# WEDNESDAY, 11 NOVEMBER 2020

***PROCEEDINGS OF THE NATIONAL ASSEMBLY***

The House met at 15:00.

House Chairperson Ms M G Boroto took the Chair and requested members to observe a moment of silence for prayer or meditation.

The HOUSE CHAIRPERSON (Ms M G Boroto): May I remind hon members that they have to adhere to the protocols in the interest of safety for all present. Let’s keep our masks on at all times and let’s sit where we are designated.

Hon members, the first item on the Order Paper is questions addressed to the Ministers in cluster five, Economics. There are four supplementary questions on each question. Parties have given an indication on which questions their members wish to pose supplementary questions. Adequate notice was given to parties for this purpose and this was done to facilitate participation by all members who are connecting to the sitting through the virtual platform. Members who pose supplementary

questions will be recognised by the Chairperson. In allocating opportunities for supplementary questions, the principle of fairness, amongst others has been applied. If a member who is supposed to ask a supplementary question through the virtual platform is unable to do so due to technological difficulties, the party Whip on duty will be allowed to ask the question on behalf of the member. When all the supplementary questions have been answered by the executive, we will proceed to the next question on the Question Paper.

The first question today is Question 501 which has been asked by the hon Sithole to the Minister of Transport. The hon the Minister?

# QUESTIONS TO MINISTERS ECONOMICS - CLUSTER 5

Question 501:

The MINISTER OF TRANSPORT: Yes, the reply is that traffic law enforcement officers are expected to enforce compliance with the COVID-19 regulations and directions issued in terms of the Disaster Management Act of 2002. This involves the continuous monitoring and evaluation of compliance at taxi ranking facilities and during the conveyance of passengers. Taxi drivers are required

to have their face masks on at all times, including ensuring that all passengers also have their face masks on.

I have convened a series of meetings with the national leadership of the taxi industry to ensure that I share all the necessary information on COVID-19 protocols. Mitigation against COVID-19 requires co-operation, collaboration and common action. As such, the taxi associations are key to ensuring that they monitor at ranking facilities and inside taxis. The taxi industry committed to comply with COVID-19 regulations by using hand sanitiser and the wearing of face masks at all times. The responsibility to ensure compliance at taxi ranking facilities has been assigned to all ranking managers. I thank you.

*IsiZulu*:

Mnu K P SITHOLE: Angibonge kakhulu mhlonishwa Sihlalo, ngibonge nempendulo eqhamuka kumhlonishwa uNgqongqoshe, ngicabanga ukuthi uNgqongqoshe akakasho ukuthi ikhona yini indlela umnyango oyisebenzisayo ukubheka ukuthi iyalandelwa yini imithetho ye- COVID-19 ...

[Ubuwelewele.]

USIHLALO WENDLU (Nk M G Boroto): Yima kancane! Ima kancane!

*English:*

Interpreter! Interpreter! The information communications technology ... ICT? ITC or ICT, please rectify that. Please rectify that as we couldn’t hear Mr Sithole because there was interpretation on video. Can we go back to baba Sithole?

*IsiZulu*:

Mnu K P SITHOLE: Ngibonge kakhulu Sihlalo, ngiphinde ngibonge ...

[Ubuwelewele.]

USIHLALO WENDLU (Nk M G Boroto): Ima! Ima baba uSithole ...

*English:*

No, no, no, no. No, the interpreter is interfering, and there’s nothing wrong if hon Sithole would like to use IsiZulu. We want to listen to the member of the House asking the question. Can you rectify that mistake? Let’s be sure that when we go back to Mr Sithole there won’t be any interference, otherwise I don’t know how to go forth with this. Mr Sithole, can we try again?

*IsiZulu*:

Mnu K P SITHOLE: Angibonge kakhulu mhlonishwa Mphathi wohlelo bese ngibingelela noNgqongqoshe ukuthi ngiyayizwa impendulo yakhe kodwa

impendulo yakhe ayicacisi ukuthi eMnyangweni Wezokuthutha bakhona yini abantu abathunyelwe ukuthi bayobheka ukuthi imithetho iyalandelwa yini emarenki ngoba okwenza ukuthi ngisho kanjalo ukthi siyahamba ngamatekisi.

Abantu laphaya ngisho abagibeli bakhala ngokuthi okokuqala abantu abawuhloniphi umthetho wokuqhelelana nokushiyelana izikhala abawuhloniphi nje bayaminyana. Okwesibili, ama-sanitiser lawa okuthiwe bayawanikeza, kwesinye isikhathi uthola ukuthi emarenki abawatholi kuthi mhlawumbe lapho usosesheni uthi awukawatholi, awakafiki ukuthi bayakubheka yini lokho.

Nanokuthi abantu abagibelayo kukhona abangasafuni ukufaka izifonyo. Umbuzo uthi-ke, ngabe zonke lezi zinto umnyango unazo yini izinhlelo zokuthi kube nabantu ababheka ukuthi imithetho iyalandelwa yini? Ngoba sikhuluma nje siyakwisikhathi sonyaka samaholide kuzobe kungaphezu kwalokhu abantu bephuza ngoba ngisho ematekisini uzothola abantu beziphuzela bengenandaba ukuthi kwenzakalani.

Ukuthi, ikhona yini indlela ukuthi umnyango ube nabantu ababheka ukuthi zonke lezi zinto ziyenzeka yini? Noma bakhona yini abantu ababekiwe emarenki ukuyobona ukuthi lezi zinto okufanele noma uHulumeni azishoyo ziyalandelwa yini. Ngithokoze kakhulu, Sihlalo.

*IsiXhosa*:

UMPHATHISWA WEZOTHUTHO: Okokuqala, sivumelene nabaqhubi beeteksi, abanikazi ziteksi kunye nabahlali, jikelele ukuba siza kusebenzisa umthetho ukuqinisekisa ukuba bonke abantu bayazenza ezi zinto sithe kufuneka zenziwe ngokusemthethweni. Yinyaniso emsulwa into yokuba ikhona imbinana yabantu engawuthobeliyo umthetho esiwubekileyo. Kungoko sisenza imvuselelo ebantwini ngoku, sibanika ulwazi ukuze bazazi izinto ezisemthethweni nezingekhomthethweni.

Okwesibini, abanikazi beeteksi...

*English:*

The HOUSE CHAIRPERSON (Ms M G Boroto): No! Hon Minister, I’m very sorry to do this to you. Can we be assisted? Service officials, what’s happening?

