**THURSDAY, 11 July 2019**

**PROCEEDINGS OF THE MINI-PLENARY SESSION – OLD ASSEMBLY CHAMBER**

Members of the mini-plenary met in the Old Assembly Chamber at 14:01.

House Chairperson Mr C T Frolick took the Chair and requested members to observe a moment of silence for prayer or meditation.

**APPROPRIATION BILL**

(Policy debate)

Vote No 26 – Energy:

The MINISTER OF MINERAL RESOURCES AND ENERGY (Mr S G Mantashe): Hon

House Chairperson, Cabinet colleagues, Ministers and Deputy Ministers, Deputy Minister of Mineral Resources and Energy, hon Bavelile Hlongwa, Chairperson and members of the Portfolio Committee

on Mineral Resources and Energy, hon members, invited guests, ladies and gentlemen.

This is the second presentation of the budget of the new merged Department of Mineral Resources and Energy. It is, therefore, an honour to table Budget Vote 26 that is the budget for Energy

We have been allocated of R7,44 billion; R6.76 billion of which that is 90.91% of the total budget, transferred to entities in our portfolio. I want to emphasised that this confirms what is normally missing that the department is no a lobby group for any particular technology in Energy, it is a regulator, it is a department.

Therefore, it becomes important that we play that role.

Despite the present economic climate and stringent allocations, we must ascertain a secure and sustainable provision of energy. In this context, utilise diverse energy resources in sustainable quantities at affordable prices and mindful of environmental requirements, to support economic growth and development. The energy sector contributed negatively to the overall economic growth in the first quarter of 2019. The sector declined by 6.9%, making an overall 0.1% of the 3.2%.decline.

Since the energy is a critical component of economic growth, we need to create a stable, predictable policy and regulatory framework that will lead to investment and growth in the sector. Improvement of legislation should also enable security of energy supply in the country.

The mandate of the department is to ensure the secure and sustainable provision of energy for the socio economic development of our country. Guided by the National Energy Act 2008, therefore, government’s responsibility is to ensure that diverse energy resources are available in sustainable quantities and affordable prices to support economic growth.

You will notice that we are going to use diverse frequently in this budget because it is one of the most connected space in terms of the sources of energy. In terms of the legislative work, work is underway to develop a thorium resources development which will ensure that we provide policies certainty for upstream petroleum sector that is relatively a new sector in our economy yet with great potential to grow the gross domestic product, GDP, and contribute to the fiscus and create much needed jobs.

The Gas Amendment Bill intends to leverage available gas resources; such as those in the Karoo and the recent discoveries in the Brulpadda, that is lower Andeniqua zone. The bill will assist us to implement gas to power projects. We intend to finalise the National Energy Regulator Amendment Bill. The structure of National Energy Regulator of South Africa (NERSA) will be revised into two tiers instead of just having a NERSA we must have a tier that is responsible for regulation and they must be the ones dealing with appeals.

Furthermore, the department will develop a proposal for Cabinet; on how the electricity sector should be restructured. The proposals will seek to address challenges experienced by municipalities, Eskom and other key stakeholders within the sector.

In terms of the Integrated Resource Plan, IRP, we are in a process finalising the IRP at Nedlac. In September 2019, we are hoping that a final product will be before Cabinet. The IRP considers a diversified energy mix that includes all forms of energy technologies such as cleaner coal, nuclear, gas, hydro, renewable and battery storage. That is what’s in the IRP and we will elaborate on that as we table the debate in the IRP.

As a country, we must avoid the currently polarised debate on energy, pitted as coal versus renewable versus nuclear. It is not about that, it is about accessing all available sources of energy and use them in a balanced and safe way for the country

Most coal fired power stations will reach the end of life between now and the year 2050, majority coming to an end between 2030 and 2040. Once updated and approved by the Cabinet, the current IRP will outline the technologies that will replace the decommissioned coal plants. In other words as we decommission plants, we will have to replace the power because it’s the source of energy that we need as a country.

We are working closely with the Development Bank of Southern Africa, DBSA, to transition the current Independent Power Producers, IPP Office into a legal entity that will continue to execute the mandate of the Department in bringing about security of energy supply.

The jurisdiction in institution will continue with the excellent record of IPP office which is recognised globally. We believe that this is an important step in dealing with stability for the IPP office. Furthermore, governance of the work of the IPP office will

be strengthened to ensure proper accountability of the IPP office and execution of office work and its accountability to the executive of the department.

It is crucial for South Africa to plan for additional nuclear capacity beyond 2045 as we transition to a diversified cleaner energy future, in line with Chapter 5 of the National Development Plan (NDP). As we have stated on numerous occasions, the country would acquire nuclear at a price, pace and scale which the country can afford.

Koeberg will also reach the end of its designed life by 2024. It is now embarking on the life extension project to extend the plant life by another 20 years to 2045. Koeberg demonstrates the benefits of nuclear power, give reason to South Africa continuing with the nuclear expansion programme. Among these are the provision of ancillary services such as; grid balancing, backup inertia to intermittent electricity sources without which it would be a serious challenge.

The decay heat from the plant enables it to desalinate sea water; thus assisting in mitigating against water shortages.

The long-term vision is ensuring we are globally competitive in the use of innovative technology for the design, manufacture and development of nuclear energy systems in accordance with the Nuclear Energy Policy; and international law especially, Article IV of the treaty on the non-proliferation of nuclear weapons.

Nuclear use goes well beyond being the source of electricity. South Africa is one of the world leaders in the production of medical isotopes. Nuclear medicine through medical isotopes is already taking centre stage for the diagnosis and treatment of cancer. NTP- radioisotopes, which are a subsidiary of NECSA, is a leading global company with a proudly South African heritage. The company's Moly-99 plant, which produces radio isotopes used for the treatment of cancer globally, was shut down in November 2017 due to procedural non-compliance with the requirements of the National Nuclear Regulator, NNR.

The shutdown resulted in the loss of the market share, which will take a long time to regain. This led to erratic production until 2018, a problem that is now resolved, since the NTP developed a plant reconstitution plan which was submitted to the NNR.

I want to emphasise that where you are a leader in the world in the supply of a product, you have a duty and responsibility to protect your market share, protect competitive advantage, if you give it up other factors will step in. You are going to have people looking for substitutes; you are going to see new entrants coming to the space; you are going to see customers looking for alternatives; you are going to see suppliers looking for alternative companies to supply. So, it is quite important to protect that advantage.

Pelchem which is producing ARVs, it should actually be supported to develop into fully fledged state owned pharmaceutical company. It is for this reason that we’re encouraging Pelchem to work with Mintek so that products that are developed by Mintek but not commercially traded should go to Pelchem so that Pelchem can be turned around and make Pelchem a sustainable self sufficient and profit generating entity.

Stabilising the entities reporting to the Department is critical in the current year. These entities are critical in assisting us to execute our mandate. To have senior management and boards in an acting capacity hampers our ability. One of our priorities in the next six months is to ensure that all the companies’ interim boards acting senior executives will be filled. It is quite urgent.

In terms of the PetroSA turn-around, we have seen recent challenges in the governance of PetroSA. In the best interests of governance, we will ensure that there is stability in the leadership of PetroSA, at all levels. We will pay attention to the long-term sustainability of the company. PetroSA has also commenced with forensic investigations into allegations of wrongdoing that may have taken place in the past few years. We must emphasise that in the department, in our discussion we are accepting the fact that it is important to have good governance because good governance is the beginning of proper risk management, whether it’s operational or financial. If you don’t have good governance you cannot risk manage because risk management is a function of good governance therefore, we are going to be paying attention to that.

The forensic audit into developments at the Strategic fuel fund, SFF, is complete. We are considering various options how to deal with the issues it highlights, taking into account other affected parties and needs of our country. In other words the issue of strategic fuel that is much in the news and we are attending to it. We have received the forensic reports. We are paying attention to it.

There is an increased demand for large energy consumers to have access to cheaper energy sources. South Africa is currently dominated by electricity as the biggest form of energy consumed by key economic industries such as mining and manufacturing. Increasing electricity prices have had a direct impact on the cost of doing business in South Africa.

To mitigate against this increasing cost, the department is exploring other forms of energy as the natural gas. The current supply of natural gas in South Africa is mainly from imports via the Republic of Mozambique Pipeline Investment Company, ROMPCO. Which transport gas from Mozambique to South Africa via Secunda.

We therefore need to explore more economical options to bring natural gas into the South African market, including accelerating our natural gas exploration activities as it is the case with Karoo Shale Gas and the deep-sea alternatives that we have.

In the current performance period the department will implement importation of Liquefied Natural Gas (LNG) with Coega Industrial Development Zone as the hub of liquid to gas imports infrastructure.

