are certain sectors that we must protect as a country if we really want to drive economic growth. But it is not always correct that economic growth will necessarily translate into creating jobs. It depends on how we grow the economy. If we go the labour intensive way, yes, in that way it will translate into job creation.

As a country we have noticed the current decline. I don't probably agree with those who are saying that we are in a technical recession. [Interjections.] I don't because we have not taken a comprehensive picture. We are taking a quarter by quarter statistics. We have not taken the overall statistics over a period. But I am confident that as government we are going to reverse this tide. We are going to reverse this tide and I am sure. The President will make a few announcements on how government wants to intervene in this current situation. [Interjections.] Well, to say when, but that's going to happen. As government we feel that it is our responsibility to respond to this situation.

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I want to dismiss the fact that land expropriation accounts for this situation or it is scaring investors. I don't agree. We said again and again that land expropriation will happen in a very responsible way. The fact of the matter is that those who have land in their hands must accept that they must release it. And in that way it will happen in a very amicable way. We are not intending to disrupt our agricultural production.

Standing here I think I have made strides to talk to the leaders in the sector. You might have noticed that I have spoken to all the unions and we are in agreement that we can handle this challenge before us and we can pass. I don't think we should be pessimists and runner away from the fact that we must address it. Land expropriation will happen and it will happen in a very responsible way. This will come and pass. Thank you very much.

Prof N M KHUBISA: Deputy Speaker and hon Deputy President, a study conducted by the Planning, Monitoring and Evaluation, Statistics SA and the World Bank entitled, Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers,

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Constraints and Opportunities, stated that poverty levels are consistently highest among female-headed households, black South Africans and children below the age of 15 and these groups tend to have a higher risk of falling into poverty. Members of female-headed households are up to 10% more likely to slip into poverty and 2% less likely to escape poverty than members of male-headed households. Race remains a strong predictor of poverty in South Africa, with black South Africans being at the highest risk of being poor.

Do you think that government has done enough by way of enabling legislation within the supply chain management to allow the small and medium-sized enterprises, SMEs, for women in particular to procure?

The DEPUTY PRESIDENT: I don't think as government we have done enough. We still need to do more and more. I am encouraged by the fact that we are almost. The Department of Small Business is now gaining its feet. It is one department that we must keep and ensure that we insist on creating small, medium and micro-sized enterprises, SMMEs. As government we must be

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deliberate in our effort in creating a market for all these SMMEs so that we can procure goods and services from them.

We are still hoping that our SMME drive support is going to bear fruits. Remember, any economy that is not supported by the SMME base cannot survive. So, it is important that we create that base. Small, medium and micro-sized enterprises and co-operatives must mainly be supported by government and we present ourselves as their market for all services they render. Thank you.

Question 29:

The DEPUTY PRESIDENT OF THE REPUBLIC: Deputy Speaker, the National Treasury suspended the release of the Employment Creation Fund and the Department of ... [Interjections.] The National Treasury suspended the release of the Employment Creation Fund - Donor Fund - to the Department of Trade and Industry in order to initiative an independent performance audit of the programme. This suspension was owing to concerns that were raised relating to the governance and compliance with financial and legal prescripts on the use of official development assistance.

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The audit that has been conducted has identified a number of challenges in the Employment Creation Fund, which mostly relate to compliance, accountability and good governance. Based on these findings, National Treasury and the Department of Trade and Industry agreed that the findings and the recommendations of the audit needed to be addressed before releasing further funding to the Department of Trade and Industry.

With regards to the Employment Creation Fund, I've been advised by both the Minister of Finance and the Minister of Trade and Industry that their departments are working together to reopen the fund as a matter of urgency. An action plan followed all Employment Creation Fund audits has been agreed to by both departments. I'm further advised that this matter has been referred to the portfolio committee, and I would suggest that it be addressed at that forum.

I therefore believe that there is no need for the Deputy President to intervene in the Employment Creation Fund programme at this stage, as an agreement on a joint way

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forward between the two departments has been reached. Thank you very much.

Mr D W MACPHERSON: Deputy President, the Employment Creation Fund was funded by the EU through a €100-million grant. To date, R500 million of that R1,2 billion has not been distributed to the 31 beneficiaries to create job opportunities in the private and NGO sectors. For two years, they have waited for these funds.

Just last month, the ANC, your political party, in the Portfolio Committee on Trade and Industry point blank refused to discuss this matter, and now they have apparently told you that they will. So, they have lied to you.

Now, while they have refused to do that, beneficiaries have gone bankrupt and others are about to go under because of your government's inability to solve a civil war between National Treasury and the Department of Trade and Industry.

Your ANC has presided over unemployment reaching 10 million South Africans and an economic self-inflicted recession. The

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reason lies in the chaos I have just described. As the Leader of Government Business, why are you unable to sort out this specific mess and keep relying on lies being told to you by your Cabinet colleagues and members of your caucus?

The DEPUTY PRESIDENT: Well, like I've said, from the two Ministers, the matters have been resolved ... [Interjections.] ... and I'm sure money will now be disbursed. I'm going to make it my business to ensure that this money gets disbursed to those who are supposed to receive the money.

I accept what the Ministers are telling me, because there is nothing contrary that tells me something else. I must believe their words, and I'm sure it's going to happen - the money is going to be disbursed. It is your duty as the portfolio committee to discuss it. But all the glitches - I must inform the House - the governance failures, all the compliances that were supposed to be adhered to: I've been assured that all that has been dealt with. Thank you very much.

Mr J A ESTERHUISEN: Thank you, Deputy Speaker. Deputy President, you actually answered my original question. But let

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me ask you: the first initiative of this fund is a joint private- and public-sector fund for small business support. Small business is seen as the catalyst and incubator to grow jobs and eradicate poverty and inequality. So how can you stand at that podium, Mr Deputy President, and wax lyrical about consequence management?

The Minister of Small Business complained about a lack of funds for small business enterprises. Where is consequence management when the same Minister spent R700 000 on a single overseas trip, when she should be the first person to use her budget responsibly and promote small business development? How can you explain this, Mr Deputy President? Where is consequence management in this particular instance? I thank you.

The DEPUTY PRESIDENT: Well, hon member, I don't think we disagree on the use of the fund. The fund is meant to support enterprise development; it's meant to support small businesses. We don't disagree, but if wrongdoing has been detected in the manner in which the money has been disbursed,

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surely someone must take responsibility and say, "Let me investigate and audit this." [Interjections.]

Now that this has been investigated - governance structures have been improved - they can then release the money, so that this must not occur again. So, we don't disagree on how the money must be used, but we disagree if there is wrongdoing. I'm quite surprised that when it comes to this particular fund, you don't care whether there is wrongdoing or no wrongdoing; you just want the money. What interests do you have in this thing? [Interjections.]

If there is wrongdoing, let's deal with the wrongdoing, and then after that we disburse the money. [Interjections.] You should be applauding the Minister of Finance to say: "No, no, no. Let's attend to the wrongdoings in the disbursement of the money." [Interjections.] But I'm surprised ... surprised. Thank you very much.

Mr A J WILLIAMS: Thank you, Deputy Speaker. Deputy President, considering that we have a high level of unemployment and poverty in South Africa and that government alone cannot be

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the only ones addressing this challenge, are there any partnerships with the private sector to assist government's antipoverty programme? Thank you.

The DEPUTY PRESIDENT: Well, like I've said in the previous question: as government we are proceeding with our industrialisation programme, and in that instance we have created all these special economic zones where we have opened up business for the private sector to invest. We are happy to say that these special economic zones are proving to be a success. The reason ... investment. More and more people are getting employed. So, government has invested money to create those zones and business is investing. So, it seems like this partnership is working. Our people are getting employment and SMMEs are starting to produce whatever they can produce. So, it is working. Thank you very much.

Ms Y YAKO: Deputy President, in a letter written to beneficiaries by the Employment Creation Fund manager Paseka Masemula, he says of the Treasury: conspiracy theorists would be forgiven in concluding that the standoff with Treasury was ... [Inaudible.] [Interjections.]

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The DEPUTY SPEAKER: Order, hon members! You are not allowed to do that. [Interjections.] Order! Go ahead, hon member.

Ms Y YAKO: He says of the Treasury that conspiracy theorists would be forgiven in concluding that the standoff with Treasury was a deliberate and organised attempt to undermine African leadership, and refers to powerful civil servants hellbent on blocking efforts to lift black people out of poverty.

This resonates with our earlier view that Treasury may have been captured by people who are hell-bent on undermining African leadership. What is your view about the pervasive idea that there are people in National Treasury who do all in their power to undermine African leadership?

The DEPUTY PRESIDENT: Well, I don't believe in that assertion. I think people in National Treasury are trying their best. I mean, it is very difficult if you are in National Treasury. Everyone wants money regardless of the processes. So, I think, officials are doing very well. They stick to the law. They

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stick to the law. So, I am not really in support of that assertion. Thank you. [Interjections.]

Question 30:

The DEPUTY PRESIDENT: In August 2018, the South Sudan parties, including the Sudan People's Liberation Movement, SPLM, the Sudan People's Liberation Movement-in-Opposition and the South Sudan Opposition Alliance participated in the peace talks facilitated by the High-Level Revitalisation Forum of the Agreement on the Resolution of the Conflict in South Sudan, led by the Intergovernmental Authority on Development.

On 5 August 2018, the parties have appended signatures to the Agreement on Outstanding Issues of Governance. This has been hailed as a momentous achievement in the efforts to find lasting peace in South Sudan.

Upon the signing of the Khartoum Declaration of Agreement between Parties of the Conflict of South Sudan on 27 June 2018, and the signing of the Agreement on Outstanding Issues of Governance on 5 August 2018, our government issued statements congratulating the parties to the agreement and

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urged them to ensure that all signed agreements are complied with and fully implemented, to ensure sustainable peace, security, stability and the development of South Sudan.

In the same statements, we commended the leadership of the Intergovernmental Authority on Development for their tireless efforts to facilitate peace and security in South Sudan. Also, at the level of the African Union, our President, in his capacity as the Chair of the High-Level Ad hoc Committee of Heads of State and Government on South Sudan continues to support the peace process, as led by the Intergovernmental Authority on Development, IGAD.

In this regard, the President convened a meeting for the High-Level Ad Hoc Committee of Heads of State and Government on the fringes of the June 2018 AU Summit to assess the peace and security developments in South Sudan.

In addition, the President appointed me, as Deputy President, to be his Special Envoy to South Sudan, essentially to assist the people of South Sudan to unite and reconcile, in order to lead the reconstruction programme of South Sudan.

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The hon members would be aware that this appointment coincided with a process that has been led by IGAD that had brought together all the stakeholders in South Sudan to negotiate the latest agreements aimed at establishing a transitional government and finally end the conflict in South Sudan.

I therefore took a conscious decision to delay my engagement on this matter to give the IGAD-led peace process time. I am nonetheless planning to visit South Sudan soon to meet with key stakeholders and consult with neighbouring countries. It is important to emphasise that our mandate is to complement and support all initiatives of IGAD. Thank You.

Mr M S A MASANGO: Hon Deputy President, it is pleasing to note that there has been a cessation of hostilities pursuant to the signing of the peace agreement. I think the worry now should be the external actors. Deputy president, as a special envoy, would you consider influencing and advising IGAD to also look at external players, especially companies that have interest in the oil fields of South Sudan? Thank you.

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The DEPUTY PRESIDENT: I am not going to speculate about the interference of external forces. I want to accept the *bona fides* of all the parties, their genuineness. Probably, as South Africa, we are going to support all those initiatives and be part of the process to ensure that they go smooth in this transition period. This peace process can break at any time, if not well supported because you will realise that you have too many Deputy Presidents there, which is something very fragile. [Interjections.] Thank you very much.

Mr M HLENGWA: Deputy Speaker, Deputy President, while all of us welcome the developments that have taken place because they are a step in the right direction, one would want to find out what South Africa's financial commitment is in ensuring that it puts money where its mouth is in terms of support. Obviously, support in a vacuum is not defined. You keep saying support. Are we making a financial commitment? Are we making commitments of putting boots on the ground? Can you define the kind of support that South Africa will be providing, particularly following interactions with the Kenyan President recently when this was on the agenda, so that when you go

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there, as you say you will, you go with some sort of commitment in your hand? Thank you.

The DEPUTY PRESIDENT: So far, I am not aware of any financial commitment that we have put on the ground, except providing refuge to one of the parties that were there. They were part of the fight. I think it took more or less two to three years. This one individual has been in the country under the watch of our security structures. Finally, we are happy to say that this individual has been taken back to the country and he is now part of the Deputy Presidents of that country.

That is probably one kind of assistance that we, as a country, have given when no other country was willing to provide that sanctuary. Thank you.

Mr S MOKGALAPA: Deputy Speaker, Deputy President, as a special envoy, you are aware that the conflict in South Sudan is mainly due to the internal politics of the SPLM, both in opposition and in government and the former detainees, which threatens the peace process, moving forward, and it can collapse the peace process. Do you agree with me that perhaps

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the two years of house arrest or the stay of Riek Machar here in South Africa has created a perception that the South African government has picked a side in this conflict, hence making sure that we are compromised? We don't have international legitimacy. Don't you think that South Africa should be withdrawn from the IGAD Plus process because we have already shown a conflict of interest and that there is a possibility that we can collapse the peace process, moving forward? Thank you.

Ms E N NTLANGWINI: Deputy Speaker, on a point of order: The Minister of Mineral Resources just recently became a Member of Parliament. Is it normal for him to howl like that? He is literally howling the whole day away. [Interjections.] Is it parliamentary? The guy needs to be taken for his induction again.

The DEPUTY SPEAKER: Hon member, it is not parliamentary for you to raise a point that is not a point of order.

The DEPUTY PRESIDENT: Deputy Speaker, I think the decision to provide sanctuary to Riek Machar was not a decision of South

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Africa alone. That decision was negotiated among the countries that were trying to assist. All these countries were aware that Riek Machar was in South Africa and looked after by South Africa. So, our position, as South Africa, is not compromised, instead it has reinforced the peace process because if Riek Machar was left there, he could have died. Thank you.

The DEPUTY SPEAKER: Somebody pressed hon Ndlozi's botton.

Mr N M PAULSEN: I am here, Deputy Speaker.

The DEPUTY SPEAKER: You have a seat that Parliament gave you. Please, do it from there next time.

Mr N M PAULSEN: Deputy Speaker, Deputy President, the crisis in South Sudan and everywhere else in Africa today and the diminishing influence of South Africa in resolving African problems point to a dearth of a Pan-Africanist perspective on the part of the current leadership of the country. What role should South Africa play in strengthening a Pan-Africanist solution to African problems and what specific role should we

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play in strengthening the African Union, AU, to be able to respond to these challenges?

The DEPUTY PRESIDENT: As South Africa, we are part of the African Union and we regard all the countries in the African Union as equal partners. We don't see ourselves as the big brother who must really give direction. When we are in the AU, we are equal partners. We respect their sovereignty as countries and as much as we assist, we assist within the spirit of being a collective and we don't impose ourselves as a country. I am sure it is in that spirit that we want to conduct ourselves in the continent.

So, our participation in South Sudan has not been imposed. We participated and we were requested by countries to participate. They reject some countries, as you have realised. If you say that you want to participate, they say they don't want so and so and they want so and so.

I think that it is one thing that we must resolve, as the African Union, in terms of how we want to deal with conflict and how we want to deal with our own developments. I am sure

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gradually, as Africa, as a continent, we will find one another. We will find one another. Thank you.

**RECOMMENDATIONS REGARDING PENSION AND MEDICAL AID BENEFITS OF
FORMER PRESIDENT, MR J G ZUMA OF INDEPENDENT COMMISSION FOR
REMUNERATION OF PUBLIC OFFICE BEARERS OF 22 AUGUST 2018**

(Draft Resolution)

THE CHIEF WHIP OF THE MAJORITY PARTY: Deputy Speaker, I move the draft resolution written in my name on the Order Paper:

That the House -

(1) notes the recommendations contained in the report of the Independent Commission for the Remuneration of Public Office Bearers of 22 August 2018 on the pension and medical aid benefits of the former President, Mr J G Zuma;

(2) recognises that upon retirement, the President shall be paid such pension and other pension benefits as may

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be determined from time to time by the resolution of the National Assembly, after taking into consideration the recommendations of the commission;

(3) resolves that –

(a) in terms of section 2(5)(a) of the Remuneration of Public Office Bearers Act 20 of 1998, upon the President's retirement from office with effect from the day following the day that he vacated office, a taxable pension benefit be paid to him equal to 100% of the total annual remuneration salary and allowance payable to him the day prior to his retirement;

(b) in terms of section 2(5)(b) of the said Act, upon the death of the former President, with effect from the day of his death, a taxable pension benefit be paid to his widow or widows, dependent or nominee, including his or her estate, as he may elect, equal to 50% of the pension benefit

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payable to the former President at the time of his death;

- (c) the increase to the above benefits should be linked to the increase of the sitting President's salary; and lastly,
- (d) in terms of section 2(6) of the said Act, the state shall contribute the full amount payable to a medical aid scheme of which the former President or his widow or widows, dependent or dependents is a member.

Declaration of votes:

The CHIEF WHIP OF THE OPPOSITION: Thank you very much, Deputy Speaker. There is an old saying that when you are in an arena of wrongdoing the best next step is to do the right thing. And if we were to act with integrity as this House, I think the question we have to ask ourselves especially after the last eight years is simply this: Haven't we paid enough for Mr Zuma already? [Interjections.]

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The 10 million people who have been pushed into the unemployment queues because of his disastrous policies have certainly paid enough. The millions of our citizens who had their futures and opportunities robbed from underneath them have certainly paid enough. The SA Social Security Agency, Sassa, beneficiaries who have to now wait up in the early hours of the mornings and snake around the Post Offices just to get their meagre grant have certainly paid enough.

The citizens of the Republic of South Africa, who continue to pay on a daily basis, through the increases in value-added tax, VAT, tax hikes, petrol prices and the cost of living to pay for the estimated R100 billion that state capture has cost the South African citizens have also certainly paid enough.

[Interjections.]

This is a constitutional delinquent who has compromised not only this Parliament, but compromised the Office of the Presidency and compromised the Constitution of the Republic. Haven't we paid enough? We built a retirement village for Mr Zuma at Nkandla, as the details emerged from the Zondo Commission of the deep rot and the deep tentacles that

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extended from Nkandla to the Union Buildings through government departments to our state-owned entities. Surely the price we paid there is enough.

The legal fees that we have to fund over the 10 years as Mr Zuma desperately fights for the day in court that he desperately wants, but trying to avoid that day in court. Have we not paid enough for those legal fees? [Interjections.]

The truth of the matter is that the constitutional wrecking ball that is Mr Zuma, has not stopped. Just this weekend, the Chief Whip of the Majority Party, the ANC tweeted and I quote, "That there is a clandestine plot which is the undermining of our state in its efforts to fight and reverse state capture." Why would we reward this man with an increase in his pension and increase in his salary? [Interjections.]

And if as the ANC's Head of Economic Policy, Mr Enoch Godongwana said, that Mr Zuma is responsible for what has happened, then why on earth would we want to reward this behaviour by passing this recommendation in the House today? [Applause.]

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There are some amongst us today who will come to this podium and argue that this is Mr Zuma's due, by following the law we must pass this recommendation in the House today. However, we will remind hon members to look very carefully at the resolution that is before us today. This is not a directive, it is not an instruction, but it is a recommendation to this House. The people who passed this law and put this mechanism in place had in mind that it is this House and us as elected members of this Parliament who are the representatives of the people of South Africa and custodians of the public purse and the Constitution would have to apply our minds in considering that recommendation. It means that this House has a discretion if it so wishes not to pass this recommendation and to refuse it.