Mr S N SWART: Chair, we are getting the interpretation internally here but it seems that its coming through on the virtual platform. I’m receiving the interpretation here silently from a gentleman who’s doing very well. However, that seems to be another interpretation coming through on the virtual platform.

The HOUSE CHAIRPERSON (Ms M G Boroto): Yes, we are aware what is happening. I just want this problem to be resolved once and for all. The readiness of our interpreters and those who connect them is very important. The sitting starts at 14:00. We have to test our systems before we start with the sitting. This can’t go on like this. Hon Minister, just take it from where you ended.

Let’s try.

The MINISTER OF TRANSPORT: When it comes to monitoring, we monitor because transport is a concurrent function through our provinces as well as local government working hand in hand with taxi associations. That’s where I will end, Chairperson.

Mr L E McDONALD: Thank you very much, House Chair. Hon Minister

... [Inaudible.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Can you increase your volume?

Mr L E McDONALD: Sorry House Chair. Can you hear me now?

The HOUSE CHAIRPERSON (Ms M G Boroto): Yes.

Mr L E McDONALD: Hon Minister, in line with government’s efforts to formalise the taxi industry, was the safety of commuters discussed in the recent lekgotla, specifically in relation to COVID-19 and its challenges? I thank you.

[Interjections.]

The MINISTER OF TRANSPORT: Formalisation and the safety of commuters ... We discussed formalisation. We agreed on formalisation; we agreed on regulating the industry; and we agreed on the empowerment economic model for the taxi industry. We agreed on all of these things, including COVID-19 ... the commuter is central. That is why, in terms of our subsidy, we agreed that the subsidisation that will kick in from 1 April 2021, in terms of our envisaged implementation plan, will focus on alleviating commuters who use taxis in particular as a mode of transport. Thank you very much.

Mr C H H HUNSINGER: Thank you Chairperson.

The HOUSE CHAIRPERSON (Ms M G Boroto): Oh sorry, you’re in the House. I didn’t ... [Inaudible.]

Mr C H H HUNSINGER: Minister, I must remark that you look lovely in blue; especially on this day when we have so many by-elections. [Laughter.]

Minister, in June this year you announced a billion rand relief fund, specifically dedicated to the taxi industry. However, in the tourism industry we also have public transport-related services with busses and coach liners. What relief will you give this particular segment of public transport; owners of busses, owners of coach liners who have been stranded with no income, against the background of giving the taxi industry a billion rand? How will you help this sector?

The MINISTER OF TRANSPORT: The taxi industry was given the

R1 billion intervention for relief because they are not formalised and they are not exposed to all the resources that government has put at the disposal of South Africans, particularly small businesses, that they can access for relief for their own businesses. So, the coach liner ... and all the people that you have actually mentioned do qualify for that relief that government has actually set aside. The taxi industry will not qualify because they are not wholly registered as a business and as a result they did not qualify for any form of relief for all the schemes that government had put at the disposal of South Africans. We all know

that the coach liner ... and everybody else, and even small, medium ... and the Minister is here ... can speak about that ... Some of them have had to move away from being relieved or to get access to funding precisely because they said the conditions are not in their favour.

However, the taxi industry ... This was ex gratia, which means something that we give but we are not compelled to. We put conditions to that. We did not agree on the conditions and now, after the lekgotla, we are discussing with them how we are going to disburse that money. Or otherwise, that money will be used for other purposes by Treasury. However, we want it to be used for the taxi industry. We have resolved on formalisation; we have resolved on regulating the industry. We must now distribute that one billion 135 million that we have set aside. There is a task team that I’ll be announcing next week, led by the director-general, that, among others within a set period of time must resolve what we are going to do with that money, working with everybody, which includes Treasury, ourselves and the taxi industry. Thank you very much.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you hon Minister. The last follow up question will come from hon Nolutshungu of the EFF.

Ms H O MKHALIPHI: Chairperson, I’ll take the question.

The HOUSE CHAIRPERSON (Ms M G Boroto): Continue, ma.

Ms H O MKHALIPHI: Thank you very much, Chair. Minister, law enforcement struggles with enforcing the most basic of rules of the department when it comes to taxi operations. This is to such an extent that nothing can be done with the taxi industry unless there is co-operation by that industry.

What sort of engagements have you had with the taxi industry on compliance with COVID regulations? Which industry bodies have you consulted with and what assurance have they given you about continued compliance with COVID-19 ... ?

*IsiZulu*:

Ngathi ayakuhlula lamadoda Ngqongqoshe, ayazenzela nje. Wenzejani- ke wena njengoNgqongqoshe ...

*English:*

... to make sure that there is compliance.

*IsiXhosa*:

UMPHATHISWA WEZOTHUTHO: Hayi, awazenzeli njee, awandoyisi kwaye akukho kwavula zibhuqe, kunjalo nje. Into eyenzekayo yeyokuba kuhanjwa ngomthetho nothethiswano kakuhle. Kaloku sivumelene ukuba...

*English:*

... this is a compact between government and society, and the taxi industry is no exception to that. In this compact we agreed with them on what needs to be done with regard to certain things and so on. We agreed on the regulation that we move from 70 to 100 percent and what needs to happen.

People do comply. They come with their masks to the taxi ranks and so on. The question of the enforcement of that relies on some of the things I have said — the taxi marshals, the taxi drivers and all of that. I can agree with you that in certain instances this is not being done, but society as a whole has actually heard the call by government that the only way to ... safety from COVID-19 when you use public transport is to sanitise and at the same time to use masks. That is why we as government have come to the party to subsidise the taxi industry, even though it was mentioned that in certain instances this is not enough. We do subsidise with sanitisers, which has now devolved to the provinces to distribute at the taxi ranks.

Taxi ... themselves have got a responsibility, but equally so, citizens have a responsibility to their own health now that they are aware that — to get in public spaces where there is a congestion of people — to undermine the spread of the virus you need to put on a mask. Most ... and the majority of our people have complied. Thank you very much.

Question 516:

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Good afternoon,

hon House Chair, I was informed by the Department of Public Works and Infrastructure that only one company was appointed to complete the tender of maintenance in the three parliamentary villages. The name of the company is called The Construction Company.

The total cost of the maintenance project at the three villages amounted to just over R88,997 million. Each of the units will be accessed for maintenance and refurbishment and that will include concrete, foam work, waterproofing, carpentry, joinery, painting, tiling, plumbing, drainage and glazing.