South Africa will also engage Mozambique to explore the possibilities of increasing and extending the supply of gas beyond 2023.

On the Grand Inga Project, South Africa has entered into a legally binding treaty with the Democratic Republic of Congo, DRC. We play a vital role in ensuring that investment into the development of the project is realised, as we have guaranteed power off-take for the first phase. We read an article today which is encouraging us to pull out of the Inga Project. We don’t think it is in the interest of the region, it is selfish and we think that our commitment to the Inga Project is quite important.

The department is making progress to meet the United Nations (UN) sustainable development goal, (SDG), to ensure affordable, reliable, sustainable and modern energy for all by 2030.

Between April 2014 and 2019, we have connected an additional 1,285 million households to the national grid, through the

electrification programme which brings us to a total of 7,6 million household connections.

The electrification programme is one of the flexi programmes in service delivery to the citizens of South Africa. Though the department since 1994 the government electrification programme has made remarkable progress in increasing access. But, the point we are making is that access is important but in terms of the price of electricity we need to do something extra ordinary to ensure that price is not a limiting access. It does not have to connect many huts and houses as you can but all of them keep petrol and gas because their electricity cannot be used for cooking, it can only be used for lighting. It’s an issue that as government we must pay attention to hence the talk of administral prices. They talk to this particular issue.

South Africa remains a net importer of refined petroleum products like petrol and diesel, as well as petrochemicals. As government we believe that investing in a new crude oil refinery and associated petrochemical plant is necessary in order to reduce the amount of refined petroleum products imported as well as to ensure that South Africa is a hub for crude oil region. An investor, Saudi Aramco, a national oil company of Saudi Arabia, has already identified this opportunity and want to partner with us in building a refinery in Richards Bay.

We have agreed in the department that we should stop discussing this issue as if it’s own. Investors come to us; they have an interest, if we delay decision making for one day, that investment will be in Kenya or somewhere else. So we must be quick in making decisions and actually go ahead with that refinery in Richards Bay is not an issue of us discussing whether it must be Richards Bay or Ngqura. The investor who wants it in Richards Bay and will get then will take LNG to Ngqura. That’s what we are going to do. [Applause]

This is quite important if you take into account that many of the refineries that we have are aging. The volatility of crude oil prices continues to have an impact of fuel prices and this in turn contributes to wild a wild swing of inflation. South Africa remains an importer of both crude oil as well as petroleum products and these commodities are US dollar denominated. To this end, the department published a discussion document on the review of the basic fuel price, BFP, structure and this was gazetted in November 2018.

The South African Petroleum Industry Association (SAPIA) and other stakeholders requested an extension of the submission deadline from the 31 January 2019 to the 31 March 2019. The main purpose of the review is to ensure that basic fuel price elements are aligned to

the realities in the international markets. The BFP formula was last updated in 2004 and the international market dynamics have changed over the time. With regard to the review, the department has concluded one-on-one consultations with all the stakeholders.

The decision to merge the departments into one is a positive one for our economy which we anticipate will bring synergy and alignment in the work of the two departments. I’m happy to inform the house that in the time since announcement of the merger, the Deputy Minister and I have held several meetings in the department to ensure that this transition is smooth and coordinated. I want to thank the department, I want to thank the portfolio committee everyone who is making us successful and lastly my family for supporting me.

Mr M G MAHLAULE: Hon Minister, hon Deputy Minister, members, standing here today, it is only important that I start off this debate from the source, the lodestar of our revolution, the Freedom Charter and remind this House about the economic clause that should be familiar to all present here: The People Shall Share In The Country's Wealth.

In all our debates, we always evaluate how far along we are towards achieving this and other strategic objectives of our guiding

document, the Freedom Charter. We cannot allow national debates to be drowned out by the noises of single issue evangelism. Continuing in that vein only serves to ensure we lose sight of pressing strategic challenges faced by our country. If we are to overcome the structural, class, race and gender fault lines in our economy, which we have inherited from the colonial and apartheid, radical transformation of the energy sector is one of the most urgent tasks that we need to focus on with haste. It is common cause that the resolution of our energy challenges is key to unlocking and enabling our country to achieve the vision set out by President Ramaphosa in his state of the nation address a few days ago.

The President outlined our goal inter alia to grow the economy, address the unemployment challenge, train and create jobs for our youth in a future techno-digital economy.

Statistics SA reported a 3,2% decline in our GDP in the first quarter of 2019. It does not take a genius to draw the correlation between economic output and the direct link to the cost and availability of electricity.

The impact of our challenges faced by Eskom at the beginning of 2019 was felt by all of us. We must turn the corner and create an

inclusive and growing economy. This, we can achieve through the targeted input into virtually all economic activities that are only possible if we have reliable and affordable electricity.

The ANC election manifesto aptly identified our challenges. Consequently, government has put together a plan of action that will take us forward. We provide some detail later regarding what we believe is the most appropriate programme of action for the energy sector.

For now, let us take a moment to reflect on some key principles. We need to ensure energy security supply through long-term planning.

Government's energy policy is premised on balancing a number of competing objectives. These include energy security, reducing energy costs, increasing access to modern energy carriers, improving energy efficiency, reducing greenhouse gas emissions, reducing water consumption, increasing localisation and diversification of our energy mix through regional integration.

In the recent past when we experienced load shedding, the gap between electricity supply demands was estimated in excess of 19 terawatt hours.

Over the past few years, we have seen a decline in electricity demand. Subsequently, this lower economic activity coupled with rising electricity tariffs has closed the supply demand gap.

However, with a deteriorating Eskom plant performance driven by old generation infrastructure, we are now in need of more investment in new generation capacity to replace the old power plants. We must note that this period is characterised by uncertainty. We have to confront technological disruptions, geopolitical influences, climate imperatives, various social challenges and global economic turmoil.

This makes the latest iteration of the Integrated Resource Plan, IRP, one of the most important issues. We must embark on perhaps the largest ever capital expansion programme in the Southern Africa energy space. We are talking particularly about the period from around 2025 and beyond.

The IRP 2019 will indicate our primary energy requirements, in respect of coal, nuclear, gas and other energy minerals. These include solar, wind, biomass and regional hydropower resources.

Parliament must work together with the executive to ensure that all the enablers for this infrastructure rollout, particularly legislative and institutional arrangements are in place. We must

ensure investment in the required energy infrastructure, namely, power plants, refineries, pipelines, transmission and distribution wires and storage facilities for oil and gas.

We have been informed that the department will conclude on the IRP 2019 consultation process at the National Economic Development and Labour Council, Nedlac, level soon and will then embark on the implementation programme straight away.

Hon Chair, we support the President’s vision of an industrialised and globally competitive economy. This will be characterised by skilled employees, inclusive growth and meaningful participation by the youth, women and people with disabilities.

In order to achieve economic and social inclusion, we need to provide universal access to energy.

Ongoing programme of electrification of South African households forms a supportive pillar of government’s energy policy. It represents one of the ANC’s biggest success stories. Since the advent of democracy, we have provided access to over eight million households. Our people have faith in the promise made by this ANC- led government to reach universal access to electricity before 2030.

Clearly, government must redouble its efforts to find the appropriate technical solutions in collaboration with our research institutions and industry.

A significant contribution should be made to increase access to thermal energy by deploying off-grid technologies, particularly in those areas that are too remote to build grid-based infrastructure. The deployment of locally available biogas could play a big role in creating local enterprises that harvest and distribute this gas. We need to encourage municipalities to see this as an integral part of their service offering. We must find ways to lower the cost of energy. Recently, we have seen how geopolitical dynamics have led to the rise in crude oil prices. The high energy prices undermine our efforts to grow the economy and to create jobs. We must therefore choose an energy price trajectory that offers the least cost when compared to other options.

Electricity should be affordable to our people. Regrettably, the price of electricity has doubled between 2009 and 2019 and there doesn’t seem to be an end in sight. At the same time, Eskom’s production today is at the 2007 level. We must be seized with understanding the underlying issues that drive this trend.

The government experience with the Renewable Energy Independent Power Producer Procurement Programme is a response to the decline in power generation. There are weaknesses in the current delivery model for renewable energy. Going forward, we must see more community- owned energy systems, particularly those that seek to address energy provision within local communities.

The ANC manifesto envisions energy co-operatives and more public ownership of energy generation infrastructure. We want to see the benefits deriving from local operations, maintenance, skills development and ownership in changing the rural and informal sectors.

The provision of affordable modern energy services is a catalyst for skills development and job creation among the youth. Lack of access to energy is one of the drivers of poverty. The challenge of a girl- child and woman who has to collect water and make a fire as part of their daily chores is an impediment to development. Our efforts must dismantle this perpetuation of gender strife entrenched by how our economy is structured.