The famed African author Chinua Achebe said and I quote, "One of the truest tests of integrity is the blunt refusal to be compromised. [Interjections.] The DA will not be compromised. [Applause.]

Mr N S MATIASE: Deputy Speaker.

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The DEPUTY SPEAKER: Yes hon member.

Mr N S MATIASE: We know for a fact that in terms of the Remuneration of Public Office Bearers Act, former Presidents are entitled to remuneration equal to what they were paid before stepping down. However, the reality is that Mr Zuma does not qualify to be called a former Head of State. He is the former head looter of the state. [Interjections.] And as a result should never under any circumstances qualify to be paid anything from the public purse.

Under his tenure, our country degenerated to levels never thought possible before. Stealing became a norm, and corruption was institutionalised. As the Zondo Commission is beginning to show, there is not any sphere of society Zuma corrosive influence did not touch. We cannot with clear conscience agree to pay that man a salary until the day he pays his sins or called upon to the heavens by his ancestors.

We must also not forget that Zuma did not step down willingly; he stepped down because we were going to impeach him for his

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destructive leadership. Were he impeached; he was going to lose all these benefits.

This is the man whom in this House was described in so many forms: A constitutional delinquent, a social scum, that corrupt dirty element that hangs and feeds itself from the flesh of the nation. These are the names and the labels that the man was described with. We cannot stand here and condone that a man who stole so much from the public be honoured and be decorated in a manner in which the ANC wants to decorate him. The EFF rejects this motion and asked that Mr Zuma must not be treated as a former Head of State worthy of our respect. [Applause.]

Declarations of vote contd:

Mr N SINGH: Hon Deputy Speaker, I am going to respectfully disagree with the last two colleagues that have come before us here. [Interjections.]. One of these days, sooner rather than later all of us will become pensioners. Probably by the end of the fifth Parliament we will be in the category of those who are going to receive pensions from Parliament. And not withstanding what we have done or not done, warts and all. And

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I look before 1994 to see what the administrators before 1994 did, yet they are collecting pensions from this government, this day, this taxpayer's money. [Applause.] [Interjections.]

I do believe that what goes around must come around. We have to be consistent in the manner in which we deal with this and as I said, notwithstanding what the hon former President Zuma has done. And we have been fierce critics of hon former President Zuma from this very podium here. We must separate processes - the process of receiving a pension is right. You have a family, you have everybody else. Why should they be denied receiving a pension because of what President Zuma did or didn't do?

If hon former President Zuma is found guilty by the commission of enquiry or by a court of law, and he is required to pay back the money, then he must pay. But saying that he should be denied a pension at this point in time without due process having been followed - is not - we believe - the right thing to do. So we would, in the circumstances support this because we believe that we do not play the man but you play the ball

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and you look at the office of the President. Thank you, hon
Deputy Speaker. [Applause.]

Mr M G P LEKOTA: My dear friends, if you will give me a chance
to say something. The question before us is much more complex
than some of us imagined. We are against what is being
proposed because the individual we are discussing violated
section 89 of the Constitution and was found by the
Constitutional court to have broken his oath of office.
[Applause.]

Section 89 dictates that having committed such a serious
violation of the Constitution, this House should have been
given an opportunity to determine what to do with it. And he
was protected by the majority which itself was found to have
broken its oath of office. [Applause.]

Section 89 of the Constitution determines that if you were
found guilty under that section, you are not entitled to any
remuneration beyond your service and for that reason we insist
that this question will be decided by men and women, perhaps
long before we are gone but as long as the Constitution of

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South Africa reads as it is, this individual will not even qualify to have any pension payouts at all. I thank you.

[Applause.]

Dr C P MULDER: Hon Deputy Speaker, I agree with what Mr Singh says that we should respect the Constitution and specifically, we should respect the office of the President. However, there is a quid pro quo, the incumbent of the office should act in such a manner that we respect that person and that is not what happened during the Presidency of President Zuma. [Applause.] During the discussions on the Nkandla affair, I proposed in this House that the salary of the President should be reduced to R1 that - is still my position.

Now hon House Chairperson, if there is one person that has been enriched more than anybody else in South Africa, it is the former President, Mr Zuma. He received a personal home to the value of R216 million, courtesy of the tax payers. We paid for that. The ordinary people out there paid for that. What I found astonishing, is that the ruling party, who are now paying the price for the things that happened in the last 10 years, and you are going to pay that price in the polls next

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year, you protected Mr Zuma the whole time, today you again try to do that. When are you going to stand up and do what is right? As long as you do this, you will be punished at the polls and rightfully so. We can never support this. We reject it with the content it deserves. Thank you. [Applause.]

Ms A T DIDIZA: Deputy Speaker, Deputy President, hon members, the motion before the House is about determining the process of the payment of the former heads of state, his dues in terms of our own legislation. And I think it is important for me to advice hon members that this framework was decided by this Parliament. It may not be the fifth administration but it was determined by Parliament. Secondly, it is determined by an independent body headed by a Judge Mmusi in this instance. Who then determines and therefore asks Parliament to execute that recommendation. Yes, I know, that is why say so.

Members are here raising issues; obviously politically those are your views you share. And they don't necessarily mean that you are correct. And I think we mustn't be selective when dealing with matters. Firstly, members are saying, the Constitutional court ruled in a particular way - yes we agree

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- but that Constitutional court also ruled on Parliament and not on the ruling party. It said Parliament itself acts, and we read ... [Interjections.] Yes, and I think we need to take that into consideration when we make those declarations.

Secondly, this House, on numerous occasions had an opportunity of having votes of no confidence on the President on the time. And indeed, those did not pass the test.

So, it cannot be correct standing here determine the outcome, one of the commissions that is not concluded its matter.

Secondly, base our decision on a court of law that has not resolved its matter and all of those processes at the time at which they determine based on its outcome, yes, it's technical because we are dealing with the technical matter too. Its not only political, it's equally technical. As yourself, as it comes to the end of the session when we deal with your pensions, it will be equally technical.

Therefore, as the ANC, we support the motion and I think members must be honest, the whole issues of the determination, on the security upgrades of the President and what the Public Protector determined, those were complied to. The Ministers

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concerned dealt with the matters. Public Works reported in this Parliament on what they did to deal with the officials and the contractors that were concerned.

So, it cannot be correct standing here and just say this happened and it was not done. Certain things were done, it may not be on our satisfaction but I think hon members, we need to appreciate. Indeed where we are at but we also appreciate on the things we have sort to correct. Secondly, some of you are saying this President was this and this, yes it's correct to have that view but he was not impeached. There was no process of impeachment that determined what due or not due he must get. I think that the ruling party took its own decision based on its analysis of the situation and recalled its employee. Therefore, he was never fired by this Parliament or impeached. Thank you very much, hon members. [Applause.]

Question put: That the motion moved by the Chief Whip of the Majority Party be agreed to.

Division demanded.

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The House divided.

Question agreed to.

Motion accordingly agreed to.

REMUNERATION OF PUBLIC OFFICE BEARERS OF 22 AUGUST 2018 ON THE
PENSION AND MEDICAL AID BENEFITS OF THE FORMER PRESIDENT, MR J
G ZUMA.

(Draft Resolution)

Voting:

Take in from the minutes.

Question agreed to.

Motion accordingly agreed to.

ESTABLISHMENT OF THE SOUTH AFRICAN CHAPTER OF THE GLOBAL TB

CAUCUS

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(Draft Resolution)

The Chief Whip of the Majority Party moved:

That the House -

- (1) notes that the National Assembly and the National Council of Provinces established the South African chapter of the Global TB Caucus on 4 September 2018;
- (2) further notes that the House resolved the South African chapter of the Global TB Caucus would be coordinated by a body to be constituted in consultation with the whips of each party and provincial legislatures; and

The Chief Whip of the Majority Party moved as an amendment:

That: paragraph 3 of the motion, as it stands on the Order Paper, be deleted and substituted with:

- (3) resolves to establish, with the concurrence of the National Council of Provinces, a Joint Committee in

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terms of Joint Rule 15 to be the coordinating body of the South African chapter of the Global TB Caucus, the Joint Committee to -

- (a) consist of 11 members of the National Assembly and 9 Members of the National Council of Provinces;
- (b) be co-chaired by the Chairperson of the Portfolio Committee on Health, Ms M L Dunjwa, and the Chairperson of the Select Committee on Social Services, Ms L Dlamini, included in the above composition; and
- (c) exercise those powers in Joint Rule 32 that may assist it in carrying out its task.

Question put.

Question agreed to.

Motion, as amended, accordingly agreed to.

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CONSIDERATION OF REPORT OF PORTFOLIO COMMITTEE ON TRADE AND
INDUSTRY ON NATIONAL CREDIT AMENDMENT BILL [B 30 - 2018]

(Consideration of Report)

There was no debate.

The Chief Whip of the Majority Party: Moved that the Report be adopted.

Motion agreed to (Democratic Alliance dissenting).

Report accordingly adopted.

NATIONAL CREDIT AMENDMENT BILL [B 30 - 2018]

(Second Reading Debate)

Ms J L FUBBS: Hon Deputy Speaker, members of this House, colleagues and compatriots, fellow South Africans, for the first time, in South Africa, the dignity of low-income workers and the poor who are over-indebted will be restored. The

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National Credit Amendment Bill intends providing urgent debt relief to South Africans who are not currently covered by the natural person insolvency and debt review systems.

The ANC is of the view that as poor and low-income workers cannot benefit from any of these measures, this constitutes unfair discrimination based on socioeconomic status and it also undermines the dignity of affected consumers. Debt administration, debt review and debt counselling are offered. However, debt administration is costly and debt counsellors do not provide a service for people earning less than or equal to R7 500 because it is not cost effective. These measures effectively then exclude the poor from an insolvency or debt restructuring process, which is contrary to international trends and best practice.

During the global financial meltdown in 2008, the National Credit Act saved South Africa from the worst effects, even while some first world economies were significantly affected. This debt intervention seeks to strengthen this Act and enable the poor and low income worker who is overindebted to extract them from debt in a responsible manner.

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The National Credit Amendment Bill will encourage and enforce responsible lending and borrowing. This is brought about through a number of measures including a capped intervention to promote a change in the borrowing and spending habits of an overindebted society. The provisions of the Bill are numerous but essentially the Bill requires repayment through restructuring of debt as the first step in the debt intervention process.

If the consumer cannot, despite all the restructuring, repay his or her debt within five years, the debt intervention process envisages a suspension of credit agreements, from 12 months to 24 months with regular reviews and finally, if after 24 months the consumer is still not in a position to repay his or her debt, then extinguishing the debt or a percentage thereof is considered.

I want to really emphasise that extinguishing debt is considered only after all other measures have been exhausted. A person who applies for this debt intervention may not obtain further credit from the date of application. However, credit providers may not enforce debt from the date of application. I

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think what is the important thing here to understand and appreciate is that we did take account of Ministerial powers that are given and we said, let us not allow unfettered power here. Let us enable the Minister to adjust the gross income and the amount of maximum unsecured debt to the extent that it must be in line with inflation.

He or she may also introduce regulations that will provide for credit life insurance on all loans of more than six or equal to and less than R50 000. What every member of the committee agreed was that the Bill now criminalises illegal lenders which is related to the registration requirements. When this Bill becomes an Act, unregistered lenders will be arrested for illegal lending. Now, you wonder why this has not happened before. There was no such a clause and up to now, law enforcements have been forced to arrest such illegal lenders because of other prohibited acts. For example, holding people's IDs.

The whole idea and members debated and deliberated on this for many days and hours on do we ensure a fair and just process to strengthen this Act. Credit providers remain an integral part

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of the process. Debt counsellors contrary to public understanding will not be prejudiced by the provisions in this Bill because they do not service this target group of people whose income is less than or equal to R7 500 a month. Why? In their submissions it became apparent from their language that they consider this as an economical unviable.

We need to ensure that the National Credit Act remains robust and continues to be a sound legislative instrument. We need to support an inclusive economy that is sustainable. An economy that retrenched workers and vulnerable people can participate. What about the powers of the magistrates? We learnt that, having engaged with the Department of Justice and Constitutional Development that currently under the Act the magistrates have no power to reduce the interest rates or other charges because magistrates are bound by legislation when making an order.

In short, what will this Bill change? Magistrates will be empowered to reduce interests and other charges after following prescribed requirements. They will address issues like interests and making order as to whether or not the

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interest can be reduced, perhaps up to zero to enable consumers to repay their debts.

We have heard of the millions of people affected and we are just looking at just a hundred people. We are looking at many people and figures bandied about go to millions and yet others for example do not go that far at all. Studies were conducted in 2012, 2015 and 2017, not only by the National Credit Regulator but also the Treasury who used Eighty 20, a private institution which gave them that information.

One of the important issues here is that, should we continue to allow a group of people who are vulnerable not to benefit in the same manner to others who earn more than R7 500? The decision of the committee to craft and develop such a Bill was brought to the very House of the NA at which point all members of the committee were unanimous that we needed to draft and develop a Bill that would address this challenge in a responsive and responsible manner.

May I say that, at that point everyone agreed but of course there were terms that we had to comply with. We looked at the

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other issue about how effective will the process be. How are we going to deal with this? We know very well that once a department has looked at zero budgets and determined what is required, its resources, its factors that in. Treasury will be able to consider that but also this House will be able to consider that request as well.

The other thing that I think it is important to take into account is, currently, what is happening to people who cannot repay their debts? Some of them cannot even apply for jobs in order to enable them to repay the debts. So, what we are doing here is to bring in a Bill because the ANC believes that this Bill is essential for social cohesion and it will go a long way to strengthening the National Credit Act in a responsive and a responsible manner. It empowers the poor, low-income worker, debt counsellors and the magistrates.

I do want to appeal to all members given that in the legislation it requires for a review in this House to be presented that all of us look at this very carefully before we vote in the spirit of the Constitution. The ANC supports this Bill.

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Mr D W MACPHERSON: Deputy Speaker, in 2016 the DA supported the goal of a committee Bill that could produce outcomes that would help those that were deeply indebted. Almost from the get-go the idea of a committee Bill quickly dissipated and the real intentions of the ANC became apparent.

This Bill will quickly move into an ANC 2019 election Bill. At the very outset the DA sought to assist the process by submitting a framework for debt intervention. This included trying to understand how the ANC came up with debt intervention available to people who earn a salary of R7500 per month with R50 000 unsecured credit agreements. These figures are arbitrary and not backed up by any research or science. This will set the tone for how low income groups receive debts relief.

The ANC chose not to allow presentations from myself on the framework but rather said that they will read it. We all know the ANC's track record when it comes to reading documents and reports. You simple can't call something a committee Bill when you won't allow a committee member to engage in its formulation process. This was a red flag and sign of things to

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come. From then onwards, it was a constant refusal by the ANC to take into account the very serious matters that were before us, instead marching towards its goal of debt must fall.

Throughout this process, the ANC have chosen legislative expediency using the fig leaf of being a party that represents the poorest of the poor to ignore any and all concerns. The banks have warned us, the micro lenders have warned us, retailers have warned us of how bad this legislation is and how it will not reach its intended target.

We believe that the wide scope of this Bill could see between two and 20 million people applying for debt relief with a potential cost to the economy of between 20 and R50 billion, as well as creating a massive moral hazard and driving up realist expectations ahead of the elections that consumers with unsecured credit will simple have their debts expunged.

We also have no idea how the National Credit Regulator, NCR, which will compile applications is going to handle the deluge of consumers because they themselves have no idea. Repeatedly, they and the National Consumer Tribunal, NCT, who will

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adjudicate the applications, were unable to produce concrete business plans or realist budgets. The NCR was also unable to produce a template for its financial literacy programme which all applicants would be required to go through.

How do you change consumer behaviour towards credit if you don't have an education programme? Even worse than this, it seems on the face of it that the actual implementation of this Bill by the NCR and NCT could take three years leaving debt laden South Africans languishing in no man's land, as they would not be able to seek any other remedy once their application is made.

The DA repeatedly a requested a socio-economic assessment for this Bill including. Incredible and without explanation no one has still not being done. In essence, the ANC wants effect legislation to the credit market without knowing what the full consequences would be. It is quite obvious that these amendments are going to increase the cost of credit as well as restrict access to credit for the poorest of the poor that the ANC claim to represent.

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With 10 million unemployed South Africans and an ANC created recession, it seems completely insane that they will actively drive poor consumers into the arms of legal lenders when they have no protection or recourse. That is why the DA throughout the Bill proposed that we reform debt counselling to make it accessible to low income consumers which will then help them develop better credit behaviour as well as keeping them in the credit market.

We also still believe that the National Credit Act is a powerful piece of legislation that deals with reckless lending but hardly ever gets enforced by the NCR. We further proposed that illegal lending is seriously acted on and that you cannot do so by just developing laws but you actually have to have enforcement which the ANC-led government continues to fail the public on. You need enforcement of the law to really protect consumers and that is where the Bill continues to fall short and continued to not take advice on this.

This House should be aware - and, we think it is important to bring it to all members' attention of the massive internal battle playing itself out in the ANC over this Bill. We know

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that President Cyril Ramaphosa and those in the ANC including its head of transformation Enock Godongwana who fully understand economics and the perilous state of our economy find itself are opposed to this Bill. That is why the ANC committee were summoned to Luthuli House to explain itself.

Sadly, the ANC committee members have chosen a blunt force, economic sledge hammering approach to debt reform that will only continue to enslave debt laddened and debt poor South Africans from real credit reform. The DA will oppose this Bill today. Thank you. [Applause.]

Ms E N NTLANGWINI: Deputy Speaker, it is not surprising that the DA will oppose the Bill because it will not serve the interests of white supremacy and white interests. It won't serve them. So, it is obvious that they will oppose this Bill. This Bill is a life-line for a black person who is over indebted by their capitalist behaviour from Britain and all of that. So, it is a life-line that we will give to our black people out there that are over indebted and that are continuously being offered and being put into loans.

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The National Credit Amendment before the National Assembly seeks to give relief to workers who earns R7 500 and below who are heavily over indebted. The EFF welcomes and support the Bill. Even if the Bill is only scratching the surface of highly indebted society workers, are under so much pressure, any relief however, how little, will make a difference.

While we support the Bill, we are of the view that the committee have failed to use this opportunity presented by the Bill to change what fundamentally is a structural problem entrenched in the exploitative banking system that the DA protects.

When we went to Britain on a study tour as the committee, we learned in Britain that the credit market have taken active responsibility for putting their society into over indebtedness. They have taken full responsibility and the credit markets have helped government as well so that their society can get out of indebtedness. However, the DA doesn't want our black people to be out of debt. They want us to always depend on them and go beg and beg which is wrong.

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Here in South Africa banks are doing the opposite. They come to South Africa - they don't even do affordability test, they give you a loan. You apply for "Wonga" online, no affordability test is done, and you get a loan. That is how our people are getting in and out of debt. That is what the DA is doing here today. But they do it deliberately - because the banks here more... [Interjections.] You can go and tell that to your daddy!

But they do it deliberately because banks here make more money from default charges, hiking interests because of defaults and loan books which simple cannot be recovered. When African Bank collapsed we thought it was going to be a lesson for government, credit regulators authorities. They ignorantly refused to take either lessons or responsibilities instead they want to pretend as if African Bank did not collapse because of their reckless lending, poor oversight and greed.

We have another African Bank waiting to happen in Capitec Bank. They pride themselves as a bank but all they are is nothing but a "mashonisa" [loan shark]. Even if their offices are in Stellenbosch suburbs, Capitec is still a loan shark

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defended and protected, credited and regulated by the Reserve Bank and even the National Treasury. The conduct of Capitec Bank is reckless, destructive and will make efforts of legislation redundant. They will continue to give heavily indebted consumers multiple loans including more than a loan in a month. Instead of extending banking services to our workers and poor people in the ages of societies, banks like Capitec exploits customers with higher interest rates.