Up to 40% of the value of the maintenance project will go to Small, Medium and Micro Enterprises, SMMEs, to be appointed by the main contractor. I thank you.

Mr P VAN STADEN: Madam Minister, I am glad to hear that the amount is now a bit less than what you told us in the committee on 10 March when it was standing at R96 million. We are making progress. Madam Minister, can you just tell me what will be the completion dates for this project and whether the standard procurement procedures were followed in the awarding of this tender? If not, why not? Thank you House Chairperson.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon House

Chairperson, I don’t have that information. I know that there was a Parliament delegation that visited the department, last week. I am sure they will provide the dates.

With regard to the supply chain management procurement, I am not involved in that but I will find out from the acting director- general and come back to the hon Van Staden. I thank you.

Ms L N MJOBO: Hon Minister, what is the process followed for the awaiting project for implementation to provincial government departments for strategic infrastructure development and what are the responsibilities of the national department and the implementing agency if this project does not happen according to regulations and what steps will be taken to rectify any shortcomings? Thank you.

The HOUSE CHAIRPERSON (Ms M G Boroto): It would be very good if you just inform us you are standing in for someone because I called hon Mashele and somebody else is speaking. It would be very important that if such happens in future that you inform us that you are standing in for him. I know the problems with technology might have caused that.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Public Works and

Infrastructure has the concurrent power, so the provincial departments are responsible for their own procurement and for signing their own service level agreements with the various implementing agencies.

When we have our Ministers and Members of the Executive Councils, Minmec, meetings, we discuss the total national infrastructure needs and procurement. I don’t have that breakdown. Thank you.

Ms M B HICKLIN: Minister De Lille, you have set aside a budget of R89 million for the refurbishment of houses in the parliamentary villages. As I understand it, inspections have been carried out by the Department of Public Works and Infrastructure staff but in- depth investigations can only be undertaken once the houses that have to be refurbished are empty. This implies that a blanket approach has been used in the allocation of funds to these

refurbishments. This is substantiated by a communication received by residents in Acacia Park, for example, in which we were told that all double beds were being replaced. Many of the residents of Acacia Park have commented that there is nothing wrong with our beds and we are refusing to be provided new beds when it is unnecessary, wasteful and fruitless exercise.

There are many houses where repairs are necessary and these houses are showing serious signs of disrepair, this must be undertaken.

However, what guarantee can you give us Minister that you have undertaken adequate measures and put them in place to ensure that only work that needs to be undertaken will be undertaken? We need assurances that no blanket approach will be used and only a revised ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Hicklin, there Rules for time when you ask a supplementary question. I have allowed you to go on for more than 20 seconds and I have not as yet heard your question. There was one question. The Minister got it. I can allow you just to ask your question. I am saying next time don’t that again.

Ms M B HICKLIN: Sorry, Madam House Chair, what guarantees can the Minister give us that only the necessary repairs will be

undertaken and not a blanket approach to the benefit of the connected suppliers? Thank you, Madam House Chair.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: I am sure the hon

member doesn’t need a bed. We have received requests from certain members about the conditions of their beds and in those instances, they are being replaced. We are not using a blanket approach to replace all beds.

As far as I know, the inspections ... Madam House Chairperson, there are a number of forums where we engage. The one forum is between the presiding officers and the Chairperson of the NCOP and we meet on a quarterly basis to assess and evaluate all the projects. We also have the parliamentary village board and again we engage with it. Then, there is the Portfolio Committee on Public Works and Infrastructure. All the details are presented to members at that time.

I can’t stand here and give guarantees and security. When have these engagements again in proper platforms and structures, that is where the questions need to be asked. Thank you, Madam House Chair.

Ms H O MKHALIPHI: I will take it, House Chair, Minister, there was a panel that was set up in 1993 to investigate compensation payable to political office bearers for the use of private homes as official residences. As a general principle, it recommended that it is sensible to pay a market-related allowance instead of providing official housing and that the principle of paying an allowance should be adopted as a long-term solution. The panel also provided evidence to show that this model is cost effective, eliminates administration, maintenance and refurbishments of these parliamentary villages and that it will result in substantial savings which can be used to fund other important social infrastructure.

Minister, do you agree the market-related allowance to Members of Parliament, instead of these villages is a model you must follow? If yes, when is the Minister prepared to implement it? If not, why not? Thank you, House Chairperson.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon House

Chairperson, the question is to the wrong person, there is the Remuneration Commission chaired by a judge and that is where Parliament and public representatives make their submissions and requests for allowances. It is not for me to decide.

The role of the Department of Public Works and Infrastructure is to look at maintenance and repairs of the state-owned buildings and entities. Also, currently, Members of Parliament are not paying market-related rent. They are paying something between R200 and R400 per month. SO, that question must be asked to the relevant people. Most of the members are paying the R200 to rent the state-owned houses but with regard to maintenance and repairs and the upholding of the infrastructure there, it is costing the state a lot. Thank you.

Question 522:

The MINISTER OF TRANSPORT: The question is about whether we have plans in place to move the freight of goods from road to rail. The freight policy includes the maximisation of the use of railways in order to limit the usage of roads for freight movement. The challenge is that, although the current railway system is highly effective for the transportation of bulk commodities, it does not offer services for short haul and break bulk cargos. This inadequacy thwarts the policy intention of promoting rail freight as a means of reducing road freight congestion and limiting the use of roads.

As described in the 2017 Road Freight Strategy and in the National Rail Policy Green Paper of 2015, there is a need to revitalise the railways to provide a range of industrial supply.

Regarding chain logistics services, it will be essential to design and manage an orderly and efficient process to achieve the restructuring of railways to create opportunities for investment and to limit third-party access for train operators. The benefits of the restructuring of the railway framework will be: increased efficiency of rail logistics for the industrial sector, which will include lower freight rates and more reliable services; a wider selection of rail services; an ability to integrate modal logistics; and materials handling solutions.

The removal of monopoly for rail services will promote private- sector investment and involvement in the railway industry, which will then allow integration with overall freight logistics and supply-chain planning of private-sector industries that are currently precluded from the use of rail transport owing to rigid commercial policies.

Existing and future rolling stock will be better utilised, and more volume on rail will result in a reduction of haulage of bulk commodities on road transport. Improved rail services will provide

a more competitive export environment through the removal of bottlenecks in commodity flows. The expansion of the rail industry and integration into the overall logistics framework will reduce the need for government capital expenditure and replace this with private-sector investment, profits taxation, employment, industrial expansion and international export competitiveness. The current debt levels incurred in attempts to modernise rail services will reduce as opportunities are created for investment by private-sector operators.