The South African coal industrial complex cannot be dismantled and rendered obsolete simply because of environmental considerations. We

must invest in clean coal technologies that enable us to exploit our coal reserves while observing the agreed international protocols relating to climate change.

We must address municipal sustainability. Without this last mile in the electricity value chain, it would not be possible to deliver energy to the end user. The financial viability of municipalities is a crosscutting matter that impacts government's ability to deliver on energy.

While renewable energy technologies such as wind and solar are attractive due to their almost zero variable, criticisms generally refer to the low capacity factor and the cost of grid integration.

As I conclude with recommendations, we are saying to the Minister that, present to the committee with the finalised Integrated Resource Plan. Prioritised ... Thank you. [Time expired.] [Applause.]

Mr K J MILEHAM: Hon House Chairperson, on Tuesday, South Africans woke up to the news that we were again facing imminent load shedding. That our electricity supply was likely to be disrupted before the end of August. Cabinet even issued a warning about it

just this morning. Minister just so you know, Bosasa supplied electric fences and security cameras are also affected by load shedding.

Hon members, we have a crisis in South Africa. And it is a crisis of our own making. It is a crisis brought about by poor planning and a lack of vision. Not only is our energy at risk, but our citizens are being forced to pay more and more for electricity and other fuels.

The blame for this needs to be laid squarely at the feet of our government. In terms of section 6 of the National Energy Act and I quote, “The Minister must develop and, on an annual basis, review and publish the Integrated Energy Plan in the Gazette.” That has not happened. In fact, the last published Individualised Education Programme, IEP, is dated 2016.

So our energy sector is basically marking time, while waiting for government to get its act together. And the Integrated Resource Plan, IRP, which guides our electricity master plan, was last updated in 2010. Minister, you have committed to gazetting the updated IRP by September this year. We will hold you to that commitment and we will look for that publication of the updated IEP as well.

Eskom plans to decommission six of its older, coal-fired plants in the next seven years. But there are no plans to replace them, and the utility has admitted it no longer has the capacity to plan or build new generation. Eskom is as much in the dark as everyone else regarding the IRP. Independent power producers are unable to proceed with their investments, because the Minister and Deputy Minister believe that renewable energy is making Eskom unprofitable. But what they blithely ignore, is that in Bid Window 4 of the Renewable Energy Independent Power Producers programme, the cost of electricity from these suppliers dropped to well below Eskom’s selling price, and indications are that it will drop even further in future bid windows. What that means is that, going forward, new renewable energy can and will be purchased for considerably less than what Eskom charges.

Before anyone accuses me of lobbying for renewables at the expense of other forms of energy, let me be perfectly clear: We need a balanced energy mix, in order to ensure our ability to meet base load demand. That means we need to look at renewables as an additional source energy, supplementing our base load supply.

Then there is the issue of municipal procurement. Minister, it is within your power to allow municipalities that have the capacity and

the financial resources to purchase electricity from whomever they choose.

The City of Cape Town has taken your office to court to force resolution of this matter. But you can authorise the implementation of this immediately, and ease the burden on our already constrained supply. We need to encourage wheeling agreements between net electricity producers and we encourage small scale embedded generation if we are to address the challenges of load shedding.

The delay in releasing the updated Integrated Resource Plan, and the opening of the next Renewable Energy Independent Power Producers, REIPP, bid window, mean that investors are looking elsewhere and power plants are being built in other countries.

But to fix the crisis that is electricity supply in South Africa, we need deep systemic changes in the way we procure and distribute electricity. My colleague, Natasha Mazzone, introduced a Private Member’s Bill in the last Parliament that would unbundle Eskom into a generation unit and a transmission distribution unit, with the generation plants being sold off to independent power producers over time. A 106 countries around the world use this model very successfully. The DA will reintroduce this Bill in the Sixth

Parliament and seek to ensure our energy security through competitive supply.

In the meantime, our government is pursuing dubious deals in the Congo and South Sudan. The Grand Inga Hydroelectric Project is, quite literally, a pipe dream. The financing is not in place, and it is increasingly unclear where it will come from, especially now that the World Bank has pulled out. Political stability in the Democratic Republic of Congo, DRC, is uncertain at best. Environmental and social concerns relating to the damming of the river have not been addressed. There is no indication of whatsoever who will construct and bear the costs of transmission lines to South Africa.

As the main purchaser of power from Grand Inga, South Africa is increasingly likely to become liable for any and all cost overruns. And yet, this Minister and his predecessor are adamant that this project is essential for both energy security in South Africa and for the betterment of the African continent. Both ideas are highly questionable.

Just days before the national and provincial elections in May this year, the then Minister Jeff Radebe jetted off to South Sudan to ink a deal for Sudanese oil. No feasibility study was done. The Central

Energy Fund, which the entity charged with this type of activity, did not approve of the deal. And the Minister’s purported reason for the rush and here I quote:

We are proposing as a signing date the 6th of May 2019. We apologise for the short period, however as you know we have our national elections on the 8th of May 2019.

So now is the time to come clean, Minister. What was the rush? Why could not we wait for the feasibility studies before committing to a R14,5 billion rand investment? Why did it have to be signed before the elections? And why was the Central Energy Fund, CEF, bypassed?

Deals like these do not contribute to energy security. They reaffirm the belief that this government is only interested in vanity megaprojects where the biggest kickbacks to the biggest crooks – namely the politically connected in the ANC – win the day. Think, for example, of Hitachi Power Systems and Chancellor House – examples I am sure that the Minister knows all too well, as they occurred on his watch as the Secretary General of the ANC.

In fact, the Central Energy Fund and its subsidiaries leave much to be desired. There is breakdown in governance and management. There

have been no answers forthcoming about the looting of the Strategic Fuel Reserve by former Minister Tina Joemat-Pettersson and the Strategic Fuel Fund.

There has been no tangible progress in sorting out the finances of PetroSA, which made a R475 million loss last year. And given that the CEF group derives more than 70% of its revenue from PetroSA, the financial viability of the entire group is in question. Frankly Minister, it is time to just close up these failing state-owned entities, SOEs, and let the markets handle energy supply.

Energy security is defined as and I quote, “The uninterrupted availability of energy sources at an affordable price.” by the International Energy Agency. But it also implies a strong independence from foreign sources of supply. We need to make sure that South Africa – an energy resource rich country – is at the forefront of energy supply, independent and self-reliant, not securing electricity from thousands of kilometers away.

Energy, Minister, impacts on the daily lives of every single South African. From the scholar studying by light of an electric lamp, to the mother cooking over paraffin stove, to the taxi driver taking

commuters to and from work, to mines and business that are the lifeblood of our economy.

Energy is technical. It is complex and it is nuanced. We need to be practical, we need to be cost-effective, and we need to be realistic. Now is not the time for tired ideology. Now is the time for action. Thank you. [Applause.]

*Xitsonga:*

Nkul D F MTHENJANE: Mutshamaxitulu, swirho hinkwaswo swa Palamende na vurhangeri bya EFF, ha mi xeweta. Xosungula ndzi rhandza ku khensa loko tindzawulo letimbirhi ti hlanganisiwile ku va ndzawulo yin’we.

*English:*

Our input in this budget is on the basis that the Ministry of Public Enterprise is not necessarily Eskom should be under the Department of Energy. This is where we should be discussing Eskom matters, not with people who have questionable qualifications.

*Xitsonga:*

Holobye, nkarhi lowu taka hi kombela leswaku Eskom na yona yi va yi ri kona.

*English:*

The problem of Eskom is of our own doing and it could have been prevented. There was a time when Eskom was one of the best state- owned companies in the world, but today Eskom owe so much money. They are struggling financially and things are just getting worse.

Ms B T MATHEBULA: The Guptas.

Mr D F MTHENJANE: Yes, of course, they know it. Companies like Investec and Rothschild have been waiting on the side to take over Eskom assets. They want to use Eskom assets as a way to start going to the rest of the continent for profit and not for development for the continent. Eskom restructuring timeline and restructuring details of government financial support packages, tariffs increase, cost reduction strategies and appointment of chief reorganising officers are all informed by Investec and Minister Pravin is also behind these processes. It is a fact, you know that.

The chief executive officer, CEO, of Rothschild, where Trevor Manuel is the chairperson, wrote letters to Eskom CEO to demand participation in the process to restructure Eskom.

*Xitsonga:*

Holobye, loko mi lava leswaku swilo hinkwaswo swa ndzawulo leyi swi famba kahle, mi fanele mi endla swilo leswi landzelaka: xosungula

...