Until we deal with the greedy banks, workers will continue to be exposed to the loan sharks and mashonisa shenanigans. We fully support this Bill and the DA can go and report it at Stellenbosch [Time Expired.]

Mr J A ESTERHUIZEN: Deputy Speaker, the bad news for the economy is that South Africa's growth over the years has hinged largely on spending and because consumers are continuously driven in this current financial climate by feelings of anxiety about their ability to make ends meet, they are driven to even more desperate measures, especially in the securing of more debt, which we all know, is even more

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expensive money in the process. That is more expensive in money.

At first blush, the purpose of this draft Bill seems enough is enough, as a mechanism aimed at assisting consumers. In reality, this proposed legislation which on the face of it appears to assist over indebted consumers may prove to be a double edged sword in that it could in fact discourage consumers from managing their credit responsibility.

We can pretend or try to say that this bill does not provide for debts to be extinguished, but this is exactly what it seeks to achieve. South Africans are the highest borrowers in the world; statistics shows that more than 10 million South Africans are in severe arrears on their existing debt.

This Bill will only result in credit providers restricting credit to populations where stability of repayment cannot be guaranteed. As a result in the lower income population seeking to obtain credit through informal channels, exactly what we are trying to prevent and that's where legislation doesn't provide sufficient or practical consumer protection.

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A proper impact study was never really conducted on the effects on financial institutions and the acceleration of irresponsible borrowing. How will our already cash-strapped treasury assist financial institutions when there are massive defaults on loans? Where is this money going to come from? It is estimated that this could cost as much as R20 billion!

Our financial institutions are already heavily over-regulated and the bureaucratic burden grows every year. And now further new rules will be implemented in banks in this country, forcing them to build in defences even before a loan is defaulted upon, which will not only affect the financial institutions capital reserves, but will also make it difficult for anybody else to get a loan.

It's going to become a matter of survival for the poor, which will not be good for the economy and the country as a whole.

The IFP has given serious consideration to the Bill and in this format, we just can't support it. I thank you.

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Mr A M SHAIK EMAM: Deputy Speaker and hon members, the NFP welcomes the report on the Department of Trade and Industry tabled here today. I know this is not going to give me a chocolate but is fine. The National Credit Amendment Bill tabled here today seeks to provide greater protection and debt relief to consumers who are not adequately provided for in the existing statutory sequestration, administration and debt review processes. In the main, this particularly benefits creditors.

Debt relief is clearly counter productive as the term is extended, monthly payments are reduced and the amount paid is extended over a long period resulting in consumers paying some of them all their lives, not forgetting the amount deducted by debt relief agencies as their own cost to render such service.

Most of these consumers from poor households which simply means that the lives of this category of consumers with only degenerate and never improve.

The banks, financial institutions, loan shark, are ruthless and reckless, because they are in the business of making

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money. That is evident by the fact that the four major banks in South Africa just declared over R40 billion in profit for the last financial year. That will tell how they are sucking the blood out of the bones of the poorest of poor in South Africa. Out of the bone that is basically actually what they are doing.

The other challenge that we seem to have is this where we find ourselves with the lot of this illegal money lenders, loan sharks who hold the bank cards, the ids and recklessly lending our people and you will find in many of this businesses on just a day after they all pay when people get the social assistance, you will find queues of people lining up there because their bank cards and ids are held by this people. By the time they finish paying with the interest, they left with very little.

The other problem you seem to have is this that they are so over indebted that the amounts that are deducted from their salaries is major portion of what is going towards loans. So, is really not helping the situation.

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We welcome the Bill although we are concerned about extinguishing debt but we welcome it on the basis that it might deter financial institution and it is illegal to loan sharks from being reckless with regard to lending to the poorest of the poor. So, this will also prevent more and more illegal loan sharks mushrooming as they are at this point in time. The NFP, believes that this will actually restrict money lenders. It will benefit the poorest of the poor, it will stop the poorest of the poor in taking advantage of this act of advertising by businesses in wanting to give them.

What is happening is this, which is very important; these credit bureaus are selling the personal information to these banking institutions and others. [Inaudible.] The NFP will support the amendment of the report. [Time Expired.]

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chair, I am speaking here representing the Minister of Trade and Industry, Rob Davies who is currently attending the G20 on Ministers of Trade in Buenos Aires.

AN HON MEMBER: He ran away!

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The MINISTER OF SMALL BUSINESS DEVELOPMENT: At the centre of today's debate on the Second Reading of the National Credit Amendment Bill is the ANC's quest to deal with poverty, unemployment and inequality. The Bill also deals with giving dignity to our people, in fact I was just thinking that if we were to go back and ask how many of our people have suffered through buying things that they do not even need and the high interest rate they have had to pay. You will be shocked that some of the people here are the beneficiaries of that.

AN HON MEMBER: You are!

The MINISTER OF SMALL BUSINESS DEVELOPMENT: And therefore they must not make so much noise because they know perfectly well that the real intention is to empower our people who have been robbed for many years. The Bill is an amendment to the National Credit Act of 2005, which came into effect in 2007. Addressing and preventing overindebtedness of consumers and ensuring an accessible, consistent, responsible and equitable credit market is the mandate of the Department of Trade and Industry.

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The committee members have already dealt with the development of the Bill, the target of the Bill. The rationale for the Bill, the Bill aims to provide debt relief for consumers who are overindebted. It will directly address the plight of the poor and low-income workers who are overindebted. Furthermore, it intends to encourage and enforce responsible lending and borrowing. The process of the development of the Bill, the portfolio committee embarked on a rigorous, transparent and open consultative process, involving relevant stakeholders from industry, labour, NGOs and others and relying on research studies from credible institutions such as National Treasury that worked with Eighty20 consultants. The portfolio committee established a subcommittee to ensure further work and robust deliberations on the Bill and approached the National Economic Development and Labour Council, Nedlac, to make a submission on the Bill. The role of the Department of Trade and Industry, it played a support role in the development of the Bill together with the National Credit Regulator and the National Consumer Tribunal since 2016. The department participated in the deliberations; provided inputs to the policy context; participated in the public hearings; provided responses to the

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public comments and addressed technical issues throughout the process.

Furthermore, the department provided a legal opinion on the Bill that tackled issues of constitutionality, which strengthened the Bill. The content of the Bill has also of course been dealt with by the members who have spoken here. The Bill introduces a new effective and accessible debt counselling and personal insolvency framework for overindebted low-income consumers. Approximately 38% out of 25 million credit active consumers have impaired credit records. The Bill provides a balance that addresses the needs of the consumers and promotes responsible borrowing by credit providers. In addition, the Bill tackled some of the concerns of credit providers. The National Credit Regulator and the National Consumer Tribunal will be the implementers of the Bill. The DTI will be strengthening the capacity of both regulators to ensure they implement the Bill successfully. The two entities have experience and expertise in the credit industry. The Bill will improve the collection of bad debt amongst overindebted low-income consumers by credit providers. In South Africa,

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approximately R879 million of bad debt is collected by credit providers through debt counselling on a monthly basis.

The department supports that the National Assembly adopts the Bill. We commend and congratulate the Portfolio Committee on Trade and Industry for the balanced Committee Bill that will go a long way to close a gap in the credit market, bring redress and restore dignity of the poor workers. And I know that many of you who sit on my left hand side have benefited from all the money that has been collected from black people ... [Interjections.] that is why you are not supporting it. [Interjections.] That is why ... [Interjections.] yes, you are beneficiaries. Our grandparents suffered because of your grandparents who made sure that they take all the money. [Applause.]

Adv A D W ALBERTS: Chairperson, how do you fix a complex problem? This was the question facing the MPs of this committee when confronted with the problem of overindebtedness of poor consumers, especially those that do not qualify for debt counselling due to affordability factors.

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Afrikaans:

Wanneer mens 'n komplekse probleem bestudeer moet 'n mens holisties daarna kyk en in dié geval moet gevra word hoe die ekonomiese omgewing lyk waarin arm mense hulself bevind en hoekom hulle in die eerste plek arm is. Die antwoord om die probleem met armoede op te los is dus binne die ekonomiese omgewing geleë. Die feit is dat armoede tans weens swak ekonomiese groei styg en daar bestaan 'n breë konsensus dat die regering se beleid van inmenging in die mark, wanbesteding en korrupsie die oorsaak daarvoor is.

English:

Given this context, it is abundantly clear that the creation of debt counselling processes for a population with an unemployment rate of more than 30% is merely placing a plaster on a terminally ill patient's wounds. It may help in the short term but it will not save the patient. Having said this, we must also emphasise that even the short-term benefits are uncertain. As this Bill is a committee creation, there was no requirement to perform a socioeconomic impact assessment study on the final Bill before Parliament today. As such the possible negative impact on the economic system is opaque and

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we may face substantial unintended consequences, like the drying up of legitimate credit instruments and businesses with the concomitant loss of jobs, and the proliferation of illegal credit as a response.

Furthermore, if one has regard to the statistics on the current debt cycle, there are clear signs that debt is actually decreasing. South Africa is in the longest period of decline in household debt. Nonperforming loans are in steep decline with a slight uptick during 2017. Debt judgments and summons are the lowest since data records began. It seems that people are managing their credit better and the current debt intervention system might also be a contributing factor in that respect. Despite this good news, it is clear, that only policy changes that facilitate economic growth will sustainably self-correct the debt problem.

Afrikaans:

In wese het Suid-Afrikaners, veral die armes, werksgeleentheid nodig om volhoubaar uit die skuld krisis te kom. Daarom moet die Departement van Handel en Nywerheid dus eerder introspeksie doen en 'n onafhanklike studie laat doen om te

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bepaal watter beleid in die pad van ekonomiese groei en volhoubare werkskepping staan.

English:

We want to help the poor and we wish to see opportunities created for their advancement indeed. However, by treating the symptoms and not applying the cure, we are prolonging the suffering and merely delaying an economic implosion given the current economic policy path. Therefore, unfortunately, we cannot support the Bill. Thank you. [Applause.]

Mr A J WILLIAMS: House Chairperson, hon Deputy President, hon Ministers and Deputy Ministers, hon members, guests and friends and most importantly, my fellow South Africans, let me start by thanking all the parliamentary staff that helped with this committee Bill.

The amendment Bill before us this evening will establish an arduous structured, participatory mechanism that accelerates regulated economic transformation within our current legal system and constitutional framework.

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So, while other political parties in this House shout and make populist statements so as to get media coverage, the ANC is implementing South Africa's economic transformation policies. But the ANC cannot transform this economy alone. The ANC government is a participatory one, an ANC people's government for the people by the people. [Applause.] Therefore, the people of South Africa must wake up and see the poverty everywhere. There are even homeless people camping outside this very Parliament as we speak, imagine sleeping outside in the cold tonight.

It is what the capital of France; Paris must have looked like in July 1779, a decade before the French Revolution.

We as a nation must put our national interests first. The growing massive divide between rich and poor in South Africa is not in the national interest. It is time to share. It is time to share in the wealth of this country. It is the time of the implementation of the Freedom Charter. This is the new dawn.

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But we cannot implement the Freedom Charter in an ill disciplined way, in a messy way or in a violent way. This ANC-led government will implement the Freedom Charter through the National Democratic Revolution in a disciplined regulated participatory way.

Let no one forget, the ANC is a discipline force of the left. Cas Coovadia, the Chief Executive Officer of the Banking Association of South Africa ... [Interjections.]

Mr J J McGLUWA: House Chairperson?

The HOUSE CHAIRPERSON (Ms A T Didiza): Order, hon members! Hon Williams, can you take your seat. What's the point of order, hon member?

Mr J J McGLUWA: I just want to check if it is possible for the hon member to speak louder? We can't hear him.

The HOUSE CHAIRPERSON (Ms A T Didiza): Well, I think he is speaking loud enough. The level of the noise indeed has increased. Therefore, it's incumbent upon all of us as Members

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of this House to converse quietly and allow him to be heard. I am sure if you do that, you will hear him. Over to you, hon Williams.

Mr A J WILLIAMS: Thank you, House Chairperson. Cas Coovadia, the Chief Executive Officer of the Banking Association of South Africa said in an e.tv interview about Debt Relief Bill on 20 August 2018 and I quote: "We interacted well with the committee on this and we have given it a lot of input".

The sub-committee on debt relief met in Parliament some 15 times and the Bill was discussed in the portfolio committee at least 60 times during the two and a half years that debt relief was discussed. There were three rounds of public hearings and some of those that appeared, were invited to subsequent sub-committee meetings, some banks were among those invited back as well.

The Banking Association of South Africa, Basa, went on to say and I quote: "We believe that over indebtedness is absolutely a problem".

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The chief executive officer of the Banking Association of South Africa believes that over indebtedness is absolutely a problem. The Basa went on to say that they want to continue working closely with Parliament but want us to make legislation on the actions that banking is already doing on debt relief. The same actions that lead us to the point of, as Basa put it "Over indebtedness is absolutely a problem."

No wonder we are in a technical recession if this is the attitude of our banking sector. They want us to make law, their current broken voluntary debt relief system.

Let me repeat my opening sentence. The amendment Bill before us this evening will establish an arduous structured, participatory mechanism that accelerates regulated economic transformation within our current legal system and constitutional framework.

Now, there is an argument that says why the registered financial service providers pay for an ANC policy implementation initiative. The answer is simple. When the room is flooding, does one put paper towels under the door to stop

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the water or does one just walk in and turn off the tap? This country's poor are drowning in debt; our people are suffering, so instead of just shouting about the problems this ANC-led committee is doing something about it.

The registered financial service providers are the source of credit and this government will be dealing with the challenges of over indebtedness at the source. Also for the first time, unregistered financial services providers are being criminalised. This means that if someone makes money by lending money and they are not registered, then they are committing a criminal offence.

If left to do as they please, the banks will lend until we all default like in 2008 in the United States and in Europe.

Legislation that is arduous, participatory, structured and falls well within our constitutional framework like this Bill does, is not only vital, but necessary for there to be disciplined regulated economic transformation for all of our people. All parties in this House should support and celebrate this Bill as this Bill maps out our collective best way forward.

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Now, hon House Chairperson, some Members of Parliament have used Parliament as a way to tell South Africa who to vote for. Now, I am not going to do that. But I would like to invite South Africa to join the ANC as the ANC is the only place for our people. I am saying this because we are the people.

The HOUSE CHAIRPERSON (Ms A T Didiza): Order, hon member! Your time is up.

Mr A J WILLIAMS: Thank you very much. [Applause.]

Mr G G HILL-LEWIS: Madam Chairperson, in a constitutional liberal property owning democracy which is what we are, power is vested in institutions, not in individuals and the ability of the state to act arbitrarily is deliberately circumscribed by the rule of law.

This Bill is bad because it gives additional arbitrary powers to the Minister of Trade and Industry and a handful of officials at the National Credit Regulator, to set the terms on which people may apply for debt forgiveness, which is

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euphemistically in the Bill referred to as "debt intervention".

This is a power that no Minister should ever want. Once word spreads that this power is in the personal gift of the Minister people will be beating down his office door. If you thought that the Minister of Higher Education had tough time dealing with Fees Must Fall, you just wait for Debt Must Fall.

This Bill is bad secondly because it will act as a powerful disincentive for banks to lend to lower income consumers for fear that they will have to carry the cost of a debt write off at some point down the line.

This will have the perverse consequence of actually making it more difficult for those consumers to get credit, even if they can legitimately afford it.

If they want credit, they will be forced to get credit from illegal lenders, most of whom charge interest rates of 30 to 50% a month.

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This committee should not pat itself on the back for bringing to this House a piece of legislation which pushes more people out of the formal credit market, forcing them to pay higher rates and making it harder for them to access credit. That is not something to celebrate.

The ANC knew this all along. That is why the Chairperson was summonsed to Luthuli House to explain herself and why this Bill has been so divisive.

I applaud the Chairperson, Ms Fubbs, for standing up for the rights of Parliament, but I do wish she had chosen a better Bill on which to do it.

If the committee was serious about seeking debt relief, it would have seriously and earnestly insisted on follow-up action on African Bank.

In 2015, I insisted that a full audit of African Bank's so-called "bad book" be done, to sift out reckless credit. This was agreed to only after much resistance. It took nearly 18 months for the audit to be completed, but now that it has been

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completed in February this year, what has the committee done about it? Absolutely nothing.

There are 2,3 million customers in the so-called "bad book", most of whose credit was given to them *prima facie* recklessly. Why has every one of those credit agreements not been declared as reckless credit and written off, as the existing Act already empowers you to do? Why not achieve immediate debt relief of some R3 billion just by using the existing Act? This has not been done, nor will it be done, because the truth is that those credit agreements are now owned by the state and the state is still collecting on them, still harassing those citizens for payments on those reckless loans, regardless of whether they were entered into recklessly and illegally or not.

So, it is simply not true that you are serious about providing debt relief. If you were, you could have and you are not. You have done nothing about the African Bank and that shows the liar of this Bill. Thank you very much. [Time expired.]

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Mr M D MAHLOBO: Chairperson of the session, His Excellency Comrade Mabuza, the Deputy President of the Republic and the ANC, members of Cabinet and Deputy Ministers, members of this House, comrades and friends, fellow South Africans ...

[Interjections.]

On this day, 12 September 1977, 41 years ago, one of our finest revolutionaries, Steven Bantu Biko, was brutally killed by the apartheid government. The regime thought that by killing him, they would kill his ideals. They failed. His ideals live among us and they continue to inspire many generations of today and those that are still to come.

The movement that carries the dreams and aspirations of many South Africans, the ANC, initiated this amendment as an intervention measure for relief of millions of our people who are poor and vulnerable workers.

Our country under the leadership of former President Nelson Mandela inspired us to a shared of a truly united, nonracial, non-sexist democratic and prosperous society.

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The ANC, working side by side with our people, still believes that our country should be a land of endless opportunity, especially during this period of a new dawn. Even those who come from farms, villages, townships, towns and cities should have the same opportunities that others enjoy.

The current insolvency system remains credit oriented and excludes millions of our people, especially the working class. The system is discriminatory on the basis of socioeconomic status and it impugns on the dignity of the affected consumers. This is against the spirit of our renowned Constitution – the right to dignity.

Over the last few years we have witnessed exponential growth of unsecured and illegal lending. The National Credit Regulator report of March this year gives an indication of the numbers. This situation is due, in part, to reckless lending by some creditors exploiting this gap market. The situation became worse due to the current slow growth while the cost of living has risen and continue to rise.

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Our people deserve better and yearn for good day care facilities for their kids, public schools, clinics, jobs and safety to live without fear. We believe our parents must have good retirement and that we will too, without the burden of over-indebtedness, hunger, want, diseases, unemployment and inequality.

I had a discussion with a Mr Magagula in Mbombela, Mpumalanga who said to me:

My biggest headache is going from one payday to the next, just like many in our country. I am at the ATM in the early morning hours before deductions are made by creditors through my account and draw money to keep my family going. My wife and I have a combined income of less than R15 000 and we worry now more about how we are going to pay for all the increases in municipal services like electricity, public transport and food. I pray that my kids should not expand their body sizes or else we have to pay for new clothes, especially school uniforms.

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My brother and leader, don't think we are ungrateful for what the ANC has done. Kumatima mfo!

I reassured Mr Magagula and said, don't think our movement and the ANC has forgotten about you. The ANC cares, hence this intervention that will bring the required relief under the current economic climate.

Siswati:

Babe Mthombeni, lapho emakhaya nasemisebentini, emalokishini, nasemapulazini, Lomtsetfosivivinyo utawenta kutsi laba labanisita ngekunehleka timali bangadlali ngani.