The revitalisation and expansion of the railway is critical. Industry will create opportunities for employment and will promote the development of additional industrial training to increase the levels of railway-sector skills, technical competence and investment-supporting services. In addition, the provision of opportunities for investment involvement by the private sector will facilitate a more BBBE company-creating environment. Thank you very much, Chair.

Ms M M RAMADWA: Thank you, hon Minister, for your response. To what extent does the recently announced infrastructure recovery plan support or facilitate a move from road to rail transport and what are the details? Thank you.

The MINISTER OF TRANSPORT: When it comes to the economic recovery plan – as announced and presented by the President to all of us – our plan of action will be implemented in terms of road infrastructure and building rail capacity in the country. You will understand that in terms of that, we talk about the old branch lines which we will revitalise by implementing strategic compact partnerships through concessions with the private sector. These examples are all over the country. There is a railway line between Botshabelo and Thaba ’Nchu in the Free State that is not utilised for passenger services, but it is there. We will revitalise it as part of this plan.

Of course, other bigger plans speak to a reimagined approach with regard to what we will be doing in terms of high-speed rail. We are dealing with it as we speak, and, among other things, we will actually upgrade and bring in new rolling stock in different parts of the country where rail passenger services are needed and required and are needed by our people.

The infrastructure programme focuses on ensuring that we upgrade and revitalise the rail network, which is underutilised, through concessions with the private sector. The programme also focuses on improving the rolling stock. These plans will even go beyond the next financial year.

We talk about monorail and we talk about the new corridors of rail infrastructure. I don’t want to talk about the Mpumalanga Corridor and all that. I would rather focus on what we are dealing with now which is high-speed rail. In the next two years, we will probably pass the feasibility study and implement that particular project for South Africa. Thank you very much.

Mr C H H HUNSINGER: Thank you, House Chairperson. Minister, yes, intentions, plans and recovery plans, but can you mention one document that expressly explains the hows, the whens and the whats of this plan in moving freight and cargo off the road onto rail?

Megatons of manganese and coal are being transported over several provinces to harbours in our country. Can you mention one document which formally expresses how, when, who and what will constitute this move of cargo on the road to freight? Thank you.

The MINISTER OF TRANSPORT: I have spoken about the 2017 Road Freight Strategy. At the moment, we are in the process of ensuring that the National Rail Policy Green Paper of 2015 is revitalised and that we are able to make it current in terms of implementing our strategy of moving from road to rail, going forward. So that will be coming.

We are not in a position to present it to you as we speak, otherwise we would be giving you a pipe dream. We will be able to present it very soon to Parliament and the portfolio committee.

Thank you very much.

*IsiZulu:*

Mnu K P SITHOLE: Angibonge kakhulu mhlonishwa Mphathi wohlelo, ngibingelele nakuNgqongqoshe, umbuzo wami uthi, uma ikhona iminyakazo yokuthi kufanele kusukwe ekuthuthweni ngezitimela kuyiwe ekuththweni ngemigwaqo, umbuzo uthi, njengoba inkohlakalo ingaka, ubudedengu kungaka nokunganakwa kokucekelelwa phansi kwempahla lokhu okwenzeka kojantshi, ukuthi zikhona yini izindlela zokuthi kulungiswe kuqala ezezitimela kuqala, kulungiswe nale

yama-Metrorail indlela mhlawumbe la abahamba khona ngoba sikhuluma nani nje abantu abaningi abasebenzi ngenxa yokuthi ukucekelwa phansi kwempahla kweenzeke kakhulu.

Nanokuthi uma kukhona izinhlelo zokuthi abantu ... kukhona ukuthuthwa mhlawumbe kwezimpahla zisiwe kwezokuthutha ngemigwaqo, zisuswe kwezokuthuthwa ngemigwaqo ziya kwezokuthuthwa ngezitimela. Ngabe ikhona yini indlela yokuvimba ukuthi abantu ngaleso sikhathi uma kwenzeka lokho bangalahlekelwa ngamathuba omsebenzi ngoba kubonakala ukuthi imisebenzi ayikho? Angithokoze kakhulu.

*IsiXhosa:*

UMPHATHISWA WEZOTHUTHO: Owona msebenzi wam ongamandla ngowokuba ndisuse impahla eninzi ehanjiswa ngeelori ezinkulu ezindleleni ...

*English:*

... and put it on rail, working with Transnet. That is a partnership between me and the Department of Public Enterprises. From my perspective, however, ensuring that we move people to rail and that we entice them to rail is what we will be implementing. I have spoken about doing this through concessions, through revitalising the underutilised rail infrastructure in the country, through preparing it to transport people and through expanding the rolling stock in those particular areas. Good innovation of that will include things like monorail ...

*IsiXhosa:*

... into ongazange wayibona. Ndiyafuna ukuba ndikuse phaya eMalaysia uye kuyibona. Ndifuna nibone eyona nto intle kakhulu phaya koololiwe baseMalaysia. Siza kubona abantu baseSoweto ngobuninzi babo okanye eMlazi besiya emisebenzini bekhwele oololiwe abafana nabaseMalaysia. Siceba ukwenza loo nto xa sifuna ukutshintsha abantu ukuba bayeke ukusebenzisa iindlela zethu, basebenzise oololiwe. Sijonge nokuphucula ushishino xa iimpahla esishishina ngazo zingasayi kuphinda zilale endleleni kuba kuxabe

iilori ezinkulu ezindleleni. Apha kuza kufuneka sisebenzisane noTransnet ukuze akwazi ukumelana nomthamo wempahla esiza kube sishishina ngazo. Ngumsebenzi lowo esiwenza kunye noMphathiswa uPravin Gordhan. Ndiyabulela.

Mr A M SHAIK EMAM: Thank you, Chairperson. Minister, as much as I want to be optimistic, we must be honest. This plan of yours is going to take a long time. In the meantime, the many, many accidents taking place on the roads involving heavy vehicles are as a result of driver fatigue. Most of these accidents take place during the early hours of the morning or late at night. There are no measures in place by your department or the police to deal with testing for driver fatigue.

What measures can you put in place to ensure that these super and lengthy things keep a distance from each other on the roads? This is because, when they all travel in convoy, it is difficult for vehicles to overtake and this results in people becoming impatient. That’s why you find so many accidents taking place in the early hours of the morning or late at night. Could you put some measures in place at the moment while we get this plan of yours going, Mr Minister?