*English:*

... stabilise energy supply by using different energy sources; including safe coal, nuclear energy and renewable energy sources; secondly, Eskom must build a nuclear power station; thirdly, ...

*Xitsonga:*

... ha swi tiva leswaku van’wana va ta vula leswaku mali a yi kona, ina, mita hi byela swona leswaku mali ku hava ...

*English:*

... we know that, but this is what must happen. Let me start by saying it like this that we know that we don’t have money to build the nuclear power station. That is why we must get someone to build it, yes, operate it for a period of time and transfer everything back to the state. Yes. However, before they build it they must tell us how they will transfer capacity back to the state. Part of using mixed energy sources should include establishment of independent state electricity economy, research institute to research and support energy planning. Lastly, Eskom must build a massive

renewable energy division which will make the best use of wind and solar.

Mr M P MAPULANE: Sir, I want to check if he can take a question.

The HOUSE CHAIRPERSON (Mr C T Frolick): No, he is delivering his maiden speech.

Mr M P MAPULANE: Okay.

The HOUSE CHAIRPERSON Mr C T Frolick): Continue, hon member.

Mr D F MTHENJANE: Yes, I can take a question but outside ... [Inaudible.]

The HOUSE CHAIRPERSON (Mr C T Frolick): Order! Order, hon members. Continue.

Mr D F MTHENJANE: Eskom must build a massive renewable energy division which will make best use of wind and solar. The ministerial determination that prevents Eskom from building a renewable energy is nonsense and must be rejected. That is a fact. The government must cancel all contracts with independent power producers and stop

the roll out of new independent power producers, IPPs. You must cancel all the contracts with coal supplies with immediate effect and cancel mining rights issued to companies mining coal mines that belong to Eskom. We must also cancel all companies that give BHP Billiton deals electricity at below cost immediately.

*Xitsonga:*

Holobye, leswi hi leswi mi faneleke ku swi endla.

*English:*

A state-owned mining company must take over the operation of all coal mines owned by Eskom. Prioritise the supply of quality coal to Eskom. The state-owned mining company will export surplus coal and will prioritise exports to African countries to make sure that there is electricity everywhere in Africa and sell affordable electricity. At the moment electricity is very expensive. It is their fault, they know it.

We must also support all projects that involve infrastructure development. As the EFF we demand all IPPs contracts that former Minister of Energy, Jeff Radebe, has signed. Our suspicion is that there are a lot of corruptions that happened and we don’t know ... Okay, thank you. [Time expired.]

*Xitsonga:*

Ndzi khensile.

Mr M N NXUMALO: Hon Chairperson, hon Minister, Deputy Minister, Portfolio Committee Chairperson, hon members, the coming decade will be defined as a watershed moment in respect of the generation of energy in South Africa, one in which there will either be a transformation, transition and responsible, renewable process of energy generation or alternatively a continuation of the same finite and resource-heavy, coal powered, atmospheric polluting energy generation we are currently so reliant upon.

With the spectre of climate change looming globally, South Africa must play its role as a member not only in terms of the Paris Climate, but also as a leader in the continent. The truth is though that we are still largely coal-dependent, and will be for the foreseeable future, but that does not negate upon us the responsibility to strategise and transit to a mixed energy system in the interim using coal, nuclear, gas and renewable energy sources.

Chairperson, emissions from our coal-powered power stations remain a real cause for concern as Medupi and Kusile power plants, which both have 75 year life spans are not yet fully functional. These coal

based stations and others like them in South Africa, have the potential to destroy our attempts at building the required climate change resilience, adaptation and mitigation.

Steps must be taken to therefore ensure a new energy mix and more importantly, to ensure a move away from mega power plants towards smaller scale electricity units which meet the demands of local communities. This will not only ensure greater security and resilience of supply, but also ensure that jobs and business is created at community level.

Note must be taken, hon Minister, that nuclear energy although clean is expensive and new nuclear plants will in all likelihood overrun on their budgets as well as be prone to delays, and note must be taken that this government has consistently shown that it is unable to manage coal fired electricity builds. How then will we fare with more expensive nuclear projects?

The solution lies in getting South Africa’s energy mix right and in deploying greater budget to renewable energy projects. Besides its renewable energy friendly climate and geology, South Africa has the land expanse available in which to maximise its foray into this sector. What is required is the political will, hon Chairperson. The

cost and technology of renewable energy in respect of both photovoltaic and wind energy has dropped considerably but still provides challenges in respect of storage of electricity generated.

An energy mix at this level is the preferred solution as we move away from fossil fuels towards a more renewable and environmentally friendly energy supply base. In respect of gas, these energy stations are cheaper to build, and to start and stop when compared with coal and nuclear, but precaution must be exercised in respect of environmental impact with gas exploration and drilling in order to avert any possible collateral environmental disaster.

Economic hurdles that continue to hinder South Africa from developing gas and its infrastructure include a persistent lack of clarity regarding the economic feasibility of regional gas supplies, the need for a stable legislative environment, a lack of commitment and the significant capital investment required to do so. In sum, hon Chairperson, South Africa requires an energy generation system in which operating costs are reduced not increased as is currently the case, and this can only be achieved through a free market competition.

The sector must be de-regulated and healthy competition will ensure best consumer prices to the end user. Open access to the grid is fundamental in this regard and what is required in order to facilitate competition. The generation of power must be opened to private and public investors and independent power producers. Hon Minister, please allow me in my closing to issue my inputs on Mineral Resources Budget Vote which will be issued to your office in due course. The IFP supports this Budget Vote. I thank you. [Applause.]

Dr W J BOSHOFF: Hon Chairperson, I hope you will assist me in what I’m trying to do.

*Sesotho:*

Batho ba Afrika Borwa ba-evade matla. Matla a dipapadi,joaloka Bafana Bafana, empa le matla a go soma, re matla motlakase. Gona joale ke tla bolela Seafrikanse. Haeba ke leka go bolela Setswana kappa Sepedi, batho baa tsega le go bolela Senyesemane. Go ithuta Setswana kapa Sepedi go boima. Ke kgopela thuso.

*Afrikaans:*

Ons ondersteun die gedagte van die VF Plus dat daar ’n gebalanseerde energiemengsel in Suid-Afrika moet wees. Ek het gister die

uitstalling daar buite baie geniet, waar die Minister my ook ’n goeie geskiedenisles gegee het, waaroor ek graag later verder sal wil praat.

’n Land wat energie het, het eintlik alles. ’n Mens dink altyd dat geld fundamenteel tot die ekonomie is, maar dit is eintlik energie. Elke waarde is op ’n manier ’n vergestalting van die hoeveelheid energie. As ’n mens nou iets uit lande soos Saoedi-Arabië of die Verenigde Arabiese Emirate leer, is dit dat jy basies enige iets kan doen, as jy genoeg energie het. Jy kan in die middel van die woestyn ’n inkopiesentrum opsit, wat enige iets wat Amerika het om te bied, kan oortref. Jy kan in die middel van die woestyn groot landerye aanlê. Jy kan doen wat jy wil, want jy het die energie daarvoor.

Suid-Afrika is nie so gelukkig nie. Kom ons verbeel ons vir ’n oomblik ’n Suid-Afrika sonder Eskom – ’n Suid-Afrika waar Eskom nie deur vorige regerings gebou is nie. Dan besef ’n mens tot watter mate hierdie land dan aan globale wisselings uitgelewer sou wees.

Ons is uitgelewer, in terms van die ru-olieprys, omdat ons vir vervoer van ru-olie afhanklik is.

As die vorderings wat tans besig is om vinnig plaas te vind, tot wasdom kom, dat elektriese vervoer die norm word, dan kan ons verder

onafhanklik wees van internasionale skommelings, wat die Suid- Afrikaanse ekonomie aansienlik sal stabiliseer.

’n Sentraalbeplande energieplan is ’n goeie idee. ’n Mens moet beplan, maar die mark het partykeer die manier om sentrale beplanning in die war te stuur. Betreffende voedselproduksie, het die Sowjet-Unie byvoorbeeld baie hard probeer met sentrale beplanning van voedselproduksie, maar soos dit uiteindelik geblyk het, word voedselproduksie op die heel beste op die plaasvlak deur miljoene deelnemers en rolspelers beinvloed.

Betreffende hernubare energie is ons besig om al hoe nader in daardie rigting te beweeg, waar elke dak van elke huis, fabriek, plaasskuur in Suid-Afrika ’n klein sonplasie kan wees, waar dit nie nodig is om groot sonplase op te rig waar buitelandse maatskappye ons son opvang en dit vir ons terugverkoop in die vorm van elektrisiteit nie.

Dit is reeds die werklikheid. Dit is al vir sowat agtien maande tot twee jaar heelwat goedkoper om, photovoltaic capacity [PV- kapasiteit] te installeer, as mens oor ’n 10-jaar-terugbetaalperiode reken, as om krag van die netwerk af te koop.