English:

Members of some parties in the House blame people entirely as if it is their fault for finding themselves in the conditions they do. They do not appreciate that those people's families are falling apart and that they suffer indignity and become skunks in the eyes of their communities.

They say the ANC wants to collapse the financial services sector and the economy. This is entirely further from the

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truth, because they want to continue to defend an exploitative system that wants to maximise their profit off the backs of the poor.

The ANC is a leader of society, rich or poor, black or white. We understand your plight that you have to toil in difficult conditions to keep your families together, provide food, and clothe the children. We know they are wrong because we live amongst you and we endure the pains together.

We shall not be deterred to strive for South Africa that restores your dignity without the burden of over indebtedness.

Fellow members we are a great nation and we have been through hardships and adversity but we remain resolute and indomitable. This amendment requires us never to pause in the pursuit of progress. The ANC calls upon you to rise for the sake of national interest and support this. History will look kindly on those with resolve, determination and commitment to a just and equitable society. It will not wait for the hesitant, the apathetic, or the doomsayers seated on my left who are shy of a challenge.

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Our heartfelt gratitude and thanks goes to the secretariat, the Department of Trade Industry, National Treasury, Cosatu and other labour movements, civil society, the ANC study group, and ANC NEC Economic Transformation Committee and other parties in our portfolio for the journey traversed so far. The ANC supports this amendment. I thank you.

Debate concluded.

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

Division demanded.

The House divided.

[TAKE IN FROM MINUTES.]

Question agreed to.

Bill accordingly read a second time.

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The HOUSE CHAIRPERSON (Ms A T Didiza): Order members! Can you please walk out quietly those you who are leaving the room?

The next item on the Order Paper is a debate on an urgent matter of national public importance in terms of Rule 130 in the name of the Leader of the Opposition on *Ideas for Economic Revival following Recession*. Order, hon members! I am sorry - Minister of Small Business you have your hand up.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Yes, hon Chairperson, I beg your indulgence. I rise under Rule 92 point of order and I would like to refer you to Rule 84 unparliamentary or unacceptable language or gestures. I beg your indulgence Chairperson because unfortunately, I have to leave. Yesterday there was an incident that I stood up for and the Speaker said she will go to Hansard and listen to it and come back with a ruling. I don't want to jump the gun because probably, the Speaker is still going to come back, but the issue here is that this is the last day of our sitting. For now, we are going to close and we will go. I have heard incidents in my space where I have been promised that they will come back and make a ruling and that hasn't happened.

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So, I do want respectfully Chairperson to say when she comes back there must be a ruling on that incident of hon Steenhuisen who insulted me yesterday. [Interjections.] The Speaker said she ... [Interjections.]

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

The MINISTER OF SMALL BUSINESS DEVELOPMENT: The Speaker said ...

The CHIEF WHIP OF THE OPPOSITION: Chairperson, ...

The HOUSE CHAIRPERSON (Ms A T Didiza): Allow her to finish and I will take you.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Yes, the Speaker said she will come back with a ruling. All I am doing is to say let that not disappear like the others. I will await that ruling.

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The HOUSE CHAIRPERSON (Ms A T Didiza): Thank you very much. Indeed, the Speaker is also in the House she has heard. She will come back as she has promised.

The CHIEF WHIP OF THE OPPOSITION: House Chairperson, I am very glad that the hon Minister has raised that because at my last count, we are waiting for 22 rulings from Presiding Officers during the sittings. I hope that before that one is ruled on, we are going to get the outstanding ones from the Presiding Officers. [Applause.]

The HOUSE CHAIRPERSON (Ms A T Didiza): Order! Hon members, I thought the reminder ... Order! The reminder by the Minister of Small Business, though she was specific to her issue, she also made it general that others have not been dealt with, which covers your point, hon Steenhuisen. Indeed, the Presiding Officers ... order, hon Waters! Hon Waters, what is the tissue all about? [Interjections.] Order! We will come back to the House with all the rulings that as Presiding Officers we have indicated we would deal with.

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The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chair, you see I don't know if those members across there actually realise what they are doing. Those members are showing a tissue. They are showing me sniffing or something of that sort. Hon Chair, one thing that has to be understood is that when we are shouting at each other we obey the Rules. We do so by the Rules. [Interjections.]

The HOUSE CHAIRPERSON (Ms A T Didiza): Order! Order, hon member! Can you allow her to finish and allow me to make a ruling?

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Yes, but for members to do what they are doing ... not only do they do that. This side of the House we try our best to be accommodative. [Interjections.] We are insulted. We are undermined. We are made to feel like baboons in our own country. That kind of behaviour is completely unacceptable - that I must say, Chairperson.

The HOUSE CHAIRPERSON (Ms A T Didiza): Hon Minister, thank you. Can you take your seat. Order, hon members!

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The CHIEF WHIP OF THE OPPOSITION: House Chairperson, ...

The HOUSE CHAIRPERSON (Ms A T Didiza): I have noted you, hon Steenhuisen. You can take your seat for now. You can take your seat. Hon members, can I please address you. Points of orders have been raised in the past. They have been raised even today, instances where Presiding Officers have indicated that they will come back to the House and make a ruling - they will do so. We do apologise that, indeed, in some of them it might have taken time. However, I also want to make members to appreciate that in terms of our Rules both members have to be in the House the one who raised the point of order and the one who is alleged to have broken a Rule. Where both members are not in the House, the Presiding Officers don't make a ruling. At times, the Presiding Officers will ask both members to come to the office and give the ruling as such, particularly to ensure that we minimise the delays.

Again, I want to assure members that we will come back with the rulings when the House sits next time. They may be 20 odd as other members have indicated, but all of them would be

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made. I would appreciate that we please accept the commitment that has been made by the Presiding Officer in that regard.

The CHIEF WHIP OF THE OPPOSITION: House Chairperson, I completely abide by your ruling in this particular manner, but I really do think it is rich. For probably the worst culprit of sledging, even today when hon Macpherson was speaking; she was shouting, "you are lying", "you are a liar". If you give out medicine, you must be prepared to take the medicine.
[Interjections.]

The HOUSE CHAIRPERSON (Ms A T Didiza): Hon Steenhuisen, thank you very much for your point. I have heard all your points of orders. Can we please proceed to the next matter of debate having ruled that we will come back to you? Filibustering, yes must happen, but within the Rules. Heckling must happen without drowning the speakers so that we all hear. Politicking is the order of the game, but all of it happens within the Rules. Okay. Now we move to the next debate.

IDEAS FOR ECONOMIC REVIVAL FOLLOWING RECESSION

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(Debate in terms of Rule 130)

The LEADER OF THE OPPOSITION: Hon Chairperson, hon members, fellow South Africans, bagaetsho, dumelang. Today we face a choice. The choice that we face is a world drafted by the ANC or the one that has been placed before us by the DA. I affirm that, in fact the question for South Africans is which world they would prefer to live in because each of those worlds will lead us to a distinct, different tomorrow.

An economist was once quoted as saying that in the ANC's world it lives in a pre-1990 universe. For them the Berlin Wall is still up. In their world, the state is everything and must do everything. In their world, state-owned enterprises, SOEs, no matter how badly run they are, are the answer. In their world, citizens cannot be trusted to control their own destiny, nor own their own land. The state ultimately knows what is best for the people.

I urge that in our world, the world is different, and there are many all over the world who share this view. It is a view

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that says people ultimately have power over their own lives. In our world, citizens have agency. They can own their land. They can run their businesses. They can build their wealth. [Applause.]

In our world, more often than not, it is a capable state that must get out of the way and allow enterprise and progress. In our world, it is building an inclusive South Africa where we can build one South Africa for all. This is the world that we want to build, and this is the choice that we face as we contemplate the reality of this deep crisis that South Africa finds itself in.

I'm not going to spend too much time telling you about the extent of our economic crisis. I think we all know it. It's the fact that less than 10 million South Africans ... just under 10 million South Africans cannot find work. It's the fact that per capita income has been dropping for the last number of years. It's that our debt is now all over R3 trillion rand and ultimately we now face the threat of a sovereign rating downgrade.

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Anyone who denies the fact that South Africa is in crisis should actually not have the right to come and stand here and debate this issue, because ultimately Parliament must ask itself this one question. How did we end up here and what should we do to fix it?

One analyst this week described the situation as death by a thousand cuts, referring to the many factors that together have come to paralyse our growth and bleed our fiscus dry. This is largely true.

Perhaps many of us would know that yes, corruption has cost us as much as R100 billion. Many of us would know that there's a crisis at the SA Revenue Service, Sars, that has led to a huge undercollection of around R50 billion. Many of us know that we depend on serious bailouts to SOEs that continue to divert billions and billions of rand away from this crucial budget. Many of us know that, yes, we have an ever-expanding public sector wage bill and a massive Cabinet proudly brought to us by the ANC. And many of us know that, in fact, it's populist policies like expropriation without compensation, the

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nationalisation of the Reserve Bank and the proposed National Health Insurance, NHI, which has been a recipe for disaster.

However, I think the one thing we should never shy away from, which I find that too many analysts have stopped speaking about, is what is the real problem? What is the core of our problems with our recession and who should take responsibility for it?

This crisis has been brought onto South Africa squarely and firmly by the ANC. [Applause.] It's this party that should take responsibility, and in fact, seven months into this new administration they are already stumbling in the dark looking for an excuse. They don't know who to blame and they are blaming everybody. What is true is that there is no plan and there is no direction.

You can come here today and be critical of the DA all you like. The fact of the matter is that we have a plan and that's what we are here to table, and to tell the people of South Africa about their tomorrow.

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It's that plan that is in fact working. If you look at the coalition government that is in Johannesburg, already under Herman Mashaba R6 billion of investment has been added since taking over in 2016. [Applause.] If you go to the great City of Tshwane, Mayor Msimanga has in fact already tripled investment in the last two years. In fact, 75% of the jobs that have been created have been created in DA-led governments; which tells you that where the DA is jobs are created and the economy is stimulated, and where the ANC is they have led us squarely and firmly into a recession. So I want to urge you that in fact while the rest of the world is embracing inclusive growth economies, the ANC has decided that it will increase the budget, it will blow out our debt and ultimately take us backwards. It's so obsessed with state control that it's forgotten that it's suffocating enterprise and small businesses.

Here are two pieces of advice. Stop blaming the global financial crisis from 10 years ago. And the second advice I'd like to give you is, stop blaming Jacob Zuma. It would seem you are the only ones who are missing him. In fact, you want to blame everything on him.

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I want to propose that, if we are going to get through this recession, we need to swap the outdated policies of the ANC and take on 21st century, future focussed ideas that will be brought forward by the DA. [Applause.]

We are part of the global economy and I want to say this to you. Just this morning I visited an enterprise in Delft. I was so proud of the work of innovation about the future of South Africa. This is where we have to go, and if we need ideas on how to pick up the rand, I've got a few to share with you. Minister Patel and the Minister of Finance, I'd like you to take some notes.

Firstly, I believe we must cut loose SOEs that are dragging us down. Yes, we must privatise or part-privatise the SA Airways, SAA, if we are going to stop paying bailouts. [Applause.] We must split Eskom into two separate businesses; one for power production and the other for distribution;

Secondly, we must put an end to the stifling Eskom monopoly by allowing cities to directly purchase power from independent power producers;

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Thirdly, we must curb spending and stabilise our national debt at about 50% of gross domestic product, GDP, by introducing a fiscal austerity package. All revenue shortfalls must be covered by cutting waste and not increasing taxes;

Fourthly, and I want to urge you ... this might affect some of you whose jobs are dependent on it. We must, as a matter of urgency, cut this Cabinet in half. [Applause.] We must get rid of Deputy Ministers because many of them are appointed for the purposes of patronage, not for service to the people in our country;

Fifthly, Minister Zulu, we must ultimately ensure that we exempt small businesses from complying with unworkable labour legislation. Those employing fewer than 250 people must be given all possible options for success. Labour laws that restrict them should be scrapped and we must adhere to the basic conditions of employment;

Sixthly, we must immediately settle all budgeted for invoices that are owed for small businesses by national and provincial

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governments. This alone will add R28 billion to boost the small, medium and micro-enterprises, SMME, sector; and

Lastly, we need to scrap reckless, populist policies that are destroying investor confidence in our country. [Applause.] You know, since the announcement of President Ramaphosa, our rand has already depreciated by 15%. If we keep going with populism we'll end up like countries like Venezuela and Zimbabwe, and end up leading our people into becoming even poorer.

Fellow South Africans, I want to urge you, let us abandon an irresponsible and reckless plunge towards expropriation without compensation. Let us reform land but let's do it within our Constitution. It doesn't mean that land reform and restitution must be delayed. Actually, on the contrary, I want it to be accelerated. I want it to be sped up but it must involve full title to the people, not to the state. If this is done properly it will ensure private property rights and ultimately the rule of law, not the populism you are adopting.

We must stand up for the independence of the Reserve Bank. We must stop trying to undermine the Governor of the Reserve Bank

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and actually defend him, and ensure that we continue the work of a functioning Reserve Bank.

If we implement these changes right away, I believe we can bring the changes that we need to undo the damage of the past decade. Fellow South Africans, we can't sit back and watch our growth stagnate for another quarter and then another quarter because poor South Africans cannot withstand this. For them life is getting harder under VAT; it's getting harder under petrol; and ultimately we are shrinking further.

I want to call upon you and members of this House, that today we have to make the hard choices; not the easy choices like hiking up loans and taking up more VAT. We have got to make more hard choices.

In conclusion, if we are going to get out of this recession, this is the only choice we have got to make. Either we keep the unity of the ANC and that project or we choose the prosperity of South Africa. I choose the prosperity of South Africa. I thank you. [Applause.]

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The MINISTER OF ECONOMIC DEVELOPMENT: Hon House Chair, hon members, in times of challenges our people look to those with steady hands and calm heads neither for hysteria nor for rhetoric.

Today's debate has been called by the opposition following the release of the courtly GDP data last week by Statistics SA. The data shows that the economy produce R1,2 trillion worth of goods and services in the second quarter namely, the three months from April to June. Once that figure is annualised and seasonally adjusted the revised output thereby 0,7% compared to what the economy produced in the previous quarter.

It is the second quarter of declining growth and the economy now is officially recession. What I would to share in the debate is we are not in denial that we are in a recession. The decision is not about the free fall of cost or sectors, that recession occurs in all economies at some stage, in South Africa the recession should be of relatively short duration compared to many other countries; and that it follows the second longest period of growth in the past half century; and that the challenges highlighted by the recession must and will

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be used to spare our interventions that we do not just return to growth but, which begins to address the underlying structural issues that reproduced low-growth outcomes.

Hon members, declines in growth should concern us all, but what is happening in the economy? I want to quote some numbers to bring calmness, start with facts and analysis and then develop opinions.

For the 12 months to June the economy grew by 1,1%, in a second quarter this year compared to the second quarter last year, the economy grew by 0,4%, for the second quarter compared to the first quarter the economy shrunk by 0,7%.

So in that quarter to quarter comparison important trends emerged showing sectors that are shrinking and sectors that are growing. Let me start with the bad news in the quarter. The biggest contractions took place in agriculture, which shrunk by 29% on a seasonally adjusted basis mainly as results of declines in grains like wheat and barley and fruits like grapes, apples and pears. Agricultural output has been volatile in the period that the sector has been recovering

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from the drought. We expect that the weather and seasonal conditions to improve in the period ahead.

However, we have put active measures in place such as the IDC commitment to invest about R2 billion a year in the agriculture value-chain in the period ahead and the stimulus measure that the government is putting together for the sector.

The transport and communication sector declined by 5% annualised. We finalised our spectrum released policy to attract fresh investment in the ICT sector and the clean-up of Transnet and Prasa governance can assist with unblocking transport output; trade, catering and accommodation output was down by about 1,9% annualised.

Our visa review will assist the hotel industry. Already we signed the new visa agreement with China seven weeks ago making it easy for tourist and investors to visit South Africa.

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Clearly, we will need to address the decline in general consumer spending that is affecting retail trade.

Manufacturing output was down by 0,3%. The IDC is boosting its commitment to manufacturing for the year ahead and major new announcements commitments has been made by the auto sector in steel and elsewhere.

Overall fixed investment decreased largely due to lower investment by state-owned companies and government. To boost public investment levels we have now focused on fixing state-owned corporations and creating a new budget facility for infrastructure to finance larger projects in water and roads infrastructure among others.

The release of the new energy mixed policy for public comments will once finalised, boost new investment. Private sector investment in South Africa has picked up after a sharp slump last year.

Old Mutual has shifted its global head quarters back to South Africa. Mercedes Benz and many car makers are making significant investments commitments that are a vote of

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confidence in the economy. Highveld Steel has reopened the manufacturing plant and a new steel mill opened in Cape Town.

On a more positive note, private sector investment in the GDP numbers, the same numbers that you quoted grew by 0,9 % and these is a key indicator to keep an eye on because the largest investment in the economy is from the private sector.

Let me return also to other positive news in the GDP data. Mining production was higher for the quarter up by 5%, construction turnover was up by 2,3% that reflects infrastructure; water and electricity output was up by 2,1% and private business and finance service output was up by 1,9%.

These numbers measure the performance of the economy to the end of June this year. The new manufacturing output numbers for July, which is the new quarter, was released yesterday and it shows that factory production is up by about 3%.

Exports figures for July shows some positive trends for agriculture, exports are up by 20% for the month which may be

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a green shoot showing recovering in output. Many of our economic fundamentals are good, for example our debt to GDP ratio is 53%, which is better than a number of other countries including Brazil, India, Italy, United Kingdom, Canada, France, Malaysia and Mexico. Even the European Union had a higher debt to GDP ratio than South Africa.

Yet without question the fragile economic performance and the decline in output in the last quarter means we must do more - more from government, drawing in the business community and working closely with workers and the trade unions to strengthen the economy and to boost growth.

After the Sona speech in February, we began to lay the foundations of stronger inclusive growth. The first is through the package of structural reforms that address constraints to grow that I referred to earlier, covering communication, energy and tourism.

Simply put, each of these measures can help to unlock fresh investment and economic output and can boost GDP and jobs. The second is through demand side measures to boost local

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procurement through public spending, commitments by private businesses and tougher enforcements at our ports of entry to crack down against illegal imports.

The third is through improving governance and institutions, corruption and state capture extracts the cost on the economy. The commission of enquiry into state capture, the governance change into the boards of Eskom, Transnet and Denel, the changes in the Heads of Sars, the removal of officials implicated in corruption in departments. These are steps to clean up public administration and make sure that the state is there to serve the people.

The fourth is through building deeper and bigger markets for our goods and for our services. The signing of the continental free trade agreement by the President in July is an important step towards recreating a market of one billion consumers that are factories and our workplace can produce for.

The fifth is through transformation of the economy to unlock the energy and the enterprise of small, medium enterprises of youth, of women of black South Africans. The Amendment to the

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Competition Act been considered by Parliament currently is an example of addressing structural problems and market concentration that inhibits new entrepreneurs.

The sixth is through investment. As we make progress with consolidating the gaps in our fiscal positions we can now shift more money into infrastructure. In October, the President will host a major conference with domestic and foreign investors to boost private investment building on the encouraging rise that we saw in private investment in the last quarter.

Hon members, the last time the economy was faced with recession was in 2009. By working hard, investing in infrastructure, partnering with business and organised labour, we emerged from that recession much quicker than countries like the UK, the United States, the Eurozone as a whole, Brazil and others.

We can do so again building on traditions of our partnership, the strength of our people and the resilience of our economy, which brings me to the posture by members of the oppositions.