The MINISTER OF TRANSPORT: I think we are not opposed to any measures and we have not explored that. I think the suggestion of the member is something that is worth exploring. In the meantime, while we do all the other things, we should be in a position to look at what can be done to ensure that we relieve the traffic on our roads that is as a result of freight and logistics.

Question 540:

The MINISTER OF PUBLIC ENTERPRISES: Thank you House Chairperson, before I answer the hon Cachalia’s question, let me confirm that we are at one with Minister Mbalula on the question of transferring goods from road to rail. Transnet is certainly taking that into account, and it is business planning and we will progress in that regard over the next year or so.

In respect to Mr Cachalia’s question, we received the considerable number of expressions of interest from potential financial institutions and other private equity partners and airline operators. This has been submitted to a transaction adviser for both assessment and engagement with these parties. The process has reached an advanced stage, and we expect the process to be concluded by late December or early 2021.

Due to the sensitive commercial nature of these negotiations, we are unable to pronounce at this stage the details of the expressions of interest. However, at the appropriate time, this outcome will be communicated. Notwithstanding the current and vast difficulties of SA Airways, SAA, it must be noted that SAA has a highly credible reputation both across the African continent and globally. This clearly is an attractive proposition for the many expressions of interest that we have had.

In relation to the second part of the question in terms of SAA’s debt and restructuring costs - as I have indicated before, the private equity partners have indicated very clearly that they will not take on any of these responsibilities. Therefore it is a matter of government to ensure that all these liabilities are paid in full, including the restructuring costs of the SAA.

In respect of labour, and after extensive consultations and discussions with labour unions in the labour consultative forum, the reduction of staff numbers, voluntary severance packages, VSPs, and restructuring and retrenchment packages, and the retention of the necessary staff for the new airline on new conditions of service of other ... [Inaudible.]. The same applies to the payment of outstanding salaries to staff. As the funds

become available, these obligations will be met - some of them before the end of the year.

On the question of management and intermanagement team is currently being put in place with the right aviation skills. This team will in all likelihood be complemented by an operational team brought in by the new partner next year. Furthermore, discussions are taking place currently on the transition out of business rescue for SAA. Thank you, House Chairperson.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you. I have been informed that the Chief Whip of the Opposition will take charge of the first supplementary question as asked by the hon Cachalia. Hon Mazzone?

The CHIEF WHIP OF THE OPPOSITION: Thank you so much, hon House Chairperson. Minister Gordhan, I must say that I am happy that you agree with Minister Mbalula, and I think you should go one step further and let him take over SAA because it should belong to the Transport Ministry. It shouldn’t be with Public Enterprise in the first place. I also agree with you that at a certain time SAA was an attractive possibility, but Dudu Myeni messed up the parastatal and that is why she is sitting before the Zondo Commission - and you and I both sat and questioned her about that. So, we know why

SAA sits in the financial mess it is in today. We mustn’t try and paint a pretty picture when we both sat in that Public Enterprises hearing and listened to the lies that came out.

So now, this goes on and on and money just keeps getting paid out. Now we are told that there is a R10,5 billion bail out. But I have heard it on good authority that R10,5 billion is the very conservative amount that we are looking at spending. And in all likelihood it is going to go up to R16 billion which the South African taxpayers will have to fork out during the time of COVID-

19 and when we are effectively bankrupt in our country.

AN HON MEMBER: What is the question?

The CHIEF WHIP OF THE OPPOSITION: Young lady, sit down and keep quiet, the adults are working. It would be very advisable for the Minister to be honest with the South African public and tell us now – R10,5 billion, conservative estimates or the real cost, because we think it is closer to R16 billion. Thank you, House Chair.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members on virtual platform, people have time assigned to them for the questions. So, don’t interrupt the person at the podium, that is my duty.

Mr B A RADEBE: House Chairperson?

The HOUSE CHAIRPERSON (Ms M G Boroto): Yes, hon member.

Mr B A RADEBE: Based on Rule 82, the Chief Whip has just called the hon Tshabalala a young lady and she said that the adults are working. Basically she is declaring the hon Tshabalala not to be an adult. I think that is unparliamentary.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Mazzone?

The CHIEF WHIP OF THE OPPOSITION: Thank House Chair, I withdraw. She is an older lady.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you for withdrawing without me asking you to. Hon Tshabalala, please switch off your microphone. Any member who interferes will be warned once, and for the second time the member will be removed from the platform. That is a warning to everybody. Thank you. Hon Minister?

The MINISTER OF PUBLIC ENTERPRISES: Thank you House Chairperson, I don’t know what to do in respect of the hon members’s question on being honest with the South African public because I have always been honest and frank with the South African public. So, any

imputation otherwise is that it’s both unparliamentary and unwelcomed and untrue. Secondly, the total cost of restructuring notwithstanding the kind of verbal gymnastics she engages in is R14 billion, R10,5 billion of which is required currently.

Thirdly, the answer to the question with regard to what this money is going to be used for is that it is going to be used to pay the retrenchments and VSPs of the staff, and creditors need to be paid about R600 million.

Lastly, the money will be used to pay unflown tickets revenue – these are tickets that have been bought or paid for but have not been utilised as a result of which thousands of SAA customers are out of pocket. We need to replace the funds that they have actually utilised. Fourthly, one hopes that she has done her homework but that looks like political rhetoric overtakes the facts, but she must say to the South African public whether it is liquidation that she prefers – because liquidation means that each worker gets R32 000 maximum and they go home. Secondly, we lose all of the assets. Thirdly, the private sector cherry-picks whatever assets is it that they require. Here is the DA currently working in cahoots with some airlines or the other so that they can see the demise of SAA. They must now be honest with the South African public and tell us where they stand in this particular regard. [Interjections.]

So, we have been very factual and very frank in every parliamentary meeting about what these costs are all about and why government has the responsibility. In my initial response, I made that very clear also. Thank you.

*Sepedi*:

Moh C M PHIRI: Mohl Modulasetulo, e re ke thome ka gore ba mokgatlo wa DA ba emele nako ya bona e fihle, ba tle ba kgone go tšea Bofofiši bja Afrika-Borwa ba bo iše ka fase ga Kgoro ya Dinamelwa. Rena gonabjale re sa buša re le mokgatlo wa badimo le batho. Tona, ntumelele ke botšiše potšišo go ya ka Molaotheo ke re

...