Hierdie ontwikkeling is besig om in Suid-Afrika te gebeur en ek wil vermoed - alhoewel ek nie die syfers daarvoor het nie - dat ’n groot deel van die verlaagde kragverbruik, waarna die voorsitter van die komitee verwys het, juis te doen het met mense wat hul eie planne gemaak het, mense wat nie lus het vir beurtkrag nie en wat weet dat hulle ’n alternatief het.

Praat nou van dekolonialisering! Ons as land, maar ook as gemeenskappe en as huishoudings moet onafhanklik word van die internasionale geopolitieke kragte, wat ons energievoorsiening betref, wat in die grondslag lê van ons totale ekonomie.

Ek wil daarmee afsluit om te sê dat as energie onafhanklikheid ’n land meer selfstandig maak of onafhanklik maak van wat in die res van die wêreld gebeur – skommelings waarmee hy niks te doen het nie

- dan geld dieselfde vir ’n gemeenskap. As ’n plaaslike gemeenskap sy eie krag opwek, dan kan die sentrale staat homself nie meer indwing en sê dat hulle jou water en ligte gaan afsit nie. Hy produseer sy eie ligte.

Dit wil sê die sentrale staat sal alhoemeer sy plek in die gemeenskap moet verdien en dit nie as vanselfsprekend kan ag nie.

Ek dink die ontwikkeling wat mens in die afsienbare toekoms kan verwag, rakende die opwekking en die berging van hernubare krag, gaan ’n baie groot verskil maak. Ek dank u.

The DEPUTY MINISTER OF MINERAL RESOURCES AND ENERGY (Ms B G

HLONGWA): Hon Chairperson, Minister of Mineral Resources and Energy, Mr Samson Gwede Mantashe, the Chairperson and the members of the Portfolio Committee on Mineral Resources and Energy, hon members, invited guests, ladies and gentlemen, allow me to encore from your podium our appreciation to address you and your august House on the Energy Budget Vote under the Department of Mineral Resources and Energy.

Today is termed the World Population Day as per the determinations by the United Nations and South Africans among the country that is growing in numbers and is experiencing a huge volt. We do not know whether the Chairperson wanted us to do this particular Budget Vote on this date, to ensure that our plans are focused on our people and our spending thereof. If so Chairperson, we are equal to the task and we welcome the challenge. This is also the day that marks the Constitutional Court of South Africa made the judgement against the third administration saying that we must provide Anti-HIV drugs to the public in 2002.

At that time, the department had an institution called Pelcam which was established under South African Nuclear Energy Corporation, Necsa, in 1984. It later because of such thoughts and such decisions in the country developed a capability to produce antiretroviral drugs. So, there is capacity in the country to respond to such needs within the Department of Minerals and Energy. It also marks the date that Umkhondo WeSizwe High Command was arrested in Rivonia and amongst those were Comrades who have served this august House ...

Mr J J MC GLUWA: Chairperson, I can’t see the Deputy Minister, is she hiding somewhere? [Interjections.] [Laughter.]

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): That is not a point of order.

Mr J J MC GLUWA: I can’t see her. Where is she? Is she hiding? [Interjections.]

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): That is not a point of order.

The DEPUTY MINISTER OF MINERAL RESOURCES AND ENERGY (Ms B G

HLONGWA): Chair, can I continue?

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): Hon Deputy Minister, please proceed.

The DEPUTY MINISTER OF MINERAL RESOURCES AND ENERGY (Ms B G

HLONGWA): Chair, it is the date where the members of the High Command of Umkhodo WeSizwe were arrested, 50 years ago. Amongst them Chair, if you allow me to mention them was Comrade Walter Sisulu, Comrade Govan Mbeki, Comrade Andrew Mlangeni, Comrade Raymond Mhlaba, Comrade Kathrad, Comrade Elias Motswaledi and Comrade Dennis Goldberg. These are the comrades that fought tirelessly against the exclusions of Africans in sectors like this one, the Mineral Resources and Energy from ownership and also accessing services.

And today, we are here as the department to champion the inclusion of our people to work together with the nation and ensure that no one is excluded. We received the marching orders from the President on Sona and we are marching along those particular lines. The focus of the department is clear. We need to provide energy security through mixed energy sources and this is for ensuring that our South African people are able to access energy and that the economy itself is viable.

Our responsibility as a country is to provide a secure and sustainable energy supply that is affordable, in order to realise the aspirations of growing the economy and creating much-needed jobs that our people cannot wait for any longer. In that particular respect, we will khawuleza and deliver for our people. The price of electricity as it has been mentioned, fuel as well and other utilities is expensive and it calls for us to restructure and reduce their prices.

The current challenge is that as much as there is an argument that electricity price is expensive, there are opportunities within the sector to relook at the price of electricity. One of the challenges that you deal when you deal with electricity, is the fact that when you run and try to respond to peak times during the day and during the evenings, you need to run full power stations for that which is not affordable. Equally, the alternative of running diesel is also not affordable but in the industry itself, there are opportunities for electrical storage.

Hence, as the department, will be looking at the possibility of using electrical storage to try and address the issues of peak and also reduce the price of electricity. When you look at the two and how things looks economically, the part of saving electricity in the

storage and use it later during peak hours is much more affordable and we are going to move into that particular space.

Let’s also indicate that electricity in this country depends on coal and the biggest issue which has called for a lot of disagreement amongst our population is the fact the coal is not clean. But, the industry itself has technologies that allow us to clean coal. So, what we should be discussing because under our ground as per report of 2010, we have about 200 years of coal and we are not going to wish coal away, is how do we clean up that coal and how do we work with Eskom to ensure that they are able to use cleaner technologies. South African National Energy Development Institute, SANEDI is already doing a great job there in terms of the projects of carbon capture and storage to allow for running with cleaner coal technologies.

The fuel price, as it has been said by the Minister, has not been reviewed in years and it’s not affordable in this country to have petrol car. There are technologies of electricity driven cars but the truth is that the majority of your cars and the continuous production of fuel dependant cars, is not going to be wished away. So, we need to do something with regard to ensuring that the price

of petrol as well is able to go down. That exercise has started and we are hoping to finish it now. [Applause.]

This department has a number of state-owned entities that should be running profitable. One of the prevailing challenges is that most of them are in a Hollywood arrangement, there is a lot acting that is happening. We are going to resolve that this year and that the acting must come to an end. Before the end of this year, every entity will have a board and also the administration will be in place to ensure that they are profitable. When they are profitable it means that they must run and produce and declare profit to the state. [Applause.]

The Central Energy Fund group chat has a number of entities under itself. It is currently working on a strategy called Vision 2040. That particular strategy will be completed this year and it seeks to say to us, how is the SFF, which is the Strategic Fuel Fund, going to be operating in the manner that makes it profitable and not just store crude oil but make it to be able to buy more, be able to explore more, be able to sell in the market and keep fresh stock in our tanks for the rainy days when we need it.

PetroSA had one of the biggest limitations and setbacks and those have come to an end because the issue of the board and the administration will be resolved as it has been said. But beyond that, there is fear around the continuous supply of feed in that particular state entity and that needs us as a country to take a bold decision and say, we must diversify the feed of PetroSA. That discussion has been engaged into and we will be looking at the diversification.

When you look at PetroSA, you have a responsibility to explore more so that you would have more guests to feed that particular refinery. On top of that, we have an opportunity to buy from other countries that are able to manage gas and be able to feed that particular PetroSA. The other options are technologies that are available, for instance, the gasification of coal given that we already have an abandoned of such and it is important that we venture into such discussions.

The country is a signatory to a treaty in Paris which calls for clean fuel and as this particular country; it means our energy makes endeavours. We need to also look at clean energy technologies and also look at possibilities of cleaning the current sources that we have so that we don’t get into temptations that other countries have

gotten into of wanting to elevate one energy source over the other and end up having to ask from neighbours for electricity. It is a very bad situation to be in.

The Saudi Aramco project is going to continue and we are going to have to fast track it but together with it, it’s the issue of a pipeline that must run Richard’s Bay and connect to the national multi pipeline project which is currently going to in that and must happen at this time. We must also note that the project is going to produce 21 000 jobs in terms of construction and 5 000 permanent jobs and it is important that we mention that here. [Applause.]

The development of clean coal technologies has advanced with the serve group and for this year and the next year; we will be able to produce clean coal road map for the country. In Sona address, the President implored us to explore the potential of hydrogen economy as part of that ... [Inaudible.] ... battery technologies and we will be doing that following what the President has said. Taking into account the fact that we also have some minerals that the strategic and central to the issues of energy storage, like your vanadium that we mine in the North West.