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The opposition must hold government to account including on economic management. That is what democracy is about, but it does not help to darken the cyclical economic story to make it much worse simply for short-term political gain. To use attack lines simply to unite a policy divided DA before the elections. [Applause.]

In the process the DA runs the danger of trading in hysterical ret rick. Exhibit one, on 6 June last year the DA issued a dramatic statement saying and I quote "the ANC dumped the economy in recession and it is the ANC that led to this point of economic collapse where we have a junk economy in recession that our economy is now in tatters as a direct result of an ANC government - June last year".

When Stats SA released revised numbers that showed that the economy had not actually gone into the recession, the DA issued no press statement welcoming the news that the economy was actually not in tatters. [Applause.]

Exhibit two, on 10 September this year, the DA claimed that 75% of all jobs created in the past year are in what they

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called the DA controlled Western Cape. I could point out that it used outdated numbers from quarter one, when quarter two figures were available; or I could simply point to the statistical trickery because by the same maths Limpopo could claim 50% of all jobs created and the six provinces together had jobs growth adding up to 205%.

I could also point out that in the latest quarter two jobs results. Some 50 000 jobs were regrettably lost in the Western Cape. But even if we use DA maths and we apply it to the latest quarterly results compared with the previous quarter, what you call the DA administered Western Cape, would account for 55% of all jobs loss in South Africa.

Exhibit three, the DA claims that where it governs, the economy and job creation does well, let us look at the record of Tshwane that hon Maimane referred to. Since the start of DA ruling in Tshwane, 59 000 jobs were lost, in roughly a similar period of ANC rule a 109 000 jobs were created. Since the period of the DA ruling in Tshwane, unemployment went up from 26,2% to 28,7%, in a roughly similar period of ANC rule, the unemployment rate in Tshwane went down.

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I raise these examples to illustrate an important point, not to score points, because the unemployed in the Western Cape and Tshwane are also our people. They are South Africans who deserve to have an opportunity to have a job, to earn a fair income.

I raise them to show that for you to score cheap points does not solve problems. We need to pull all South Africans together. Responsible leadership is about recognising the challenges and with the steady hand to ship economy back to growth. I thank you. [Applause.] [Time expired.]

Mr N S MATIASE: Madam Chair, any ideas about the revival of the economy is definitely not going to come from members of the ruling party, and we do not expect anything either from the DA. DA is a narrow party of narrow-minded liberals whose primary mission as a machine for parliamentary manoeuvre is to serve the interest of monopoly capitalist and the protection of white privilege.

Some amongst us here don't even understand what recession is or how South Africa ended up here, and one of the things we

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will do in future, is to take time and explain what recession is. What we are going to do today instead, is to give a much clearer context on why the recession, which is not a technical recession, but a full-blown recession and those who understand what recession is, wouldn't be surprised. Beside an economy that is not growing, we have 30,4 million people living in poverty.

According to the 2018 second quarter labour survey unemployment was recorded at 27,7%. Manufacturing has collapsed, mining and agriculture no longer create jobs because they have heavily mechanized. Mining sector alone has lost well over 150 000 jobs since 1994.

South Africa has one of the biggest inequalities in the world in terms of the Gini coefficient. Any true and honest assessment of what went wrong will reveal that the ANC thought through concessions on economic issues with the hope that white monopoly capital would invest, create jobs and redistribute to millions of poor black South Africans living in crowded, space-less, jobless and foodless townships and rural areas was a serious mistake. Shame on you the ANC.

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Nowhere in the capitalist economic history of development has any country managed to pull its economy out of underdevelopment through ideas which hon Maimane is parading as if it's something new when it is not. Because in his prescriptive solutions, inspired by International Monetary Fund, IMF, World Bank and the Free Market Foundation, purporting as if it is his, he fails to appreciate that this is not just mere recession, but a crisis of capitalism at global scale. This hon Maimane cannot understand because it is beyond his grasp.

If you continue down this path, more and more Johannesburg Stock Exchange, JSE, largest companies will continue to take advantage of loose exchange controls, low tax rates and exploitative labour market to build cash reserves and not invest in development of local industry.

Now, the key question is: what is to be done? We stand here today to provide a much thorough and decisive way forward for South Africa. After we change section 25 of the Constitution, we are going to expropriate all land without compensation into the custody of the state.

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The EFF has tabled a Private Members' Bill to amend the Banks Act to make it permissible for state-owned banks and it is through this bank that we will source credit for our businesses, houses and all other banking services to use the land productively. We will build new food markets, reform agriculture into a pillar of South African economy, create jobs and ensure food security for all Those who want to build factories to manufacture cars, household appliances, and use innovative technologies to build gadgets will get the land to build factories with state support and protection.

This is the only way South Africa will be able to revive its economy in a sustainable, meaningful and redistributive way. In this way, we would have condemned the concept of recession to the historical dustbin of imperialism and ensure that. . .
[Time Expired.] [Applause.]

Mr M HLENGWA: Hon House Chairperson, yesterday the Police Minister, General Bheki Cele, told South Africa and the world that South Africa is a war zone. The Minister's choice of words, whilst true, does not bode well for investor confidence as headlines now across the globe today ran with this quote.

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If we are a country at war and South Africa is in desperate need of investment, then how can we, in good faith, accept that we are a country at war? We need what the Germans call the *Wirtschaftswunder*, our own economic miracle. A rapid reconstruction and development in our economy must be on the cards if we want to undo the legacy of the past by providing economic justice to millions of disenfranchised South Africans.

We can certainly take a leaf out of the Germans book when it comes to prioritising the economy and lifting themselves out of the economic slump. When the news broke of the recession, the IFP call on the President of the country to table an urgent recovery plan and address the nation, business leaders and investors to ease the market anxiety and to save the rand. Very little in this regard has been done.

Hon House Chairperson, we need a favourable and conducive environment that will encourage investment and economic growth through the following proposed measures:

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Greater macroeconomic stability through strategic fiscal and responsive monetary policy initiatives;

Less government and less regulatory involvement in the economy including an extensive rollout of public-private partnership investment;

Purposeful fixed investment by government itself;

More effective incentives to potential investors including but not limited to tax breaks; and

To reform state-owned entities, SoEs, to be strategic rather than ideological, this is to be based on hard and practical business logic.

The IFP strongly believes that it must be made easier for emerging businesses and Small, Medium and Micro-sized Enterprises, SMMEs, to obtain finance and other support from our development finance institutions. The promotion of SMMEs is a key driver of employment during this difficult time and beyond.

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The other major issue that needs to be addressed is the continued destruction of our education system resulting in dropping levels of productivity and further reducing employability. In order to garner investor confidence, we need a more active economy and vibrant players and the truth of the matter is that many of our people lack the skills and entrepreneurial proficiency to effectively contribute to the economy and thus alleviate the pressure from the government. Make sure that the education system we provide is sufficient to aid our people to be self-reliant.

By no means is the IFP suggesting that this is the economic miracle on its own but it could go a long way in helping our country to get out of this mess and for us to create jobs. I thank you. [Time Expired.]

Prof N M KHUBISA: House Chairperson, the debate affords us an opportunity to put our heads together and come up with ideas that will salvage our country, which at the moment is in recession. Investor confidence has gone down; there are huge declines in trade, agriculture, transport, mining and manufacturing industries. A lot has gone drastically wrong and

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the vehicle has veered off the road. There is a slump in our economy, crime statistics have risen and fraud and corruption are to blame. Maladministration and mismanagement have been the order of the day with no consequence management. State capture has cost this country so much. Investor confidence dropped, the rate of the rand fell and it is said by 25% compared to some of the currencies around the world.

The economic recession means that unemployment will grow, poverty will grow, jobs will be lost and the poor will become poorer. The economic recession also come with slow innovations. Chairperson, I think as the topic gives us an opportunity, we need to come up with solutions. Kizito Okechukwu, the Chairperson of the Global Entrepreneurship Network in Africa, came with these suggestions:

There needs to be high impact investment in agriculture and we must in start-up and encourage Small and medium-sized enterprises, SMEs;

We must invest capital into this to enable exports and increase job creation;

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We must define what products are being consumed i.e. we must come up with the production and consumption model;

We must invest in manufacturing technology and innovation in our country because these are drivers in economic growth;

We must give support to technological start-ups, health SMEs, participate in mainstream economy. These SMEs can positively impact the economy;

We must encourage township and rural economy and invest in industrialisation. Forty percent of our country job creations come from SMEs; and

We must channel a large portion of the supply chain contracts to SMEs.

Chairperson, the NFP wants to say that we must help ordinary citizens to be more productive. We must put more emphasis on skilling our people, especially with scarce skills. For instance, when it comes to agriculture, an Agricultural Business Chamber, Industrial Development Corporation, IDC,

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survey conducted last month show that the industry confidence, the index fell 6 points to 48 points in the third quarter - the lowest since the devastating 2016 drought. This industry has shed a lot of jobs. The employment sub-index in this sector also contracted 3 points from the second quarter.

We say this debate is very important as I have tried to give solutions. Thank you Chairperson. [Time Expired.]

Mr P J GROENEWALD: Chairperson, the topic of the discussion is ideas for economic revival following the recession. I think what we need is not ideas; we need action, to ensure revival of our economy.

Whether we like it or not, a major reason for the situation we are in with our economy is because of the governing party's expropriation without compensation. [Interjections.] And you can hear them. But, I want to say to the ANC government, just go and listen and read the submissions made at the constitutional review committee.

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And I specifically want to refer to Nedbank and its Chief Executive Officer, CEO, when he said that when investors approach Nedbank, where in the past when you take an hour, 20 minutes was spent on what is happening in the country, 10 minutes on the individual and 30 minutes about Nedbank; but in last two months, 40 minutes of that hour is now spent on what is happening in South Africa, only five minutes on the individual and 15 minutes on the bank itself.

If I can refer to Nicky Weimar, Nedbank's senior economist, when she said:

We have been told many things about what land expropriation will not be, for instance, that there will be no land grabs and that food security will not be compromised. What we have not been told is how it will be ensured that land expropriation does not spiral out of control.

Afrikaans:

Dit is die groot probleem. Solank hierdie regering ontken dat die hele begiselsel van onteiening sonder vergoeding die oorsaak

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is dat ons ekonomie besig is om te krimp, sal dit verder agteruit gaan.

Die ANC-regering is aan sy idologie gebind. U moet ophou dink dat u vir die ANC moet regeer. Die belastingbetaler se geld behoort nie aan u as regering nie; dit behoort aan die belastingbetalers en die burgers van Suid-Afrika en u moet dit daarvolgens spandeer. Ek dank u.

Rev K R J MESHOE: Chairperson, the picture painted by economists about where we will find ourselves in the next few months and years is a "gloomy" one. Inequality, poverty, unemployment and racism have not budged, and South Africans are facing increased hardships as living expenses including Value Added Tax, VAT, fuel and food prices escalate.

At the beginning of this month and following two consecutive quarters of negative economic growth, South Africa entered into a technical recession. In order to reverse this trend and have an economic revival, certain behavioural patterns of both government and the private sector must change radically.

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Our Small, Medium and Micro-sized Enterprises, SMMEs, are underperforming. They are struggling to survive under the weight of government regulations, taxes and poor infrastructure that makes it difficult for small businesses to access markets.

Government must make South Africa a business-friendly nation. Micro loans and mentoring must be provided and popularised, as in Kenya, which has a Cooperative University College. Business registration must be radically simplified as in Rwanda, where it takes just two to three days to register a new business.

Policy uncertainty hinders investment. Investors need the assurance that their businesses will be profitable. Plans and threats to expropriate land without compensation and talks of nationalisation, discourages investor confidence and will impede economic growth. Who in their right mind would consider investing in land that might be taken from them without compensation?

President Ramaphosa and his government must shoulder the blame for driving this country into a recession. They were warned by

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business and banks not to amend section 25 of the Constitution. The ACDP has also on numerous occasions warned government against amending the Constitution in this regard, yet some in the ANC still want it to happen, which would destroy our economy.

Investor confidence is further hindered by the EFF's land-grab rhetoric, in which EFF supporters are encouraged to occupy land.

The ACDP supports an orderly land reform programme but not confrontational land grabs. We want all our people to own land with title deeds. They should not have to lease it from the state as the EFF is proposing. Thank you. [Applause.]

The DEPUTY MINISTER OF FINANCE: Madam House Chairperson, I would like to focus a little bit on what is happening in the state-owned enterprise, SOE. I want to say that it is an unfortunate situation. Let me start by reflecting on the role of the state-owned companies, SOCs. At the time of the global financial crisis in 2008 and 2009, the government was able to leverage the financial and institutional strength of state-

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owned companies such as Eskom and Transnet, to launch an infrastructure drive that helped to mitigate the effects of the global financial crisis.

Unfortunately, in recent years many of these critical state-owned companies have had their ability to contribute to economic growth, severely weakened. In responding, since the beginning of the year, the government has taken several steps to rebuild the capacity of the state-owned companies. Much of the government's work in this area draws on the recommendations of the Presidential Review Committee on state-owned companies.

This committee concluded that, key challenges that led to the poor performance by SOEs included amongst other, government's failures with balance sheets and poor financial performances; and also an inadequate mechanism to enforce accountability. The government has recently taken various steps to address these challenges. Firstly, we have introduced a private sector participation framework which provides for alternative finances strategies to enable infrastructure investment.

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It allows SOEs to partner with private sector companies to enable faster, more efficient delivery of goods, services and economical structure to support the country's higher economic growth, aspirations and transformation goals. Secondly, we have introduced mechanism to cost the development mandates of SOEs. Our state-owned companies contribute to the development of the country through their commercial and noncommercial activities.

However, many poorly performing SOEs claim that their developmental activities have contributed to their poor financial performance. It has therefore become critical to clearly specify the costs associated with their developmental activities to understand how these can generate external benefits without compromising the financial sustainability of the entities.

Thirdly, we have introduced a framework for the appointment of members to boards of SOEs and remuneration of executives of SOEs. Also, government has developed a framework for the appointment of members to SOE boards and SOC executives. It comprises element such as a review of requirement of minimum

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qualifications for potential candidates, as well as review of methodology for processing of board appointments.

Finally, Madam House Chairperson, we have taken several practical steps to address the governance and financial challenges at our state-owned companies. We installed a new board and CEO at Eskom and several officials implicated in mismanagement have quit, others suspended or fired. The Transnet board has been strengthened, the CFO has resigned and actions are currently underway to further strengthen senior management.

Government overhauled SAA board last year and appointed a new CEO and a Chief Restructuring Officer. Prasa has new board, I beg your pardon, and interim CEO and we are addressing governance issues at a Central Energy Fund and Petro SA amongst others. All what I'm trying to say, hon Chairperson, is that, this is the work we are doing. But what we are dealing with today?

We are dealing with a campaign on spooks led by the Leader of the Opposition party. You see, I just want to be told that

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there is something wrong in seeking clarity of how to apply the Constitution in dealing with the issues of land. We are told that, if you clarify and simplify the Constitution on how to correct this issue, you are creating uncertainty. In other words, the uncertainty of DA is the one that thrives in lies and pretences. We are therefore saying, let this be corrected.

The ACDP says: "Who in his right mind will allow land to be taken without compensation?" Now, in the mind of the ACDP, the right mind is the one that understands where more than 80% of the people do not have land taken without compensation. Those are people with the right mind. Those who say now take it back without compensation, they have no right mind. This is what you want us to believe. Now, EFF says, neither ANC nor DA makes sense in this debate.

But as we speak, the EFF has got all the audacity to stand here, attack all the policies of the DA and where they are taking people, and hand over our strategic method to the hands of the DA, and then we must believe what you say and you expect us to take you serious? Ntate Maimane says, and he has

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been saying it on television, by the way, that there are no exogenous factors here.

The HOUSE CHAIRPERSON (Ms M G Boroto): Deputy Minister, just take your seat for a while. Over to you, hon Paulsen!

Mr N PAULSEN: Chairperson, we didn't hand over the Metros to the DA.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, what's your point of order?

Mr N PAULSEN: We took away from the thieves who were looting those Metros.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, that's not a point of order. Continue hon Minister!

The DEPUTY MINISTER OF FINANCE: I think hon Maimane is writing new Economic Science. He said, there are no exogenous factors and he says, it does not happen that the investors can exit what they believe are developing economies which they feel are

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unsafe because of the conflict between China and America. Maimane says that can't happen. He says that there are no exogenous factors, the tension between China ...

[Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Again, hon Deputy Minister, can you hold it! Hon member, why are you rising?

Mr C MACKENZIE: House Chair, I'm rising on Rule 92 just to draw Deputy Minister's attention to the fact that he is hon Maimane. He knows how to address the Leader of the Opposition!

The HOUSE CHAIRPERSON (Ms M G Boroto): Okay! Sustained! Hon Deputy Minister, do that!

The DEPUTY MINISTER OF FINANCE: Yes, hon Maimane and his new Economic Science! And I repeat what you said; you must go and watch your video. You said that there is nothing external; it is the ANC, because as far as you are concerned, there is nothing exordium. In other words, Minister Patel says that, there are jobs lost in Cape Town, and as far as you are

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concerned, it is the ANC leadership that becomes exogenous for expediency.

You are for inclusion, and you speak at NHI and you are not telling us what your alternative is ... [Interjections.] No, no, no! We haven't seen it!

The HOUSE CHAIRPERSON (Ms M G Boroto): Order, hon members!

This is your motion, please listen! Continue, Deputy Minister!

The DEPUTY MINISTER OF FINANCE: Hon Maimane ...

[Interjections.]

The LEADER OF THE OPPOSITION: Chairperson, I'm standing on a point of order!

The HOUSE CHAIRPERSON (Ms M G Boroto): Over to you, hon Maimane!

The LEADER OF THE OPPOSITION: I want to request the hon Deputy Minister, I'm glad that he has been listening to me and I

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appreciate that, because it is important that he hears the messages. But what I want to ask him ... [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): What is your point of order?

The LEADER OF THE OPPOSITION: My point of order is this: He mustn't misquote me because he is misleading the House!

The HOUSE CHAIRPERSON (Ms M G Boroto): Okay!

The LEADER OF THE OPPOSITION: Please!

The HOUSE CHAIRPERSON (Ms M G Boroto): Unfortunately, we don't know the story; he knows it!

The LEADER OF THE OPPOSITION: He must speak the truth!

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Deputy Minister, you had five seconds before I stopped you. Can you conclude!

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The DEPUTY MINISTER OF FINANCE: Okay! Lastly, I want to say, you say that since Ramaphosa became a President economy has been going down. Recently ... [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Deputy Minister, five seconds is gone! Hon Deputy Minister ... [Interjections.]

The DEPUTY MINISTER OF FINANCE: Ramaphosa beats you in the Western Cape on popularity!

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you, hon Deputy Minister.

The DEPUTY MINISTER OF FINANCE: So, people want Ramaphosa!

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you, I'm going to switch off your mic if you don't finish! Thank you.

Mr M P GALO: Hon Chairperson, it has been said already that the South African economy shrunk by 0,7%, according to the latest figures published by Statistics SA. This followed a revised 2,6% contraction in the first quarter of 2018. These

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indicators confirm the vulnerability of the South African economy. President Ramaphosa has indicated his intention to introduce an economic stimulus package to reignite the growth of our economy. However, this approach will not address the fundamental structural challenges facing our economy.

The only concrete way in which we can change the trajectory of our economy is to introduce a new turnaround strategy to leapfrog the structural transformation of the South African economy. In the mid-2000s, the South African economy registered high growth rates. At the same time, it saw a sharp increase in inequality, unemployment and poverty.

We have to turn things around. Our over-exaggerated dependence on commodity prices must be revised. We are also good at creating unnecessary ideological tensions, which ultimately have a negative effect on foreign direct investment and foreign portfolio investment. The overdependence on consultants in the public sector drains our limited resources. Our bloated public sector has the net effect of crowding out investment.