*English*:

... is the recapitalisation of the SA Airways part of government’s legal and financial obligations? As part of the business rescue process my question is: What would the recapitalisation process achieve? Secondly, what process is being followed in listing a strategic equity partner and will such a strategic equity wants to carry the responsibility the current debts and other liabilities of the airline? Lastly, allow me to conclude by asking: If not, will this assist in improving the balance sheet of the new structured airline? Mazzone, you must be strong.

*Sepedi:*

Ke a leboga, Modulasetulo.

*English:*

The CHIEF WHIP OF THE OPPOSITION: House Chair, I am standing on a point of order. The hon member must know that if she is going to call me Mazzone - which is my surname, she must pronounce it properly - which is Mazzone, and it should start with honourable.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you, but that is not a point of order.

*Sepedi:*

Moh C M PHIRI: Ga se polelo ya gešo.

*English:*

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, no, you should not do that. Hon members, let’s respect each other and let’s understand that we are not masters of pronunciation in our different languages. [Interjections.] Hon members, no, you can’t say it’s English; we are not all good with pronunciation. Hon Minister?

The MINISTER OF PUBLIC ENTERPRISES: Thank you, House Chair, it is actually Italian. Mazzone is giving us a good lesson on how to pronounce Italian names. Thank you for that. In response to the hon Phiri, the business rescue is about bringing down the cost structure and trimming down a business so that it can operate more successfully when the business rescue process is over. It is not the same as the liquidation process which results invariably in the closure of a business and the losses that I have talked about earlier on which somehow have escaped the attention of many people.

Secondly, as I indicated earlier as well, no partner is willing to pay the historic costs of an airline and this is what we would call trimming up costs. In that regard, as I pointed out, government has to bear the responsibility as the shareholder.

Thirdly, these amounts are not about recapitalisation of the airline itself. There will be further work done in relation to ensuring that the two SAA primary subsidiaries which is SA Airways Technical and Mango also undergo some process of restructuring in order to put them on a sound financial and operational footing.

And lastly, cleaning up these costs, and bringing about a cleaner SAA arriving out of a business rescue process clearly makes the airline more profitable and more attractive to a partner but also,

it increases the value proposition of SAA to the partners with whom we will ultimately conclude the discussions. Thank you.

Ms O M C MAOTWE: Thank you very much, hon House Chairperson. Minister Jamnandas, it will be a year in just about three weeks time since the business rescue practitioners ...

The CHIEF WHIP OF THE OPPOSITION: House Chairperson, can I rise on a point of order?

The HOUSE CHAIRPERSON (Ms M G Boroto): Yes, hon Mazzone. [Interjections.] Hon Maotwe. Hon Maotwe, please ...

The CHIEF WHIP OF THE OPPOSITION: House Chairperson, it will be very critical of me not to rise on a point of order. If someone has just addressed me incorrectly in the House and I have something to say, then someone must address the Minister correctly, and it is Minister Gordhan. That is how you pronounce his name and that is his only name. It is very rude and unparliamentary to call him anything other than that.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, we know what the Rule says in terms of the dignity of ...

Ms O M C MAOTWE: No, his name is Jamnandas.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, I am speaking. Hon Maotwe, we know what the Rules are saying. We don’t have any Minister ... I don’t even know what was said, it’s not in my records. Please stick to what we know with regard to the names of the hon members given. Respectfully, you can call him Minister Gordhan or Mr Gordhan. Continue.

Ms O M C MAOTWE: House Chair, I know him to be Minister Jamnandas. If you don’t know that name, that is your problem. I know him to be Jamnandas.

The HOUSE CHAIRPERSON (Ms M G Boroto): Okay, we don’t address each other in first names, if that is what you are referring to. That is also out of order.

Ms O M C MAOTWE: It will be a year in just three weeks’ time since the business rescue practitioners were appointed at SAA, and the truth is that any sensible and logical assessment of their performance will show that they ... [Interjections] ... SAA is not in any better position than it was in 2019 December. By March, business rescue practitioners were paid ... [Interjections.] ... you can only imagine now, how much money they have paid so far.

What confidence do you have Minister ... [Interjections.] ... that practitioners will have the competence ... [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Maotwe. Hon Maotwe. Hon Thring, you know that when you come from the platform and somebody is speaking it is difficult to really catch it for the first time. Can I allow you to come up with your point of order - if that is a point of order, hon Thring.

Mr W M THRING: House Chair, I think that when the former point of order was raised, it was with regards to the name calling of the Minister. There was no retraction; there was no apology, but the member continues to speak as if she did not hear what you have actually said. Now, if someone calls a Member of Parliament by another name other than what we are required to do in terms of the Rules, there ought to be an apology or a retraction before they continue. Thank you, House Chair. [Interjections.]

Dr M Q NDLOZI: I’m rising on a point of order, House Chair. His name is Jamnandas Gordhan - that is his name.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members. Hon members of the EFF. [Interjections.] Stop pressing that ... I want to make a plea. Stop. Hon members, I said it is unparliamentary to call a

person on first name basis because I did not know that name. That was a caution to the hon Maotwe. And because I gave a caution, I am not going to be forced to say to the hon Maotwe to withdraw.

Hon Maotwe, can you conclude your question and don’t ... [Interjections.] ... it was a question and it’s in the Rules that we don’t call each other on a first name basis and I gave you options. So, that was my ruling. Continue, hon Maotwe.

Ms O M C MAOTWE: Thank you for the protection. Mr “Mogoeng Magoeng” read the Rules and stop waffling here. Minister, what confidence do you have that the business rescue practitioners will have the competence to handle a transaction with potential private equity partners? Can you guarantee that government will remain a majority shareholder of SAA after entering into a transaction with a possible private equity partner? I thank you, House Chair.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you. Before the Minister respond, I want to tell everyone who will come to the platform and call members wrongly and not in accordance with what the Rules are saying, to know that there will be consequences.

This is a warning.

Mr S N SWART: House Chair, I would like to rise on a point of order.

The HOUSE CHAIRPERSON (Ms M G Boroto): Yes.

Mr S N SWART: Mr Thring is entitled to raise a point of order. It was a valid point of order and I object to the aspersion that he is waffling. We are hon members of the House and the hon member from the EFF said he must read the Rules and stop waffling. He applied the Rules correctly, House Chair. So, I would like you to rule that that is out of order to say that the member is waffling and she doesn’t know the Rules.