The gas itself is now an independent energy source is a clean energy technology. So, this brings back the discussion that even though the court has judged against us as the department, we need to find a way in determining our role in supporting the Department of Environmental Affairs, Fisheries and Forestry; to see how we assist them in going through the process of explorations with the issue of shady gas in the Karoo.

So, we are not going to back off and fold our arms because we need every single actor in the clean energy space. We must also ensure that we are able to clarify some of the challenges with regard to the independent power producers. Window one up to four, are challenges for us because when the kilowatt is selling at R2,22 and we buy it at that amount and we go and sell it at 89 cents.

Chairperson that is a lot, it does not make economic sense and allow me to say the windows after ... [Interjections.]

Mr K J MILEHAM: Chairperson, the Deputy Minister is misleading the House. In bid window one, the cost of renewal energy was R2,06 and it dropped in bid window four to about 76 cents per kilowatt hour. She can’t say that in all bid windows is R2,22, that is misleading the House. It is a factual matter. [Interjections.]

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): Hon member that is not a point of order that is a point of debate. Hon Deputy Minister, can you proceed

The DEPUTY MINISTER OF MINERAL RESOURCES AND ENERGY (Ms B G

HLONGWA): Now Chairperson, you make a loss from those windows. However, in the windows after that you make a profit of 31 cents. Now the big issue and the question that we must all answer without being malicious is, when do we break even on this particular energy solution and when do we begin to make profit? And who carries the negative difference in that particular transaction? That one is a question for us to answer.

Chairperson, the next discussion point is around the issue of nuclear energy. The nuclear energy in this particular country, the Koeberg Nuclear Power Station is running out of light, we will extend that. Further to that, in the pursuit of an energy mix source, we are going to look into the extension of the capacity.

Even if it means that we stretch it over the number of years for us to have extra and better capacity, we will do so.

We would also like to say that in the right ... [Inaudible.] ... phase in Necsa, there is an opportunity for us to access a product

that is made in South Africa and it is being sold to a number of countries and our major one being the USA. This is used for treating cancer and in this country it’s only bought by one hospital and the public health system must come on board to buy and give us market so that we are able to make money and come and declare profits here.

Lastly, I want to speak about the involvement and the inclusion of young people, women and people with disabilities. The biggest intention and the biggest political will that we have is to include those who were previously marginalised, particularly those three groups. We will ensure that in every single project that the department embarks on, those particular groups will be taken care of. [Applause.]

Thank you very much Chairperson. I want to indicate that our approach is not to be biased. We want energy source mix. On that particular note, allow me to thank the department and its leadership in a form of its Chair, the Minister, the both DGs, and the entire staff that is there and our visitors and stakeholders. Thank you very much. [Applause.]

Mr S M KULA: Firstly before I start, I want to congratulate hon Nxumalo for coming with a correct speech today [Applause.]

[Laughter.] Acting House Chairperson, chairperson of the Portfolio Committee on Mineral Resources and Energy and all other members of the portfolio committee, the capable Minister and Deputy Minister of the Department of Mineral Resources and Energy, members of the Sixth Parliament invited guest from our various implementing agents.

Special greetings to all young people who are hon members of this august House and those who are watching this feed on various platforms.

The former President of the ANC Comrade Oliver Reginald Tambo once remarked that:

The children of any nation are its future. A country, a movement, a person that does not value its youth and children does not deserve its future.

Let me extend a warm hand of gratitude to branches of the ANC that nominated us to be part of these important institutions called Parliament, failure is not an option. We promise to perform our responsibilities to the best of our ability without fear or favour and prejudice.

On the 26th of June 1955 people from all walks of life gathered in Kliptown, after decades of a multifaceted struggle of resistance to overthrow white minority rule and in the wake of the mass defiance campaign engineered by the founding generation of the ANC youth league. They met not only to craft freedom demands but to develop a guiding policy for a future South Africa - a South Africa that is democratic, nonracial, nonsexist and prosperous; where people will live together in peace and in harmony, with equal opportunities.

The Freedom Charter remains the guiding policy of the movement. The National Development Plan remains the most relevant and practical tool we can use to deliver on the Freedom Charter. Chapter four of the National Development Plan, NDP, takes its cue from the ANC’s Reconstruction and Development Plan, RDP, of 1994. In short, the plan provided as follows: That energy efficiency and conservation must be a cornerstone of energy policies. This will involve the adoption of least cost planning approaches; the improvement of dwelling thermal performance; the promotion of energy-efficient appliances; the use of solar water heaters; appliance labelling, and the implementation of time-of-use electricity tariffs. Financial assistance to ensure households have access to efficient appliances will be essential. The environmental impact of different energy sources must be assessed.

Chapter four of the NDP envisages that by 2030, we must have moved with breakneck speed to secure sustainable energy mix, growing our economy through “adequate investment in energy infrastructure”. This commitment is amplified by our White Paper on energy policy, which requires that we exploit our abundant energy resources not only to attract foreign direct investment, but also to contribute in the socioeconomic development of the country.

The NDP is progressive in that it envisages a mixture of efficient energy outfits at lower tariffs while also ensuring that there is social equity from the energy exploits for our needy households. As the ANC-led government, we have taken steps to ensure that our energy resources are environmentally sustainable in order reduce pollution and mitigate the effects of climate change.

The Integrated Resource Plan of 2010 is the progressive and feasible plan. Its projections of the electricity supply and demand over the next 20 years, envisages the contribution of coal-based electricity declining to 48% by 2030. Renewable energy is our future. The plan envisages the continuation of the Independent Power Producers, IPP, to provide 30% of new generation capacity. It also expects coal plants to be decommissioned, a move which will see the tapping in of renewable energy mix.

The ANC-led government is hard at work to ensure that an extra 9 600 mega wards of power from both the Medupi and Khusile Power stations is connected to the national grid. This we will do by ensuring that we capacitate and fund these projects. We are committed to deploy clean energy that will provide cheap and sustainable electricity supply in informal settlements; in rural villages; and in the townships.

The National Energy Act, Act 34 of 2008 clearly sets out the objectives of the Act governing the supply of energy in the Republic as follows but not limited to: Ensuring uninterrupted supply of energy to the Republic; promote diversity of supply of energy and its sources, I will at a later stage in my address expand on this important point; facilitate effective management of energy demand and its conservation; and lastly, and most importantly, to facilitate energy access for improvement of the quality of life of all the people of the Republic.

According to the power utility ESKOM report on access to electricity dated 28 September 2018. Access to electricity has improved from 36% in 1994 to 90% to date. The ANC government has been able to deliver where the apartheid government and its Bantustan extension monumentally failed; from candles to light bulbs, from [isitovu

samalahle] coal stove to electric stove. The majority of the members on my left cannot begin to comprehend this transformation initiative of having millions of our people having electricity.

Indeed the ANC government has succeeded in moving South Africa forward yet we are the first ones to accept that more could be done to improve the quality of life of all our people. We welcome the commitment by the bold and decisive leadership of the Department of Mineral Resources and Energy, that following consultations at the National Economic Development and Labour Council, NEDLAC, the Integrated Resource Plan will be tabled in Cabinet for final approval and gazetted by the end of September 2019.

We must say that the new Integrated Resource Plan is long overdue and in future we need to improve on the pace at which Bills and policies are promulgated. The NDP identifies the need for South Africa to invest in a strong network of economic infrastructure designed to support the country’s medium to long term economic and social objectives. The NDP further identifies that we require the development of additional electricity capacity to meet our development goals.

During the 2019 general election campaign and the preceding period we had a lot of brouhaha, empty rhetoric, cheap political talk and sloganeering devoid of substance and principle. We were indeed subjected to a lot of half baked ideas and theories deeply embedded in shallow thinking not required at this poignant moment in the life of our democracy.

Some claimed that they will diversify the country’s power production by supporting viable renewable energy, exploring gas tracking in certain areas and allowing for off shore drilling-can we have order there!

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): Hon members order, can we allow the member to debate, order.

Mr S M KULA: In their far fetched dream they hallucinate about passing an Independent System and Market Operator Bill which would allow for ESKOM to be split into a generating entity that will be privatised, and the state that will manage, own, and operate the grid and its transmission. This is super confusion and contradiction on a grand scale. This is nothing but a cheap attempt by the puppets and surrogates of monopoly capital and agent provocateurs to fish for opportunities for their bosses.

We can't have agents of in this House disguised as hon members. If some IPPs want to engage Parliament they must come themselves and not send their proxies. Others claimed that if they were elected they would cancel all contracts with IPP. From their debilitating state of mind, they forgot that they have correctly characterized themselves as a ‘Government in Waiting,’ they will be a ‘Government in Waiting’ for the next 50 years. Their anarchic approach disguised as radicalism goes against the envisaged approach of the NDP of having an energy mix in the country.