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The private sector continues to be disengaged. It commits all manner of uncompetitive conduct with absolute impunity.

Moreover, our ability to collect revenue is compromised by the undermining of key state institutions. These latest figures oblige us to reimagine our economy. This must start with the filling of critical line-function posts; with fighting corruption; and with the industrialisation of the South African economy. Thank you very much.

Mr M G P LEKOTA: Madam Chairperson, I must apologise: I was ill-disposed when my turn came. Nevertheless, I have recovered.

In the stark light of the new dawn, it is clear that we face our gravest political, governmental and economic crisis since the advent of democracy, a crisis that threatens our cohesion, our continued sovereignty and our future as a nation.

Far too many South Africans continue to suffer in abject poverty. Unemployment has grown exponentially to Arab-Spring levels. Our inequality levels are among the highest in the world. Disposable household income is decreasing in the face

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of higher costs of living and increasing prices. Important sectors of our economy, including mining and manufacturing, continue to shrink and shred jobs. Critical economic infrastructure, including that of energy, water, roads and rail, are in a state of crisis and collapse.

Our state-owned enterprises have not only failed to stimulate economic growth, but have also been integral to looting and state-capture projects, apart from being a burden and a drain on the fiscus. Fiscally, government finds itself in a vulnerable position, given its bad and reckless governance of the fiscus. As the economy tanks, government revenue collection is down and the SA Revenue Service's capacity to collect revenue has been undermined. The lack of growth brings the reality of further downgrades to the fore.

Without economic growth, the ideals of healing the divisions of the past, of creating a just and equitable society, of inclusive growth, of improving the lives of all and creating conditions in which the potential of each person can be freed will come to nought.

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The former Deputy Minister of Finance, Mcebisi Jonas, stated at the Inclusive Growth Conference that, and I quote:

State capture has seriously weakened the state, reduced business and investor confidence, caused political uncertainty, and undermined levels of state legitimacy to compact with the private sector. This has, in turn, weakened its capacity to grow output and jobs.

State capture destroys current and future economic growth. It also destroys ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Lekota, unfortunately your time is up.

Mr M G P LEKOTA: Our situation is simply dire, Madam Chair. Thank you very much.

Mr D J MAYNIER: Chairperson, we all remember the sense of renewal, revitalisation and progress following President Cyril Ramaphosa's first state of the nation address, and we all

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remember the announcement of a "new path" of economic growth, of employment and of transformation in South Africa.

However, in just six months that sense of renewal, of revitalisation and of progress, along with the "new path" of economic growth, of employment and of transformation is dead in South Africa.

The veneer of President Cyril Ramaphosa as the "master negotiator", who plays the long game and who has everything under control that is so popular in big business circles, has been shattered as the economy slips into recession in South Africa. Big business, who have been "gazumped" by land expropriation without compensation, are experiencing "buyer's remorse", because they clearly did not get what they "paid for". [Applause.] They paid for a Big Mac, but instead they got a Mac Chicken, who is too scared to decide because he is too scared to divide an increasingly fractured ANC-SACP-Cosatu alliance in South Africa. In the end, the fact is that President Cyril Ramaphosa is a man without a plan to fix the economy in South Africa. [Interjections.]

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We are in deep economic trouble, with an economy in recession; collapsing business confidence ...

Mr S M RALEGOMA: Point of order! Rule 82: he knows that he must name members appropriately, and he has also cast aspersions on the President. [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon ... Who did he not name correctly? Let me start with the first point.

[Interjections.] Oh, I didn't hear ... I heard him saying President Ramaphosa, but anyway let me check that and I will come back to that. Thanks. Continue, hon Maynier.

Mr D J MAYNIER: Thank you, Chairperson. I would be grateful if the Chief Whip would deploy the A-Team, not the D-Team in his Whippery.

As I was saying, we are in deep economic trouble, with an economy in recession; collapsing business confidence and collapsing consumer confidence; a fiscal deficit, a debt mountain and spiralling debt service costs; a tanking currency, rising inflation and the prospect of an interest-

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rate increase; zombie state-owned enterprises gobbling up billions of rand in bailouts; and sovereign credit rating agencies with fingers hovering above the junk status button.

We have a staggering 9,6 million people who do not have jobs or have given up looking for jobs in South Africa.

The Minister of Finance, Nhlanhla Nene, of course, bungled the reaction to the recession. The poor Minister found himself fighting the recession on the sidelines of the Forum on China-Africa Co-operation, delivering three key messages, which were, first, that he was surprised by the recession; second, that he was under too much pressure as a result of the recession; and, third, that he did not have a plan to fight the recession.

This is extraordinary, given the fact that immediately communicating the positives, to the extent that they may exist, and setting out a plan to fight the recession was crucial to maintaining the confidence of the investors, the markets and rating agencies.

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Ms T V TOBIAS: On a point of relevance: Is it fair for the hon Maynier to repeat the same speech three times in the same week?

The HOUSE CHAIRPERSON (Ms M G Boroto): I don't know of any speech that he presented ... [Interjections.] [Inaudible.]

Ms T V TOBIAS: The same text.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, that is not a point of order. Continue, hon Maynier.

Mr D J MAYNIER: Thank you, Chairperson. It's clear that that member listens with her mouth and not her ears. [Laughter.] [Applause.]

Chairperson, we know it would have been an act of desperation, but surely Minister of Trade and Industry Rob Davies could have been cleaned up, put in a dark suit and a red tie, and rolled out on the talk shows to put some positive spin on the recession?

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However, in the end, it was left to the Minister of Communications, Nomvula Mokonyane, who we can safely say is the most economically illiterate Minister, after calling for us to "just pick up the rand", to communicate on the recession.

The fact is that President Cyril Ramaphosa, despite supposedly being a "master negotiator", playing the long game, with everything under control, has made a basic mistake and allowed populist reform to kill the recovery in South Africa.

We do need a debate about land reform, and we do need to right what was a terrible wrong, but triggering a debate on land expropriation without compensation now was a mistake, because it is killing investor confidence and compromising any chance of recovery in South Africa.

The tragedy, of course, is that the debate about land expropriation without compensation has nothing to do with righting a terrible wrong, and everything to do with trying to co-opt fake revolutionaries who wear overalls on the outside

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and designer clothes on the inside in South Africa.

[Applause.]

In the end, the problem is President Cyril Ramaphosa.

Mr M N PAULSEN: Speaker ... House Chair?

The HOUSE CHAIRPERSON (Ms M G Boroto): What is your point of order, hon member? On which Rule are you standing?

Mr M N PAULSEN: David Maynier is misleading this House. There is no designer clothing under ... [Inaudible.]

[Interjections.] It's a T-shirt. There are no designer clothing under the overalls. He's referring to us.

The HOUSE CHAIRPERSON (Ms M G Boroto): That is not a point of order. Continue, hon Maynier.

Mr D J MAYNIER: It's a member of the Gucci faction of the EFF, I see. [Laughter.]

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In the end, the problem is Cyril Ramaphosa, who does not appear to have any authentic beliefs of his own on the economy; who when faced with tough decisions is inclined to negotiate, prevaricate and equivocate; who when faced with implementing tough decisions is inclined to call summits, conferences and dialogues; and who is more committed to fixing the politics and consolidating his own power than he is to fixing the economics in South Africa. [Applause.]

We should never forget that he was hired by Deputy President David Mabuza and he can be fired by Deputy President David Mabuza, who actually has a power base in the governing party in South Africa. The fact is President Cyril is so weak that he is unable or unwilling to stand up to the left in his own party and, worse, he has allowed himself to be co-opted by the fake revolutionaries in South Africa.

That is why reckless policy proposals, such as the formation of state-owned banks, land expropriation without compensation, and the nationalisation of the Reserve Bank are actually being considered in South Africa.

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We can and we must give hope to the 9,6 million people who do not have jobs, or have given up looking for jobs in South Africa. With an economic growth rate of 0,7%, which is what is expected this year, it would take 103 years to double incomes in South Africa. With an economic growth rate of 5,4%, which is what the National Development Plan envisaged, it would take just 13 years to double incomes in South Africa. What we need now is a recovery plan focused on boosting economic growth and creating jobs in South Africa.

In the end, we are often told that the problem is uncertainty, but the problem is certainty: the certainty that every year, for many years under the governing party, incomes have declined, which means that every year, for many years, the poor have been getting poorer in South Africa. That is why we need a new kind of leadership, capable of bold, persistent experimentation to give hope to the 9,6 million people who do not have jobs, or have given up looking for jobs in South Africa. Thank you. [Time expired.] [Applause.]

The MINISTER OF FINANCE: House Chairperson, when we were told that the DA is asking for a debate on ideas on economic

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revival, I was so looking forward to hearing the ideas. A good topic ... [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, allow me to hear the speaker on the podium.

The MINISTER OF FINANCE: A good topic, hon Maimane, but you didn't even bother to talk to it. [Interjections.] I will go to them - I will go to those seven. There is nothing.

Madam House Chair, while the recent economic data provides some insight into the current state of the economy, it is important to note that growth has been weak for some time now. Our growth has averaged about 0,9% since 2014, which is well below the target of 5,4% in our National Development Plan, NDP.

We must be honest with the public about why our economy has not been performing as it should be but we must also respond by laying a foundation for sustainable growth instead of resorting to short-term measures with questionable impact. It is clear that our economy is mainly constrained by structural

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factors. Cyclical changes, such as the downturn in commodity prices over the last few years has also played a role, but it is clear that structural features of our economy continue to constrain our growth. For example, we have inefficient public monopolies that impose a high cost structure for network infrastructure and contribute to the poor export performance of our firms.

Due to apartheid era spatial patterns, many our people live far from where they work, which affects their ability to effectively participate in the economy. [Interjections.]

The CHIEF WHIP OF THE OPPOSITION: What have you done in 24 years? Nothing!

The MINISTER OF FINANCE: Many of our sectors remain highly concentrated, with high barriers to entry that prevent small businesses from growing... I am going to come to what we are doing as the ANC-led government and how it contrasts to the weak points that you have put here. [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Order!

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The MINISTER OF FINANCE: Our focus as government is therefore to continue to address these structural constraints to ensure that we create a basis for faster growth and job creation.

Implementing reforms that address the structural constraints in our economy will move us towards achieving the NDP aspirations of creating jobs, eradicating poverty and reducing inequality.

Madam House Chair, we cannot despair. This is the time to remain resolute and focus on our growth agenda. So, before I talk about the steps that we are taking to ensure that our economy grows at a faster rate, let me briefly reflect on the factors that contribute to our resilience.

There are several important ways in which we differ from many other emerging market economies. These differences make our economy resilient and underscore our strength. First, we are very fortunate to have very low levels of dollar-denominated debt relative to some of our emerging market peers - which the hon David Maynier decided to ignore completely when he spoke about rising debt.

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Second, we have an independent central bank and a credible monetary policy framework that protects the most vulnerable in our society by focusing on price stability. [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Steenhuisen, hon Minister - hon Steenhuisen, I can hear you more than I can hear the speaker on the podium. Please, Please! Lead by example, please. Continue, hon Minister.

The MINISTER OF FINANCE: It is the only thing they can offer; to drown the speaker so that we do not hear the truth.

... thirdly, our budget that was released earlier this year underscored our commitment to fiscal sustainability and fourthly, we have strong economic institutions and a well regulated and capitalised banking sector. However, there are several global risks that could hamper our efforts, which is why a credible macroeconomic framework is very important. For example, as interest rates rise in the United States, it leads to a stronger dollar, which makes it expensive for some countries to service their dollar-denominated debt. Rising oil prices, lead to higher inflation and can increase the current

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account deficit of those countries, like our own, that are net importers of oil.

The trade wars between China and the United States will affect our exports and lead to an overall slowdown in the global economy. I want to remind hon members of the House, that in this difficult global economic environment, it is imperative for macroeconomic policy to remain credible. As I said before, we must focus on laying the foundation for sustainable growth, instead of resorting to short-term measures with questionable impact.

There is plenty of evidence from around the world demonstrating the impact that the wrong macroeconomic decisions can have on the poor and most vulnerable in society. A very weak exchange rate undermines demand, confidence and investment and will harm the poor through its impact on fuel prices and inflation. We need to learn from those countries who are currently struggling with very high interest rates of over 17% in some cases – as a result of poor decision making. In some countries, inflation is increasing by 15% to 20% per week. The consequences of this, for the most vulnerable

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households, is devastating. It only serves to further divert resources away from critical service delivery obligations towards debt service costs and will raise inequality in the long-run.

Madam House Chair, we find ourselves at a very difficult juncture where fiscal policy response options have become increasingly limited. With limited fiscal space at national level, government will have to spend in a more efficient manner, and ensure that the reprioritisation of resources supports economic growth.

In 2008 when the global financial crisis hit, we had significant fiscal room to increase expenditure to mitigate the impact on the economy. We no longer enjoy that luxury. We also cannot ignore the potential impact of a reduction on the effectiveness of tax administration - which some members have alluded to.

Tax avoidance and evasions will increase in an economy that is growing more slowly and where taxes have been increased. A

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strong capable and effective revenue authority must be there to ensure that revenue continues to be collected.

It is during these tough times that it becomes increasingly clear just how important it is to have strong institutions that can hold firm. Institutional strength should be the foundation of our democracy. We know that credible macroeconomic policies and strong revenue collection capacity alone are not sufficient to support growth. It is therefore critical at this time to work in partnership with labour, business, civil society and other partners to do what is necessary to release binding constraints on our economy.

Madam House Chair and hon members, let me get back to reflecting on what we are doing to restore growth. Our main challenge remains low investment we therefore must continue our efforts to restore policy certainty and unlock the confidence of consumers and businesses. We need consumers and businesses to feel confident enough to spend and invest.

Government must redouble its efforts to remove blockages and build a pipeline of investment opportunities.

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Recent developments in the energy sector serve as excellent examples of what we can achieve if we focus on creating an enabling environment for growth. Six months ago, the energy sector was beset by policy uncertainty. Since then as government we have: Concluded all outstanding renewable energy projects – these projects will contribute to the much needed investment of R56 billion, create around 60,000 jobs and create opportunities for local communities to share in the ownership of these projects; government published a credible Integrated Resource Plan that is currently out for public comment and ends many years of uncertainty in the sector; government prioritised efforts to turn around Eskom by installing a credible board and management team ...

[Interjections.]

Dr C P MULDER: Hon House Chairperson ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Minister, please take a seat for a moment. Hon Mulder?

Dr C P MULDER: The hon Minister must read the Rules; unfortunately he doesn't know them. I am sorry to disturb the

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hon Minister, I want to ask if the hon Minister is prepared to answer a question.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Minister, are you prepared to take a question?

The MINISTER OF FINANCE: Yes, if it makes sense.

Dr C P MULDER: Hon Minister, may I ask you a question then?

The MINISTER OF FINANCE: After speaking; you can't interfere with my speaking time. You should have told me when do you want to ask the question. [Interjections.]

Dr C P MULDER: Normally ... [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Mulder, he says he must first speak and then he will take your question.

Dr C O MULDER: Thank you Minister, you will leave one minute for the question. Thank you, sir.

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The MINISTER OF FINANCE: ... and finally, the Minister of Energy has made a commitment to procure a further 1 800 megawatts of renewable energy from independent power producers – this is aimed at enhancing local manufacturing and creating opportunities for black industrialists.

Members of the House, this is policy certainty in action: it sets up our energy sector for long-run success and sustainable growth, while contributing to transformation, lower electricity prices and a more carbon friendly future.

Furthermore, the government is accelerating its efforts to address structural constraints to growth and reprioritise spending to ensure that we are able shift to a higher and more durable pace of growth. The government has been tasked by the President to focus on placing the economy back on a sustainable path and restoring economic growth.

Various departments have been working to ensure that we address constraints to growth and these departments have made meaningful progress in various areas that have been outstanding for some time.

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Government will release high demand spectrum - Patel has already alluded to some of these - to reduce the cost of communication for lower income households, improve mobile internet penetration and raise the long-run competitiveness of our economy.

Secondly, tourism is a key sector for inclusive growth - government will ensure that our visa regime and immigration policy is supportive of growing the tourism sector and provide any other support necessary to ensure the sector can continue to grow and thrive. Thirdly, the government continues to implement governance and financial reforms at critical state-owned companies to ensure that they support our developmental objectives as well as the overall competitiveness of our economy. Fourthly, government will shortly announce meaningful steps to restore policy certainty in the mining sector so that our companies can continue to invest and we are able to regain our status as one of the top mining destinations in the world.

Madam House Chair, we will be reporting on progress on these matters when we table the Medium-Term Budget Policy Statement and host the Investment Conference later in October. We don't

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have the luxury of time, but we are certain that when we demonstrate progress in these critical areas, it will lay the foundation for sustainable and inclusive growth.

Madam House Chair, as I said earlier that whilst we have been given a good topic to debate, and I was hoping that there would be ideas coming forth, nothing came forth.

[Interjections.] I really want to say that it would have helped if we had taken some time to unpack exactly what it is that transpired in the economy to put us where we are. If you talk about the agricultural sector that declined by 29% this time around, you can't even look back to see what exactly it is that brought about that decline in agriculture because you do not want to focus ... [interjections.] Drought can't be our policy because the agriculture we are talking about is the agriculture that grew by 41% and 33% in the last two quarters of last year and then declined when there was readjustment and the normalisation. That has nothing to do with policy. You can't blame that on the ANC.

You didn't even look at the sectors that underperformed and the sectors that performed in the process. So, all of those

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things just shows what the hon Maimane focused on instead. His normal hobby horse - privatisation, car expenditure - all those things are in back. Exempt SMEs from labour laws, settle some invoices - all those things are happening; we settling invoices within 30 days in government departments. If there are any, it means you are not exercising your oversight. You are talking land reform, fact of the matter when we talk land reform and land expropriation, how do you address and correct the 1913 Land Act which was expropriation without compensation. How do you correct the 1934 Slums Act if it is not through ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Order! Hon members.

The MINISTER OF FINANCE: How do you correct the 1950 Group Areas Act which were all expropriation, excluding people from being free in their own country?

At the end of the day, hon members, I want to take this opportunity to thank people that have made their contributions in order to get us to work together. I think we will be able to work with some members of this House but some of you have

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now shown South Africa what it means if they were to make a mistake of voting for your party.

Hon Maimane, you said that South Africa should choose between the DA and the ANC world. People know that the ANC has demonstrated, over years, that it cares for its people and that the DA does not but only cares about its votes. Nothing else. [Interjections.]

Hon Minister, you have 34 seconds left and the time is running. I am not sure if you are going to be able to finish your question.

How much time does the member have?

Dr C P MULDER: Very quickly - Minister, you mentioned that the essence of the problem is the fact that we have low investment. That is what you said - that is the essence. I would like to ask you, as the Minister of Finance, if it is your fiduciary duty to look after the interest of the people whose money you are looking after, would you invest in a country

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under threat of expropriation without compensation?

[Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Check your time as you respond.

The MINISTER OF FINANCE: I just said to you, expropriation without compensation has happened over years. I would invest in a country that is beginning to reverse those disparities that caused social incohesion in a country. As soon as those people do that and I know that it is a constitutional democracy, I would invest and that is why others are investing and those that know that there might be culprits who might have perpetrated that, those are the ones that are uncomfortable. Thank you.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you very much. It was within your time. Thank you

Debate concluded.