*Sepedi:*

MODULASETULO WA NGWAKO (Moh M G Boroto): Sekgowa le sona!

*English:*

What is waffling?

Ms O M C MAOTWE: Chairperson?

The HOUSE CHAIRPERSON (Ms M G Boroto): Wait, I am still busy on the issue here.

Mr S N SWART: House Chairperson, waffling means speaking aimlessly and not to a point, and I don’t believe that she is correct.

Ms O M C MAOTWE: I didn’t say you must speak. Who gave him the permission ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, I have my advisers here. If the English beats me and I do not know what waffling means, I ask for their advice. Please, don’t do what you are doing. Hon Minister, can you continue. I take that not as a point of order. Hon Minister?

The MINISTER OF PUBLIC ENTERPRISES: Thank you House Chair, I am quite used to this things, don’t worry. The first question by the questioner was about the business rescue practitioners, BRPs, and fact that they spend a year – that is true. The second is: Does one have confidence that they are going to deal properly and negotiate with an SCP? Well, if the questioner was listening carefully, I have said very clearly in my initial response that we have a transaction adviser, not the business rescue partners who are dealing with the SCP question. Perhaps those details escaped – or the person who asked the question. Will the state be a majority shareholder? The answer is that we haven’t reached that state yet in the negotiations. When we reach it, we will let the public know. Thank you.

Mr M HLENGWA: Thank you very much hon House Chairperson. Hon Minister, to use a phrase that you used earlier of verbal gymnastics, the same can be said about the business rescue practitioners on many occasions that you have interacted with them. On a simple question, how much are they costing SAA with the processes which they are following? One report in one of the newspapers speak of R169 million, but that is just a media report. We have time and time again sought this information from the business rescue practitioners and we have not received it.

Hon Minister, can you now - this afternoon, inform us how much are the business rescue practitioners costing South Africa for the work that they have been doing for the past 11 months, and whether any money has been paid to them so far, or if not, when will it be. But the fundamental issue is that this exercise is becoming costly. In the absence of knowing how much it is, it makes it even more problematic to trust whether things are moving at the speed that they should or there are delays for the continued draining of the public purse which is already strained. Minister, how much the business rescue practitioners costing us?

The MINISTER OF PUBLIC ENTERPRISES: Thank you, House Chair. Hon Hlengwa, the question has been raised both by myself, you, and other members in the committee which is called the Standing

Committee on Public Accounts, Scopa. On the last occasion, a few days ago, the business rescue practitioners said they will supply the information. Apparently they have sent it to the department. I have asked the department for the information. It could well amount to the figure that the hon Hlengwa mentioned, but in the course of this afternoon – as soon as I get the amount, I will certainly communicate with the information to Mr Hlengwa.

At the moment, I just don’t have that number. As you know, once the business rescue practitioners take over a business in business rescue, they won’t be accountable to themselves at the end of the day. In the first instance, they have commenced on finance, when business rescue started on 6 December 2019, with R5,5 billion and they have collected their fees in that regard and some amount was made known to Scopa at that stage but it was a small amount – I think R60 billion or R80 billion. But Mr Hlengwa is absolutely right when he says that the number will be far more a substantial amount. But as I said, I will revert back to you as soon as I can. Thank you.

Question 500:

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Thank you, hon

Chairperson, the answer is no. I was informed by the Department of Public Works and Infrastructure that they cannot implement any

consequence management steps in respect of the R48 million spent on the construction of the Jersey Barrier Wall because the department did not mandate this project.

I was further informed that on 10 July 2018, the KwaZulu-Natal Department of Transport approached the Department of Public Works and Infrastructure to request funding as border control and associated infrastructure is a national competency and not a provincial function.

The KwaZulu-Natal department then made available R50 million towards the infrastructure to fortify the borderline with the understanding that the Department of Public Works and Infrastructure will reimburse the funds subject to: the conclusion of a memorandum of understanding and a comprehensive project report by the KwaZulu-Natal department to be assessed by the construction branch of the Department of Public Works and Infrastructure to validate the work done. Until to date, neither the memorandum of understanding has been concluded nor the reimbursement has been paid to the KwaZulu-Natal Department of Transport. Thank you, House Chair.

Mr W M THRING: Thank you, House Chair, when members of the Portfolio Committee on Public Works and Infrastructure paid an

oversight visit to the Kosi Bay border post, it revealed the reputation of the mistakes made at Beitbridge border post. The KwaZulu-Natal Department of Transport has usurped the role of public works; no memoranda of agreement were concluded, there was no EIA in place and R85 million was awarded for the construction of a reinforced concrete barrier at a cost of some R10 million per kilometre.

While one understands that this is necessary because of the criminal activities that are taking place in that particular area of the border, the majority of the committee decide on a n internal investigation. The ACDP has however called for an external investigation, like you did, Minister, for the Beitbridge border post.

The question is: How far down the line is this investigation? Do you support an internal or external investigation? I thank you.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon member, thank

you for that question. Hon House Chair and hon Thring, when I became aware of this, I wanted to find out that if the Department of Public Works and Infrastructure made that commitment of

R50 million, it should have been somewhere in the budget. In

December, last year, I was still ... that indeed there is a

R50 million to refund the KwaZulu-Natal Department of Transport.

When the portfolio committee went for the oversight, I sent the Department of Public Works and Infrastructure officials with them. Where we are now, it is still subject to the signing of the memorandum of understanding.

I have put a timeline to the acting director-general and to the construction deputy-director general that they must conclude this matter one way or the other because it’s been too long outstanding. We must conclude it before the end of this financial year if that R50 million is within the Department of Public Works and Infrastructure.

Certainly, I have asked the anticorruption unit to launch an investigation to find out what exactly happened there because the one is pushing it to the other. Yes, it will be an internal investigation by the anticorruption unit within the Department of Public Works and Infrastructure. I thank you.

Ms L F SHABALALA: Hon House Chairperson ... hello!

The HOUSE CHAIRPERSON (Ms M G Boroto): We can hear you. Please proceed Mama.

Ms L F SHABALALA: Hon House Chairperson, I would like to ask the Minister the question as to how will her department utilise the Expanded Public Works Programme, EPWP ...

The HOUSE CHAIRPERSON (Ms M G Boroto): We lost you. Switch off your video and try to ... Hon Shabalala ...

*IsiZulu:*

... vala ividiyo yakho uzame ukukhuluma ungayivulanga ngoba iyakucisha ungazwakali, inethiwekhi yakho ayilungile.