The ANC’s commitment to support the use of renewable energy technologies in the country’s energy mix, to reduce the cost of energy and decrease greenhouse gas emissions is unmatched and unparalleled. While some hidden Trumpists here deny the existence of climate change phenomena. The ANC government as a signatory to the Paris Accord remains committed to reducing greenhouse gas emissions.

It is evident that the traditional power delivery model is being disrupted by technological developments related to new energy systems and we have to keep pace. We cannot assume that power systems should be premised on larger centralised power stations forever, delivering electricity over larger distances to a captive consumer base at a load centre.

Government is forced to accept that the economic dynamics posed by distributed generation and smart grid systems, will affect the way power is delivered to municipalities and other key industrial customers. Energy storage technology will make renewable energy coupled with storage a viable option going into the future.

We have to realize that the beneficiation of our strategic minerals holds the biggest potential to migrate South Africa into a reindustrialized economy, with no potential loss in regard to the participation of all our people in the economy. We would want to make a humble appeal to members on our position that we don’t want people who make noise, we want people who make sense, and we are not in a competition of howling. The ANC supports this Budget Vote.

Thank you.

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): Order, hon members, order.

Mrs C PHILLIPS: Thank you Acting Chair, my fellow South Africans, insanity often defined as doing the over and over again and expecting a different result. We can clearly see this in the way that electricity production or actually the lack thereof has been dealt with, especially in the last seven years. After six successive

elections, the Department of Mineral Resources and Energy has disregarded the energy plans of the largest opposition parties in favour of the disastrous energy plan of the ANC.

For 20 years, the ANC’s energy plans have failed South Africa and the South African economy. Even financial bailout after financial bailout has not been able to prevent South Africa from being plunged into electricity crises that has led to load shedding on a number of occasions for extended periods of time. The ANC can not and must not continue misleading South Africans, when they state inflated cost of renewable energy.

We have large power station that are being built but are more than five years behind schedule. In addition, these builds are hugely over budget. Adding insult to injury, Minister Pravin Gordon is on record as saying that the power stations were badly designed and poorly constructed. In the 20 ... [Interjection.]

Mr B M MANELI: Hon Acting Chair ...

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): Hon member, can you take a seat. What is the point of order?

Mr B M MANELI: Is the member willing to take a question?

Mrs C PHILLIPS: No, not at the moment.

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): It is her maiden speech, can you allow her to debate?

Mr B M MANELI: No, they said, it is not maiden.

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): Hon member are you ready to take a question?

Mrs C PHILLIPS: No, not at the moment, thank you.

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): She says she is not ready.

Mr MAHLAULE M G: That one is speaking; I also raised my hand Acting Chair that I am struggling to see the hon member who is speaking from this side.

Mrs C PHILLIPS: You can see me on the screen, thank you.

The ACTING HOUSE CHAIRPERSON (Ms V SIWELA): The screen is there for you to see her. Hon member, can you proceed.

Mrs C PHILLIPS: In the 2018-19 financial year the Department of Mineral Resources and Energy spent most of their allocated budget but however they only managed to achieve 44 % of their targets. The continuous above inflation increase in the cost of electricity has resulted in our products becoming uncompetitive on the export market and is also one of the reasons why South Africa is not seen as an attractive investment destination. Beneficiation that should be carried out in South Africa is being exported to the middle and far- east due to cheaper labour and most importantly, cheaper electricity. Both the lack of investment and the lack of beneficiation happening in South Africa are contributing to our very high rate of unemployment. Minister I would to thank you actually acknowledge the right of the investors to determine where they will spent their money. I think that will help to give some kind of confidence in us.

Over the next two years there is a net production in the budgeted amount for both the Integrated National Electrification Programme, INEP ESKOM and INEP municipality grants. How can Government reduce these grants knowing that there is a demand from South Africans for

more households to be electrified? From the above, it is patently clear that the current ANC policy is not in the interest of South Africans and the South African economy. It is therefore inconceivable the ANC-led government is still so determined to control Eskom’s monopoly on energy production and distribution in South Africa.

The draft report of the portfolio committee acknowledges that corruption is a problem in both the petroleum and energy sectors. While the Democratic Alliance welcomes the Minister’s undertaking to introduce training in ethics and ethical leadership amongst employees, it is important that action is taken against employees who are found guilty of fraud and or corruption. The law must be allowed to take its course. Officials and politicians should face the wrath of the law in equal measure whenever they are fingered in corrupt or fraudulent activities. We need a heavy handed approach on corruption, lets face-it; residents in some municipalities are paying up to 200 % more for electricity than the ESKOM tariff in order for those municipalities to recoup costs.

Red tape and a workforce in the offices of the energy sector, that are either not properly trained or are not committed to improving the lives of their fellow South Africans is a concern to prospective

investors and business owners. We not only need honest, ethical employees but also employees that are dedicated to building a South Africa where all our people have access to electricity, cheaper fuel and jobs. Illegal electricity connections are costing our country millions of rands every month. In addition, they also affect the ability of paying residents to access electricity as overloaded transformers trip or burn out, leaving paying residents without power. The lack of a plan and the will to address this by the department is a serious concern.

Let us stand together, let us rid our country of corruption and ensure that the future of every South African is not darkness and poverty but it is prosperous and it is filled with light.

Mr S LUZIPO: Hon Chairperson, the Minister of Minerals Resources and Energy and the Deputy Minister, the Ministers and the Deputy Ministers present, the portfolio committee members, hon members ...

*IsiXhosa*:

... iinkokeli zemibutho yabasebenzi, iinkokeli zoosomashishini ...

*English*:

... and other stakeholders present, ladies and gentlemen. Firstly, let me say hon Chair that as I was sitting here, I got so haunted by the spirit of Hendrik Verwoerd and I will come back as to why I felt so traumatised. I thought today I heard his voice speaking to us, telling us who we are, what do we deserve and do not deserve. [Laughter.] But I will come back to that and be able to explain. It is important just to start by saying, a quote from Hendrik Verwoerd:

Blacks should never be shown the greener pastures of education. They should know that their station in life is to be hewers of wood and drawers of water.

He goes on to say:

The Jews took Israel from the Arabs after the Arabs had lived there for a thousand years. Israel like South Africa is an apartheid state.

I will come back to it. The National Development, NDP, with its vision of 2030 states that South Africa must provide affordable and reliable and reliable in an efficient manner to all South Africans. As the previous speaker have stated, I am not going to spend too much time on the issues that they have raised, South Africa can be

able to determine the percentage amount of the contribution of its energy source which will work best for the country and its citizens. This should be conducted in a fair manner so that all possible energy sources that the energy industry can benefit from can be explored bearing in mind that the government has a responsibility to create jobs as well as to abide by the environmental laws.

South Africa has been heavily reliant on coal for energy production for decades and the country has fully accepted the usage of renewable energy in the scheme of things. This is all evidenced in the draft Integrated Resource Plan, IRP 2018/19. Therefore the department has to do more in terms of the IRP Draft 2018/19 and look at all possible angles available for energy production. The department together with the Parliament they have to look at processing and adopt legislative and regulatory mechanisms. We believe that we need to focus on these key following legislations: the Electricity Regulation Act, the Energy Regulation Act, the Gas Act as well as the Petroleum Pipeline Act.

We think also it is important to pay a special attention in terms of the department’s state entities to ensure that they are properly compliant in terms of the governance structure but also in responding to the common needs of our people. It is therefore in

that context that we look forward to work with the department as it continues to navigate through the challenges that are facing our people. We are quite aware; quite mindful and we are quite clear on the basis that energy forms the central part of our economy as a country and on the basis of that we have to rise to the occasion. We have to respond to the demands of our people.

*IsiXhosa:*

Kufuneka ndimane ndijonga ixesha lam kuba kusekhona izinto ekufuneka ndiziphendule.

*English:*

Having said that in summary Chair, we think that as we respond to some of these issues I understand that others have got an allergy to Marxism but historically materialism will assist them. Somebody comes here and tells us about our people who live with candles. I ask a question: does he know a candle? Can he give us a historically understanding of the candle? A candle is not the primitive form that our people were surviving on.

*IsiXhosa:*

Ingaba uyayazi ilampu kusini na?

*English*:

Firstly, you must understand that before candles came in as another form of exploitation of the black masses of our people, we were using lamps.

*IsiXhosa*:

Sasicoca sisule iiglasi zezibane xa intsimbi yesihlanu ibetha.