ESCALATING FUEL PRICES

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(Matter of National Public Importance)

Mr M HLENGWA: Hon House Chairperson, at the outset let me thank the Speaker for allowing this all important debate onto the Order Paper. The request for this debate is borne out of the prevailing challenge of hardship for South Africans in the face of escalating fuel prices at epic proportions. For the purposes of this debate let us take a walk down memory lane and remind ourselves where we come from. The ANC, on 16 September 1993 in a statement titled "ANC demands suspension of petrol price increase" said the following:

The ill-considered and uncaring decision to increase the petrol price only confirms the NP government does not have the interests of the majority of South Africans, who are poor and struggling desperately to make ends meet, at heart. If the government persists in pressing ahead with these indefensible price hikes, they will be inviting a similar reaction to that when VAT was increased. Now is the time for them to establish the tradition of a government that cares for and consults with its citizens.

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How quick we forget! With seven petrol price increases this year against a 1% VAT increase and fuel levy increase of 52 cents in April, surely South Africans are in a corner. These incessant increases are overbearing and surely perpetuate poverty, inequality and are a daily struggle for our people. These increases are simply not viable.

Whilst we are not in control of global prices of fuel, we are in control of the taxes and levies we charge per litre and to continue charging these taxes on the backs of the poor this government is complicit in the oppression of the very people it is mandated to serve. The fuel levies of R5,30 must be suspended as a matter of urgency to give relief to the majority of South Africans. In the absence of a comprehensive relief package for citizens from government it thus becomes the duty of this parliament to adjust the budget in the Budgetary Review, Recommendations and Reports, also known as the BRRR process with a view to reduce government expenditure and offset what will be lost to the fiscus by suspending fuel levies. It is inexcusable that government spending went up by 0,7% whilst on the other hand South Africans are expected to tighten their belts. When will government tighten its own

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belt, eradicate reckless spending and combat corrupt spending. Corruption costs South Africa R27 billion every year on average, and over R100 billion has been lost to state capture alone, without consequence or accountability; and poor South Africans continue to sink deeper and deeper into poverty.

Well, quite frankly, the tables must turn, it is high time government bears the brutal brunt of cutting the fat from the lean, and begin spending on needs not wants. South Africans have reached their tether. In South Africa R3,37 in tax, excluding the Road Accident Fund Levy, is added to each litre of petrol, 165% more than a decade ago. Our tax regime is challenging because prices are ballooned in an attempt to balance budgets by the most accessible revenue stream, the private motorist. Projections as we speak no are that fuel will increase by R1,17 next month. With every increase it is the poorest of the poor who are hit hardest further widening the inequality gap. South Africa has thus become the most unequal country in the world with a Gini Co-Efficient of 0,95. The cost of food is bound to go up as we grapple with the recession proudly brought to us by the ANC. Cost of travelling is on the increase. And in all this whether it is in the

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public or private sector, South Africans have not enjoyed any pay increases. The discrepancies between household income and household expenditure are a travesty of justice, particularly for women whom amongst all things also suffer the injustice of the gender pay gap. We need to overhaul the entire energy regime to decrease our reliance on oil and turn towards a broader scope inclusive of renewable energy and electric cars. The state of affairs in this country simply cannot be the new normal.

We cannot spiral down into even more difficult times at the hands of a government that simply refuses to put its people first. The government needs to come to terms with the fact that we are in a critical position as a country and are in dire need of positive reinforcement and better yet, new management, a new government. The poorest of the poor are truly left in the lurch by the decisions of this government. The standard of living is extremely high and given the economic decline and the high rate of unemployment in this country we cannot afford any more increases. Perhaps the uncomfortable truth is that Southern Africa is not home to reasonably priced fuel in general. This is despite Angola

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being Africa's second largest exporter of oil, Zambia and Zimbabwe being up there with the highest fuel prices in the Southern African Development Community, SADC region. Our fuel prices in South Africa are on an upward trend and our regional neighbours and trading partners – Botswana, Malawi, Mozambique and Namibia – have all cheaper fuel than us, this despite the fact that South Africa is the oil-to-liquid fuel refining, storage and distribution powerhouse of Southern Africa. If the ANC really and truly cares, as a government and as a liberation movement, put your money where your mouth is. Do that which is right in the collective interest of our people.

Any increase whether today, tomorrow or any other day in the distant future is unjust. It is a travesty of justice and quite frankly, it is a violation of your own convictions as a government. So the ball must, from today, be in the court of government. It is high time that the government feels the pinch more than the people feel the pinch. When will it be that the government of the people will actually act as the government of the people and act in the interest of the people? We cannot continue as things are, the people can't afford it and if any of us in this House are true to our oath

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of office, we will understand that we can no longer subject our people to this. Therefore let us now begin a process, starting with the suspension of fuel levies until such time the global price of petrol has stabilised and for Parliament in the 4th term to overhaul the entire budget through the BRRR process. We dare not fail. I thank you. [Applause.]

Mr F Z MAJOLA: Hon Chairperson, hon Ministers and Deputy Ministers, hon members, comrades and friends and Fellow South Africans, let me thank hon Hlengwa for bringing forward for debate this matter of such national importance. I hope the Minister of Energy later on will respond to some of the issues he's raising. I think that he will make some proposals. One of the first big proposals he would make is this, scrap all the fuel levies. Yes, hon Hlengwa I heard you. You are really trying in this economic circumstance to take us down a root of economic recklessness.

Fellow South Africans, the issue we are debating today is one that touches each and every family in our country. Liquid fuel prices have an immediate impact on every sector of our economy and society. People in our country are struggling and they are

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making calls to government to do something, and government is obliged to do something. We believe that in this very serious debate, our people would not appreciate our descending into cheap political point-scoring. We need to show that as the Parliament of the people we do and can attend to matters of national importance with the seriousness they deserve. As members of the Portfolio Committee on Energy we have been listening to South Africans as they express their pain on radio talk shows, on social media platforms and our own family members.

We live with and among the people and we agree with them that government must do something. But we believe that we must first put this debate in its global context, and in doing so we have to consider the following: In India the Congress Party – which is the official opposition in that country – held what they call a “Bharat Bandh” on Monday, a protest against the fuel price rise. According to Monday’s India Times, fuel prices have been hiked almost daily across India over the past few weeks. Prime Minister Modi’s National Democratic Alliance government has drawn severe criticism over the issue of fuel prices. With retail diesel and petrol prices in India setting

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new records every other day, there is growing clamour for government intervention.

There are striking similarities in public narratives in developing countries around the world. South Africa is not alone in dealing with the crisis. The irony is that in India it is the Congress Party that is leading the protests against the governing coalition called the Democratic Alliance. According to a Bloomberg study published in July, fuel prices are soaring around the world. There has been about 6% increase on average in the past three months and 15% over the past year. These increases are way above the inflation rate.

Behind this global average increase is a wide range of price swings experienced differently by every nation. South Africa does not even feature in the top 10 of countries with the highest fuel prices in the world. However, we accept that our fuel prices are still very high. Countries with the lowest fuel prices like Venezuela, where a litre of petrol costs about 13 cents, Kuwait, Iran and Nigeria are blessed with some of the largest proven oil reserves in the world - which is not the case with South Africa.

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Whilst we acknowledge that our fuel prices are not the highest in the world, but the critical difference is that many of our working class and poor people's income levels are relatively low. This means that high fuel prices hit workers and poor commuters who use taxis and buses particularly hard. But even ourselves here, the middle stratum who own private cars, are feeling the pinch at the pump. That is because as South Africans we are spending relatively more on our wages - almost 4% of our annual income on fuel. The cost of basic food stuffs, electricity, water and other costs have gone up, adding hardships to working class and poor South Africans. The question many people are asking is, why does the fuel price increase monthly?

In South Africa the basic fuels price, BFP, is fixed into fuel prices. The BFP changes on a daily basis due to changes in crude oil, changes in international product prices and changes to the dollar-rand exchange rate. In order to take account of this the South African government has determined that fuel prices be adjusted once a month. In theory, fuel prices can be changed weekly, monthly or quarterly. Our people ask, why are fuel prices lower in our neighbouring countries as hon Hlengwa

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pointed out, yet they purchase it from us? The fact is that the fuel levies applicable in the retail and wholesale prices in neighbouring countries are far lower than ours.

In South Africa, roughly R3,37 per litre of fuel goes to fuel tax, while R1,93 contributes towards the Road Accident Fund. Transport, refinery and fuel station margins amount to R3,12 per litre; and the rest is the cost of fuel per refined litre. What are the options that government and social partners have? We acknowledge the objective realities we are confronting as a country that imports most of our petroleum products, the government of the ANC must lead social partners to find alternative short and long-term solutions to this national crisis.

Firstly, as a country we must pursue the option of building our own refinery capacity. Most of the refineries owned by the big oil multinationals are aging. We are importing refined cleaner fuels² at a premium price as our refineries are not equipped to produce these. This is another factor pushing the fuel price up, as new vehicles use clean fuels. We need to build new refineries, which could increase the local component

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of the fuel price and take it away from the rand-dollar exchange volatility.

Secondly, South Africans need to start discussions regarding the feasibility of producing oil from coal and oil from gas. As many of us are aware, the Sasol and Mossgas programmes were started during the apartheid era as a mechanism to ensure fuel security. Now with the fluctuations in the fuel prices and rand-dollar exchange rates this issue needs to be revisited. As we explore these options, we need to be sensitive to the fact that as a country we are signatories to global protocols on CO2 emissions. South Africa pays Sasol at the same fuel price determined according to the price of crude oil. This results in Sasol making a massive profit when the fuel price is high owing to the company's premium import-parity pricing strategy. If the price of the fuel from Sasol was not linked to the international crude oil price this would make a massive difference.

Within our current legislative policy framework which we understand, Sasol is privately owned and its shareholders expect that their company will be treated in the same terms as

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its other competitors. Currently, the Department of Energy argues that government cannot have a dispensation for a local private owned company and another for a multinational. This matter requires robust engagement because of the history of Sasol. We must debate rationally what is in the long-term interest of our country. As part of developing our local petroleum industry, we need a basket of policy mechanisms to cushion our people from international oil market volatility - a more cost effective way of producing petroleum products from gas need to be considered urgently.

Thirdly, from a national economic perspective, there are options that can be considered to lower the burden on the state in terms of fluctuating fuel prices. For instance: Alternatively powered vehicles are one such option. India has invested heavily in gas powered busses and this is an option for South Africa if gas becomes more freely available. Rea Vaya Bus Company started using gas to power busses as early as 2014. These are busses introduced by the ANC government in the city of Johannesburg. The company is now considering fuel cell and electric power technologies. The other option is electric

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cars. We need to invest in infrastructure to make this available.

Fourthly, we have a very high percentage of our freight moved by road. We need to get that freight increasingly onto trains. Hence we need interdepartmental collaboration to improve our train networks to ensure greater usage and also consider the policy changes that are needed. We can consider a higher tax on companies that move freight by road instead of trains. We know that when workers begin to struggle to afford public transport and other necessities, they inevitably use the bargaining process to compensate the increase in the cost of living.

The fragmentation of services in our country continues to undermine access to affordable, safe and reliable public transport. We believe that the transport infrastructure in rural areas needs to be expanded and improve. Our people are asking us, why is government not deregulating fuel prices? The fact of the matter is that deregulation of fuel prices at the pump will start a price war to increase market share.

Companies which cannot afford to sell fuels at lower prices

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will push those which do not have adequate cash resources to compete on a pricing basis on the market. However, soon as they have control of the market they will push prices up at will.

People ask why is government not buying oil from African countries at whole lower prices. Yes, hon Chair, our country has started doing this. In 2016, the local refining industry has purchased crude oil from Angola and Nigeria. The South African government is also in the process to discuss the purchase of crude oil with oil producing countries in Africa to obtain crude oil cheaper and to have a mechanism implemented whereby funds accumulated from the crude oil price savings can be transferred to South African fuel consumers.

In conclusion, we must confront the fact that the liquid fuel industry is largely in the hands of foreign multinational companies. South Africans hold a tiny bit of control but are not the key decision makers. We are exposed to the cost of crude oil which fluctuates daily as a result of the recent strengthening of the US Dollar. These two factors make it very difficult to stabilise fuel prices. We need to recognise that

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the bigger national debate that we should be having is changing the structure of the economy; changing ownership, production and distribution patterns. This is very much in line with the current debate on land reform. Currently, 75% of our economy is in private hands - and much of that is in foreign hands.

The reality is that we do not own much of our economy. This places constraints on our national sovereignty to choose independently a development path that is suitable to our nation. It is also a threat to our national security. We are confident that the measures that have been announced by government to turn around our economy will begin to address these challenges and look forward to the end of September for government to announce tangible measures to reduce fuel prices. To our people, we say that we are with you during this time of pain. We are confident that the ANC government will find a lasting solution to this crisis. We can assure you that the ANC government has heard your voices and the ANC government will act. What choice do we make? What choice do we have? We choose the world of the ANC of the creation of nonracial democratic, nonsexist society that is prosperous,

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and we do not choose a world of the Democratic Alliance that discriminates against black people here in Cape Town. Hon Chairperson, I thank you very much. [Applause.]

Mr G R DAVIS: Chairperson, this is indeed a debate of national importance. In fact, it is a crisis. This year, the petrol price has risen from R720 for a 50-litre tank to R804. That is an increase of R83 every time you fill up your car. Families are struggling to put bread on the table; they simply can't afford to pay these exorbitant fuel prices and transport costs.

The ANC has told us today that the fuel crisis is not of their making. They point to the high global oil price, they point to turmoil in emerging market currencies; and they say that we are helpless victims of global events beyond our control. Now, we all know that this is not true. We are not helpless and we are not blameless.

The truth is that the ANC does have control over its policy choices and their impact of these choices on our currency, and therefore the cost of fuel.

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It is a fact that, on 31 July, when President Ramaphosa made a late-night television announcement supporting expropriation of without compensation, the Rand plunged by 31c to the Dollar - in one night.

It is a fact that the election on the appointment of state capture merchants like Ace Magashule and David Mabuza quickly killed off the phenomenon once known as 'Ramaphoria' and any green shoots of economic recovery that we thought would come and they never came.

It is a fact that proposed economic policies like the nationalisation of the reserve bank and the establishment of state banks do nothing to inspire economic confidence, and do everything to undermine investor confidence.

This is why the Rand has fallen more steeply and in fact, more steeply than other emerging market currencies, and this is why our fuel price is so high. I hope Minister Mokonyane understands now that when the rand falls, you can't just pick it up.

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House chairperson, make no mistake, the high fuel price is a crisis of the ANC's making. Not only has the ANC let the rand plummet but the ANC has slapped a R5,30 fuel levy on every litre of petrol. And the R1,93 goes to fund the corrupt, inefficient and useless Road Accident Fund, and R3,37 goes into the black hole that is our national fiscus.

How is it that we are paying R5,30 on the fuel levy when, in Botswana, they pay just 40c? The price of petrol in Botswana is just R11,51 per litre, that is a full R5,00 cheaper per litre than it is in South Africa. Why is that?

Chairperson, there is no question that the government must urgently reduce the fuel levy. Now, we have a proposal to reduce the fuel levy by 20% which would cut the cost of petrol by R1,06 for every litre. To fund this Government need to find around R 15 billion. That is not easy in this is tough economic climate but it is not impossible. You just need the political will to do it.

Instead of spending billions on a bloated Cabinet full of incompetent Ministers and their VIP security, luxury cars and

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their big houses, let us use that money to cut the fuel price. [Applause.] Instead of using R59 billion to bail out failing parastatals, let us sell them off and use the money to reduce fuel price. [Applause.]

HON MEMBERS: Yes.

Instead of allowing Eskom to keep pushing up electricity prices to pay off its escalating debt, let us unbundle Eskom and use that money to reduce the price. [Applause.]

There are many solutions we can come up with, and there are many solutions that we have put forward. But the core problem remains: this government has demonstrated zero political will to deal with this crisis. Even the speaker before me couldn't say anything; he had no solutions to the crisis. All he could do is blaming others and exogenous factors.

Let me give example of the failure of the political will on this issue.

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On 14 August, Minister Radebe, was scheduled to meet with the portfolio committee to brief us on his plans to deal with the fuel price. It was a huge embarrassment to his office and to it was a massive insult to this Parliament that he did not turn up for that briefing, and didn't even bother to send a delegation. So, we were face with a row of empty chairs, a bit like we have here in this House today. [Laughter.]

The Chairperson of our committee, the hon Majola, who spoke before me was quite correct when he called the Ministers no show a boycott. It was a boycott and a disgrace. There was not much improvement the following week when the Minister Radebe did arrive. Because he had nothing of substance to say, and could put no solutions on the table. And I wonder if he is going to put any solutions in the table today.

All he could say was that a Task Team had been set up between the Department of Energy and Treasury. Another task team! When we asked him questions on the remit of the Task Team, he revealed that there had been no discussion with Treasury on the fuel levy. And so, we are left wondering exactly what is being discussed with Treasury, on the fuel levy - and I see

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that you too are sitting so closer today may be you could discuss it today. Because it seems that there is no real commitment to reduce the price of petrol.

In a few weeks, we will be debating the adjusted budget as part of the MTBPS process. Before then, Minister Radebe needs to work urgently with Minister Nene to find a sustainable way to cut the fuel levy in the adjusted budget.

The ANC must take responsibility for this fuel crisis. They needs to find the political will to reduce fuel costs, to stabilise the economy and make life better for every South African. I thank you. [Applause.]

Mr N M PAULSEN: Chairperson, if this debate is only going to focus on fuel levies in isolation, simply because of the recent increases in petrol prices, it will be misguided, reactionary and of no further use.

The fuel increases and the impact they have on our economy and people, are symbolic and an indicator of what has been happening in this country 24 years.

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The people of South Africa have been suffering for years in an economy that they do not own or benefit from and only serves to exploit them. The world economy depends on petrol, everything that is made or transported needs petrol to be moved and produced. That why when petrol prices increase, it affects every aspect of our lives.

Food prices go up; the cost of transport from trains to taxis rises, school fees increase; clothing costs more; rent goes up, and every little thing that we pay for, from books, movies, from sweets or even loose cigarettes, are more expensive than it was a month ago.

In our country the majority of the work force earns less than R350000 per month. It is these workers and 17 million social grant recipients, who feel a price increase the most.

The working poor in this country spend anywhere between 29 and 34% of their salary on food, and over 10% of their salary on transport, these costs will only increase as petrol price rises and even less money will be available for rent and school fees, but these reckless increases continue.

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We say reckless, because we must look at governments mismanagement of the fuel levy and public finances as a whole, because these increases are linked to government's failure to collect revenue.

Every time this government runs out of money the either increase taxes or the fuel levy. Costs that are passed down to workers and the poor, while big companies are left to make billions in profit, hoarding cash, and building unimaginable and senseless reserves instead of investing in the economy.

Since the EFF has entered this parliament, we have been telling the ANC that we need new stronger tax laws, to effectively deal with illicit financial flows, base erosion, and profit sharing.

Every year billions of Rands that are meant to go to SARS, leave our country illegally as Multi National Corporations exploit our weak tax laws.

If SARS and government had the necessary will, this country would be in a position to collect maximum revenue, and we

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wouldn't need to increase fuel levies or Value Added Tax, VAT, increases that are threatening to collapse millions of families and the economy.

That is why the EFF is once again providing leadership in this regard and taking initiative, by introducing the General AntiTax Avoidance Bill, to effectively deal with tax avoidance.

For the past 24 years the ANC has failed to manage the economy, the organisation has allowed itself to be dictated to by White Monopoly Capital both locally and internationally.

It has prioritised profit over people, and has therefore compromised our future, the future of this country and millions of citizens we depend on them.

Prof N M KHUBISA: Chairperson, hon members, just as it important to stand up on our toes and talk when the Auditor General, AG says we incurred irregular and wasteful expenditure of more than 30 billion, in 2016/2017 financial year, it is important to stand up and talk, when our people

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are hit hard by the fuel price hike. Just as it is important to speak when the state capture, that ravages the economy of our country, it is important to stand up and speak when there is fuel and VAT hike.