*English*:

Today, you come here and tell us about the candle. For me, let me tell you that I was born in Port Elizabeth. There is a power station just in Zwakhele Township but all along people from Port Elizabeth in the townships were staying and using the lamps. The electricity was taken to the towns where the white people were staying. [Applause.] You come here growing up in Stellenbosch, Roodepoort Durban North and you come to tell us that ...

*IsiXhosa*:

... uyakwazi nje ukutheza? Wakhe watheza okanye wakhe waya ehlathini?

*English*:

Please do not come and challenge us on what has been a painful past that we have suffered and we were told that we must be hewers of wood; drawers of water and today you have got guts to come and tell us about our own oppression. [Applause.] The candle was a system of oppression. It was never a tool of survival of the African masses. Those things that you are talking about are unfortunate that any revolution there will always be traitors and collaborators with the enemy camp and we accept that. [Interjections.]

So, when we deal with energy we dealing with energy as a source and a form of transformation.

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon member, order! Order, hon members, calm down, calm down. I am recognising the hon member at the back. Why are you rising hon member?

Mr J J MC GLUWA: Hon House Chair, may you ask the member to calm down. I am afraid of the heart attack. [Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): No, I think all of you should come down.

Mr S LUZIPO: The problem is that the truth is painful.

Mrs N W A MAZZONE: Hon House Chairperson, I am sorry to interrupt the member. Who shouts shut up to the boy? That is unacceptable in the House. It must be withdrawn.

The HOUSE CHAIRPERSON (Mr C T Frolick): Thank you. Hon members, order, do not get too excited. It is going to be a long five years in this Parliament if you get excited now so early because you must be able to dish it out and also to receive it. You must develop a very thick skin in Parliament. Do not let that each and every issue affect you that we will ultimately have to call the paramedics to come and resuscitate you. [Laughter.] Although you have a very good medical aid that the ordinary South Africans do not get access to it, you will exhaust that medical aid very quickly. [Laughter.] You stand the risk of developing a high blood pressure.

So, please just calm down and hon members, you are not supposed to use the microphone unless you are recognised. It is not only disrespectful to the speaker at the podium but also to the rest of the House and it is against the rules. So, desist from doing so.

Continue hon member.

Mr S LUZIPO: Hon House Chair, we want to co-exist, we want to build this country together but let me go to Martin Luther King:

If peace means keeping my mouth shut, in the midst of an injustice and evil, I do not want it. If peace means willingness to be exploited economically, dominated politically, humiliated and segregated, I do not want peace.

We are raising these issues not simply because we want to grand stand but the problem is that people seek to ridicule us on the conditions. We agreed and accepted that the ANC has not said it is perfect, that is the responsibility of the leadership. It has agreed where it committed mistakes but those mistakes cannot continue to undermine our historical oppression and this issue of energy is at the centre of exploitation. [Applause.]

Even if you say today they do not have candles – by the way we have got electricity for the white man in this country as far as 1923.

You come to tell us today that in 2019 almost close to hundred years you tell us that in a period of 25 years there are people still suffering. We agree and accept it but I can guarantee you, you go to my village where I grew up ...

*IsiXhosa*:

... uyayazi iNgqushwa, kwilali yaseMxaka.

*English*:

Go there and see whether you will find someone who will complain about going to the veld to collect woods, simply because where they stay there is electricity. When they want to cook they go the stoves and use electricity. [Applause.] One of the dangers in a revolution is when you have got class collaborators. Those who continue to assist the enemy in resisting change. [Interjections.] We will deal with issue also because at times the danger is those who discuss political venturists and discuss as revolutionary champions today when in essence what they do is to breathe life to the enemy; to the butchers of the working class.

Mr M K MONTWEDI: Thank you very much hon House Chair, is the hon member willing to take a very genuine question, a very genuine question?

The HOUSE CHAIRPERSON (Mr C T Frolick): Are you prepared to take a question Hon Luzipho? Okay let us wait for the member to reply.

Mr S LUZIPO: Do not worry, he has got my number. I will send a whattsap. [Laughter.]

Mr M K MONTWEDI: Where do I get your numbers from? Who are you for me to have your number? [Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon member, take your seat hon member. You can meet afterwards in the passages and exchange numbers do not get too excited. Continue hon member.

Mr S LUZIPO: Do not worry, sometimes when truth come out deafness becomes a problem. Your people will be deaf now because there are things they do not want to hear and they get irritated and feel pain that they cannot take it. The point that we are saying is that in as much as we are address all these issues, please hon members everyone who comes with solutions we will listen to them. Those who say we may have been slow in implementation, we agree with them. Others were telling us just yesterday that we must help you in implementation.

They are bringing a Private Members Bill. Is that implementing when you still bring another work instead of giving us what we must do? We are prepared to come and listen to rational argument not to people who say they want the Independent Power Producers, IPPs. I do not know what he is going to do with the IPPs. I thought he does not want the IPPS but he is saying here, he wants the IPPs.

The Minister answered on the question of ethical leadership training for the staff. He argued and we also raised this as a committee to say it is not enough to say you take people for ethical leadership. Put mechanisms in place so that those who already conducted themselves, the rule of law must apply. That is the answer and there is no question about. So, the report was adopted but others said they reserve but their views are contained in the report. That is what we have done.

Hon House Chair, on behalf of the ANC as we support Budget Vote 26, I think it will be critically important to leave this hon Minister for you. Our duty is to hold ourselves responsible to the people.

Every word, every Act and every policy must conform to the people’s interest. Mao Tse Tung avers:

If mistakes occur, they must be corrected - that is what being responsible to the people means.

We support Budget Vote 26, thank you very much.

The MINISTER OF MINERAL RESOURCES AND ENERGY (Mr S G Mantashe): Hon

House Chairperson, the first speaker threw at us two contradictions; growing the economy and decline electricity demand. If we do a

detailed analysis of that, it will talk to the effect of intensive electricity consumers. If your intensive electricity consumers no longer afford electricity there will be a decline in electricity demand and there will be difficulties in growing the economy. So, that issue must receive our attention as a department.

My friend from the DA makes statements that are not collaborated by facts. He refers to section 6 of the National Energy Act which has not been promulgated into law yet. Allergy to being part of Africa is a problem. We are part of Africa and we are not a parallel state nor isolated or marginalised. So, we must take our advantage of interacting with the rest of the continent. That is why it is factually incorrect to say the South Sudan agreement was never seen by the Central Energy Fund, CEF. But the fact of the matter is that, it was approved by the board of CEF. Yes, it was approved and I am not sure whether you are a member of the CEF board but it was. [Laughter.] Those are the two corrections I wanted to make.

We must interact with the continent because the Grand Inga mega- project is a continental flagship project and we must be part of it. If it has problems, we must also be part of those problems and we must be part of finding solutions to them. It is an agreement of various countries in the region and we are part of this region. That

is why on the question of the Grand Inga mega-project and South Sudan we are going to exploit a number of opportunities in the continent. I can assure you because we are part of this continent.

When I started my speech I made a point that says we are not a lobby department but a regulator. If we come and lobby for a particular technology we are going to miss each other because it is not our responsibility to lobby for a particular technology. We need to talk about the energy mix. The Integrated Resource Plan, IRP will be before you and it will be gazetted by September. I am reassuring you that it will because it is on the final stages at National Economic Development and Labour Council, Nedlac.

When the DA government in a particular area takes us to court, you must know that it is just a beauty contest. They want to be seen to be doing things; playing to the gallery. I hope DA gained some votes and that is why they are talking about losing because when it is them who lose they do not see that as a loss but as a slippage. [Laughter.] If I must interpret what the DA is saying about Cape Town and its desire to access electricity to whomever, they are motivating us to revisit whether we should reintroduce the Independent System and Market Operator Bill and have a discussion on it where transmission facilitates an electricity market and if that

is the proposal, we are going to look in it. If then, is just playing to the gallery, it has no value. Independent System and Market Operator Bill will look into trading with energy and that is what we are responsible for.

Somebody made a statement that says nuclear energy is expensive. Again, it is an assumption rather than a fact. Koeberg Nuclear Power Station generates the most cost effective electricity in South Africa today. The character of nuclear is that it is expensive at commissioning and at decommissioning. Nuclear is efficient at generating energy and therefore that is what we should be looking at. We need to look at all these options that are at our disposal.

It is misleading to just come here and say nuclear is expensive.

We accept the issue of energy being central to economic growth and that is why we must everything we should do. Actually, when people see change that is positive they do not appreciate it. We are going to make a positive contribution as this department in the economy and we are committed to it.

We invite everybody who is deployed by their respective parties to this space to work with us in ensuring that energy makes a positive contribution to the economy. Thank you very much Chair.

Debate concluded.

The mini-plenary rose at 15:57.