House Chairperson, it is crystal clear people that are feeling the pressure of fuel and VAT hike. All lower to middle class income groups cannot afford to even buy groceries. Fuel prices on some items have also increased. According to the research done by Pietermaritzburg Economic Justice and Dignity, EJD, the fuel hike has some effect on the items that have increased as results of it. Items like 10kg butternut has increased to 25%, 25kg maize meal, 2%, 6kg tomatoes, 5%, 5litre cooking oil, 5%, 10kg frozen chicken, to 2%. According to EJD researcher, Julie Smith said that impact of recession and recent fuel hikes would filter down to food prices in the coming month, and it seems that there is no change.

Lower income groups, battle with electricity and transport fares. 11% to 13% of the budget of the middle income earners goes to electricity and water. It is worse with child headed households and single parents households. They are hard hit by

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this, worse where the head of the family is the only one that is working. The middle class pay for bonds and rates; they are also hit hard for this. The middle class is also squeezed and the projection is that things are going to turn for the better any sooner. Middle class depend on their savings at the moment and have to squeeze and reduce on certain proteins and vitamins.

If consumers can't spend, we can't drive the economy. The rand has declined and it said it has declined to 25% against some international currencies within six months. Important dairy products have also affected our prices. Dairy products may also rise to catch up with international imported products, which have increased too.

Chairperson, it is important therefore that we deliberate on this matter.

Dr C P MULDER: Hon Chair, the escalating fuel price is a serious crisis, there is no doubt. The problem is that the government is in a very difficult position and in a catch 22

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situation. The reason for that is that the chickens are basically coming home to roost.

We all know that it is being said that the exchange rate is the real problem. What is the exchange rate? The exchange rate is a market's view of your country's economy.

Afrikaans:

Die wisselkoers is die mark se siening oor die stand van 'n land se ekonomie.

English:

When Mr Zuma became the President in May 2009, the exchange rate of the South African Rand to US Dollar was R7,21 tonight in September; it is R14,97 it more than doubled in terms of how it weakened. Today you need R1,37 to buy Botswana's Pula, but the oil price in May 2009 was already \$65 per barrel and tonight it is \$77 per barrel. Then you get the Minister of Communications and a number of members refer to her, which does not have the faintest idea what this is about when she said, when the Rand falls you just pick it up.

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The irony is that currently almost 40% of the current fuel price is for taxes and that is the government's problem.

R118 billion is budgeted this year to go into fiscus in terms of taxes on the fuel price and government simply cannot afford to lose that income because if you do not have that then you have got a problem.

The reason being, during the Mandela era, millions were stolen. During the Mbeki era hundreds of millions were stolen. During the Zuma era billions were stolen and that is the reality and that is the problem why you are now in economic crisis and that why you cannot find money and why you cannot go without this fuel levy and the taxes that you need. That is the reality of the problem.

Hon Chair, in 2015, the then Minister of Energy Ms Tina Joemat-Pettersson sold 10 million litres of the strategic fuel reserve at the ridiculous price of \$28 per barrel, R4,3 billion was spent on that. What happened to that? Has that been investigated; has the ANC looked into that or is it like all the other situations, no action, nothing happens. It

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is just part of the corruption that we experience on a daily basis.

The fact of the matter is Hon Minister; I know you are going to speak just now I do not think you have got any movement. What can you do and what can you say? You cannot take away the fuel levy because Minister of Finance sitting next to you needs that R118 billion income but in the meantime it is the consumers that are paying the price. The chickens came home to roost. You are in the catch 22 situation but that is what happens if you govern the country like you have been doing in the last 24 years. Sleep on the bed that you have made.

Ms D CARTER: Hon Mulder, I would put it, they have cooked their goose. Chair, Hansard will reveal that during the Energy Department Budget Debate earlier this year the COPE warned that with the value of the Rand lightly to devalue and the price of crude oil to increase, we may hit the price of R20 per litre for petrol by the end of this year. In all likelihood fuel prices will increase next month by more than a Rand to a price in excess of R17 per litre.

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In 2008, South Africans paid R9,66 per litre today the price is close to 70% more. It is no coincidence but in the past 10 years we have been subjected to growing maladministration; malfeasant; rampant corruption; the destruction of state capacity; state capture; destructive policy choices; the collapse of our economic process; and political instability. All of which collude to devalue our currency.

To argue that the rise of fuel prices is solely because of international considerations in the form of a price of crude oil is fallacious. At the beginning of 2008 the Rand traded at R6,80 to the dollar, today the rand is devalued by more than half of the 2008 value to an excess of R15 to the dollar and much of the devaluation is ANC made.

It is thus clear that the single biggest factor for the rise in the price of fuel over the last decade is not the dollar price of crude oil but rather the devaluation of the rand. Chair, petrol price movements have a significant bearing on inflation outcomes. Petrol prices have an important bearing on the prices of other non petrol commodities in our economy. Clearly, petrol price movements warrant special attention in

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policy formulation. In terms of current policy the fuel price comprises of the four main elements like noted by all the others: the General Fuel Levy; Road Accident Fund; the Basic Fuel Price; and the Whole Sale and Retail margins.

The General Fuel levy accrues to and disappears into our general revenue fund and I say disappears. We also know that the Road Accident Fund is in a shambolic state. Combined the General Fuel Levy and the Road Accident Fund Levy constitute a whopping R5,30 of every litre of fuel sold in our country.

Hon Majola, the hon Hlengwa never said scrap the fuel levy, what he did say and very clearly is, let us suspend it. The Cope calls for the re fencing of all our fuel prices in order to provide transparency and accountability on the pricing of our fuel. Thank you.

Rev K R J MESHOE: Chairperson, it is understandable that the combination of weak rand and high international oil prices means that South Africans will be facing another petrol price increase of R1,00 next month. This obviously does not make life any easier for parents who are forced to put their

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children to bed hungry, for our unemployed who cannot afford transport to go and look for jobs in town and for those who simply cannot stretch their salaries any further.

Hon members, according to Statistics SA, our country has 2,9 million discouraged jobseekers, a number which increase by 77 000 between the First and Second Quarters of this year. A large percentage of these have no doubt given up looking for employment because they simply cannot afford the transport cost of going to town everyday without finding any job.

South Africans with salaries are also struggling because they must hold down their jobs while taking care of up to 10 dependents. Even those who can absorb the fuel increases on their fixed monthly income will have to reduce their discretionary spending to do so, thus further punishing the economy by deepening the recession and leading to even more retrenchments.

Our over indebted consumers who are still in shock after Value Added Tax, VAT, increase, will be left in a really desperate situation by yet another fuel hike. According to the Reserve

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Bank, our consumer debt is R1,71 trillion and according to the World Bank 25 million of our 37 million adults owe either corporate lenders or financial institutions. According to the National Credit Regulator, 58% of our consumers are having difficulty coping with their credit card bills.

Worst of all are our poor households, in which up to 30% of spending goes to food. Even if they subsist entirely on VAT exempt items, this fuel increase will hit their pockets because petrol is used to transport everything in this country that is sold in a shop.

It is high time for government to ask business leaders for advice. Its job as government is to rule and to create an environment in which all South Africans can prosper in peace. If government truly cares for our people, then they should suspend fuel levy that makes people in South Africa pay more for petrol than our neighbours, Botswana, Lesotho and Swaziland. It is inexcusable that government continues to watch our people suffer hunger because of unaffordable food prices and they are not seen to be doing anything to cap or reduce fuel prices. Thank you. [Time Expired.]

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Mr M S F de FREITAS: House Chair, as previously stated, important and substantial components of the fuel price are the two additional levies that we have mentioned. These two levies are mainly in the form of two indirect taxes, the general fuel tax and the Road Accident Fund, RAF, levy. As always, the fuel price increases, and we had nine this year and another one coming next month with another rand increase, will hurt the poorest of the poor as usual. It is through the consumers that this increase will be subsidised.

Increases to fuel price impact on transport across the country as operators sit to recover increases by passing it on to the consumers. In other words, more expensive fuel means more expensive transport and goods for consumers. The General Fuel Levy is a tax charged on every litre of petrol sold and it stands well over R3,00 a litre. The money collected through this tax is administered by National Treasury, and is treated as a general tax and not, as people assume, for road-related expenses. Money collected through Road Accident Fund, RAF levy portion of every litre of petrol sold is used to fund technically insolvent Road Accident Fund, which is the money to compensate victims of road accidents.

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In 2016 the RAF levy was R1,54, in 2017 it rose by nine cents to R1,63 and this year the RAF levy increased over a sizeable of 30cents and now stands more than R1,90 a litre. This means that in the last 10 years alone the RAF portion has increased by over 330%.

The RAF receives almost 12% of the total petrol price, that's up from 6% only 10 years ago. In 2017 the RAF reported that it was, listen to this, R34,7 billion in the red. Compare this to the R33,3 billion it received from the fuel tax that same year, one starts asking questions about its technical insolvency.

As if this isn't enough, the Transport Department and the RAF are currently ramming through something called the Road Accident Benefit Scheme frequently to the portfolio committee. A scheme it is indeed. Not only will we continue to fork out more money from the fuel levy to prop up RAF but once the Road Accident Benefit Scheme, RABS, becomes law it will benefit the road victim superiorly less than it is now. So much for this new dawn we keep on talking about. It is more like an old dusk if you ask me.

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Once RABS becomes law, any person younger than 18, making a claim will cease to receive benefits once they reach the age of 18. And if you think your grandmother can claim when she gets knocked over by a car, then think again. RABS ensures that anyone older than 65 will be guaranteed of not receiving any payouts whatsoever. But this isn't the worst, by the way, that's old dusk if you ask me. In future we will not only pay more and receive less but those that shouldn't receive anything at all, will. RABS is a no fault system.

The RABS Bill proposes that anyone claiming from RABS would not require to prove if a vehicle crash was caused by any party involved in that crash. This means that even if an accident was caused by a person, that person will still be able to claim from the proposed RABS. Old dusk if you ask me.

To put it bluntly, a drunk driver can repeatedly cause an accident and even kill people in a crash and will be able to claim from RABS. In other words, a drunk driver would be rewarded for driving under the influence of alcohol. Old dusk if you ask me. I know, this sounds unbelievable but it's true.

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So essentially, this ANC-led government have no problem with drinking and driving.

So there you have it folks, we the taxpayer are expected to pay more so that road lawlessness can flourish and even be encouraged. Somehow the ANC thinks that this is all ok. It is amazing how hon Majola talks about companies that have trucks will be taxed even more when they can't even get the rail system so that those companies can get their goods onto rail.

So if you thought the fuel levy was just about the increased cost of goods, it is also about creating and encouraging another form of crime. It is a crime of traffic related crimes. I thank you. [Applause.]

Mr X NGWEZI: House Chairperson, on behalf of the IFP, we would like to thank all the contributions from political parties, especially this side of the House. [Applause.] They have really shown that they are on the side of the masses. We are wondering House Chairperson, what has gone wrong with the ANC because it used to be relevant prior 1994 as hon Hlengwa has

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alluded. We are wondering what has gone wrong you, why have you turned against the masses of our country.

Hon Chairperson, 70% of the ANC policies are similar with that of the IFP, but I must tell you that the ANC no longer represents the poor people. It represents the interest of business and that has been shown by the views that they are raising on this particular debate. I must tell you that your friends are watching you, your sons and daughters are watching you, and South Africans are watching you. Surely they will judge you when 2019 elections come up just like they did in the 2016 Local Government Elections.

Hon House Chairperson, I just have one advice for all South Africans who waited for a positive response from the ANC Caucus to the today's debate - vote out the ANC for it is now a confused political organisation and has turned against you. Thank you. [Applause.]

The MINISTER OF ENERGY: House Chair and hon members, allow me to thank all members for the opportunity to address the Assembly on this topic of fuel prices. It is a fact that South

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African fuel prices have reached the highest levels ever. The current price levels are of great concern to government, mainly because as fuel prices increase, they reduce household disposable income which has a multiplier cost impact on the South African economy.

This is due to the need for each and every consumable product to be conveyed by the various modes of transport. Government, labour, business, civil society organisations and the general populace are at one in expressing concerns on the negative impact of these prices on the economy.

I also expressed the same concerns at the conference on Africa Oil and Power last week, here in Cape Town, which was attended by the Secretary-General of the Organisation of Petroleum Exporting Countries, Opec. I voiced these concerns because to a large degree, Opec is the reason why we have seen the price spike in the last few months. At the end of this debate, I trust that hon members will realise that resolving this challenge is not a quick fix and that it requires a multidimensional policy effort.

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The main contributors to the increasing levels of South African fuel prices are international factors, namely: The levels of international crude oil prices; the levels of international refined petroleum products; and the levels of the Rand/US Dollar exchange rate. All these factors are influenced by international events beyond what is happening within the borders of our country.

There have also been increases in the fuel as well as Road Accident Fund levies in the Budget tabled by the Minister of Finance and approved by this House in support of government's revenue generation efforts. Our country, as we know, has a well-developed petroleum sector which, in the main, is run by the private sector.

The petroleum sector employs over 100 000 workers, most of whom are in the retail sector. To manufacture these petroleum products, South Africa has a well-established crude oil and synthetic fuels refining industry of 718 000 barrels per day. It also has importation facilities, transport infrastructure and retail sector through which fuel is brought to each and every corner of our country.

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The reality which we must internalise is that South Africa currently does not have proven crude oil reserves and as a result, we are heavily dependent on the importation of crude oil for about 80% of our country's fuel demand. The other approximately 20% is contributed to by the synthetic fuels industry at the Coal-to-Liquid facility owned by Sasol and the Gas-to-Liquid facility owned by PetroSA.

Last year, in 2017, our country imported over 90% of its total crude oil requirements: 50% from Saudi Arabia; 24% from Nigeria; and 20% from Angola. Smaller quantities were also imported from other countries to meet the crude oil requirements that are suitable for our refinery needs in South Africa.

What is a significant and positive development is that African countries contribute almost half of the crude oil consumed in our country. The importation is mainly done by the owners of crude oil refineries, namely, Shell, BP, Engen, Total, Chevron and Sasol. I thought that this background is necessary before I go into detail on the challenges and solutions to the current situation.

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In November 2016, the Organization of Petroleum Exporting Countries, Opec, concluded an agreement to support a high crude oil price. It should be noted that between 2014 and January 2016, the crude oil price had collapsed by more than 80 US Dollars. Opec intervened by removing 2% of global crude oil production. The crude oil Price then rose from the 30 US Dollars in January 2016 to the current price averaging 73 US Dollars.

In addition, the US policy towards the Islamic Republic of Iran is now threatening to remove an additional 2% of global oil production when the US unilateral sanctions on crude oil exports from Iran resume in November 2018. Just two days ago, Bloomberg reported that South Korea had reduced their imports from Iran to zero as a result of the imminent US sanctions.

Another factor that contributes to the high fuel prices is the ongoing internal strife in Venezuela, which has reduced oil production in that country by more than 50%. Venezuela is also under some US financial sanctions, which, amongst others, makes it difficult for them to reinvest in oil producing equipment. The less talked about cause of the high crude oil

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price is the instability in crude oil production that followed the regime change in Libya in 2011.

There has also been an increase in crude oil demand due to world-wide economic recovery under conditions where OPEC had curtailed production. The higher demand for crude oil under conditions of constrained supply has an increasing impact on the levels of international crude oil prices. Added to all of these factors is the Rand/Dollar exchange rate which has weakened severely. Oil and petroleum products are purchased in foreign currency, as we know.

The recent challenges in Turkey and Argentina have had a negative impact on the exchange rates of emerging market currencies, including South Africa. Since 7 August 2018, the Rand has depreciated to the US Dollar, culminating in a very negative impact on future basic fuel prices. I need to also caution members, that as a result of the weakened exchange rate in the last few weeks, the outlook for fuel prices in October is of major concern.

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I must however, indicate that South Africa is not alone in facing these high fuel prices. Even oil producing countries have had to endure higher fuel prices since the beginning of the year. Brazil and India are amongst the countries where fuel prices have also hit record highs on a regular basis. In the last few days as Minister of Energy, I have had to intervene to cushion the petroleum consumers from yet another fuel increase brought about by higher crude oil prices and weakening emerging market currencies.

The petrol prices in our country have risen by R1,50 in a period of just five months. In September, we were faced with another 27 cents increase, hence the intervention. I must reiterate that the once-off intervention that we made will not have any impact or recourse to the national fiscus. The question though: What is to be done?

It is clear from the utterances by senior OPEC leaders that the price of crude oil will remain at current levels. The Secretary-General of Opec reiterated the Opec stance during his address to the Africa Oil and Power conference here in Cape Town last week. As Opec, they are pleased with the level

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where crude oil prices are and would ideally want to maintain prices above \$70 per barrel.

South Africans will be in a better position when we are able to produce our own oil and indeed gas. An economy of our size cannot continue to operate without significant investment in oil and gas. Time has come for us to remove any regulatory impediments to exploration. Linked to this is the need to urgently unlock the potential for shale gas in our country. This has been years in the making and the regulatory uncertainty meant investors could not make decisions.

We should therefore be accelerating efforts aimed at the exploration of our country for oil and gas. Licensing must be seamless and efficient with decisions taken timorously. I am firmly of the view that going forward, the Portfolio Committee on Energy should be responsible for oil and gas exploration legal framework to better align it with energy policy.

Secondly, taking into account the current reality of unproven reserves in our country, we need to look at more prolific countries and invest in blocks producing crude oil,

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particularly on the African continent. This will require financial resources as exploration is quite a costly but necessary exercise. I have begun a process of engaging with my counterparts in Nigeria, South Sudan and Equatorial Guinea as part of our intervention to mitigate future challenges.

As a medium term intervention, we are of the firm view that apart from upgrading existing refineries, there is also a dire need for a world-scale crude oil refinery in which the state has a stake. In this regard, following the state visit of President Cyril Ramaphosa to Saudi Arabia, I am in discussions with my counterpart about the possibility of the two governments co-investing in a refinery. Such an investment will bring with it competitive crude oil pricing as Saudi Arabia is a significant crude oil producer.

A task team consisting of officials from the Department of Energy and National Treasury is also looking at medium to long term interventions on the fuel pricing framework. This team is focusing, amongst others, on the review of elements of the current basic fuel pricing system. Their work is complemented by technical experts from the National Energy Regulator of

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South Africa, Nersa, as well as the SA Revenue Services, Sars. The team is expected to report on progress at the end of this month of September.

There have also been calls for deregulation of the fuel prices in our country. We have repeatedly indicated that 50 000 jobs of fuel pump attendants could be at risk if we go this route. However, we are considering initiating a study in the coming year that would investigate the costs and benefits of such deregulation. That deregulation model would have, from the onset, to prohibit self-service in order to maintain these jobs.

On the issue of the Road Accident Fund and the fuel levy, we must accept that the taxes on our fuel compares favourably with many of our trading partners. The percentage of tax in our fuel price is lower than almost all EU member states, including those that produce crude oil.

However, I do believe, as other members have said, that going forward the rate of increase of the fuel levy must be looked at. On the Road Accident Fund, I would advise that an overhaul

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of the system be considered, mainly to prevent the reported abuse by some unscrupulous legal practitioners. An alternative system which is linked to vehicle licensing may be more appropriate. With those few words, I would like to thank you hon Chair and members. [Applause.]

IsiNdebele:

Siyathokoza Mhlonitjha. Lokhu kusiletha emaphethelweni wehlelo lanamhlanje. INdlu ingaphakama. UZimu anitjhudubaze; inarha ayilale!

Debate concluded.

The House adjourned at 20:37