*English*

Ms L F SHABALALA: Should I close my video? [Interjections.]

*IsiZulu:*

USIHLALO WENDLU (Nk M G Boroto): Bengikweluleka kanjalo ngoba ngizwa ucisheka ma.

*English:*

Ms L F SHABALALA: Okay, let me close it. Excuse me, House Chairperson, can I continue?

The HOUSE CHAIRPERSON (Ms M G Boroto): Yes.

Ms L F SHABALALA: ... contribute to the alleviation of poverty and unemployment given the plight faced by many in adverse economic circumstances? I thank you.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Yes, I did hear

the question. Hon Shabalala wanted to know how many EPWP work opportunities were created. Since the project was conducted by the KwaZulu-Natal Department of Transport, I can certainly request that information from them. Thank you, House Chairperson.

Ms T BREEDT: Minister, you have kind of answered the question but not entirely. With respect to the R50 million, there was a letter from the Director-General of Public Works and Infrastructure directed to the MEC of Transport in KwaZulu-Natal in December 2019. In that letter, the director-general said they have managed to find the R50 million from various sources within the department’s budget and that on that basis, the project could go ahead and that the KwaZulu-Natal department could then expect a refund pending the outcome of the memorandum of agreement and a sign off by National Treasury.

That was in the previous financial year and as we can read from the letter, the money was sourced from various areas. So, it wasn’t a R50 million-line item. My question is that now that we are in the new financial year, what guarantees do we have that that R50 million is still available? Was it rolled over? Has it been put somewhere safe or has that money just disappeared? Thank you.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Thank you, hon

Graham Marais for the question, this will certainly form part of the investigation that we must launch as we know that the previous director-general is not there. We will investigate and find out and come back to the hon member. Thank you.

Mr N SIGHN: Good afternoon, hon Minister, it has come to light that the Department of Public Works and Infrastructure has spent over R2 million per year on consultants when the department has over 20 senior permanent officials that could provide the same service. The whole question of outsourcing, even by your department has brought a provincial department into question here. As part of the memorandum of understanding, will there be an intention of terminating this costly three-year contract and what is your specific view on the hiring of consultants and your

general view on the hiring of consultants by the department? Thank you.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: The hiring of

consultants is certainly very costly to government. We have to almost pay double when we have employed the technical people to do some of the work but that is a broader question of cost reduction within government to reduce the amount consultants that we are using.

The question of whether we can terminate the contract or not was entered into between the KwaZulu-Natal Department of Transport and the contractors that were on site. I was briefed when the portfolio committee returned that even some of the procedures were not properly followed and what was supposed to be completed was not completed. It is better to leave all these allegations for investigation so that they can be tested. Thank you.

Question 523:

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: House

Chairperson, increasing the level of localization in the South African economy is critical to creating jobs, providing opportunities for local firms and building an inclusive economy.

By localization we mean products made and services produced here in South Africa.

Every year South Africa spends about 25% of its wealth on imported products; these are goods made by businesses in other parts of the world, creating jobs and attracting investment outside our borders. Now, some of these, of course, we can’t produce in South Africa and we need to trade with the rest of the world but many more products can be produced locally.

The economic argument for increased levels of manufactured goods is very clear. According top the Industrial Development Corporation, IDC, the manufacturing sector has the highest Gross Domestic Product, GDP, multiplier of all sectors of the economy. For every one rand that we spend we get three rand of additional output; for every one manufacturing job created, four other jobs are sustained in the economy.

The small size of our domestic market is a challenge to produce goods competitively and a continental free-trade area is an opportunity to expand our market and give us the economies of scale we need.

I want to identify just the few of the measures we putting in place to drive the localization agenda. Firstly, focusing on sector master plans to improve competitiveness and localization. Since implementing the poultry master plans more than a million additional chickens a week have been produced locally in the first eight months of this year. We commenced with the sugar master plan discussions last year; from January this year, deep sea sugar imports are down by 16% compared to a year ago. There is similar progress in other master plans.

Secondly, we are working to secure greater levels of investment for localization. The next South African Investment Conference will be held on 18 November this year. And hon members may want to take note that at the 2018 investment conference, Aspen Pharmacare, a South African pharmaceutical firm, made commitments of R3,3 billion in fresh investment; that was in 2018. Two weeks ago a major US company, Johnson & Johnson, announced that the new facility in Nelson Mandela Bay would be a manufacturing hub for a covid vaccine; made, manufactured here on the African continent, the first of its kind.

Thirdly, we are focussing competition policy on localization in accordance with the legislation. To boost greater level of localization and beneficiation of key methods the Competition

Tribunal recently attached conditions to the sale of a vanadium mine project in Mpumalanga; which will ensure that the vanadium ore is supplied first to South African beneficiators before it can be exported. And this is important because this metal has potential for application in large scale battery storage infrastructure and South Africa is prime to take advantage of this.

Fourthly, we promoting localization through the infrastructure programme; it involves getting more products in the supply chain such as cement and steel bought from local companies.

And finally, to support these efforts we’ll step up our ‘Buy Local’ campaign through Proudly South Africa, build greater levels of export to the rest of the African continent and work with companies and public enterprises to improve monitoring and reporting of what companies are doing to drive localization. Thank you.

Ms P T MANTASHE: Hon Chairperson, we appreciate the presentation by the Minister in his department facilitating localization. But we are interested to know what measures are available through state procurement to drive localization? What are some of the

challenges that he foresee and what is being considered for the future? Thank you, Chairperson.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon Mantashe,

state procurement, of course, is a fundamental driver of localization. The modern state, South Africa, but everywhere else in the world is a huge consumer of goods and services; we buy uniforms for soldiers, we buy food for hospitals, we buy linen, we buy products in schools and so on. And there are a number of legal instruments available to us:

Firstly, it’s the Preferential Procurement Policy Framework Act, PPPFA, which is the legislation governing procurement, which has regulations to enable the designation of a product. So, if the state designates this paper, for example, it means paper may only be bought from local producers.

Secondly, there’s the National Economic Development and Labour Council, Nedlac, agreement that was reached recently in which business and labour backed our efforts to deepen the localization of public procurement.

Thirdly, there’s the Infrastructure Investment Programme. Minister de Lille has been meeting with me to identify products that can be localized here in South Africa.

What are some of the challenges, hon Mantashe? The critical challenge is to ensure compliance and monitoring in the supply chain, to ensure that you don’t have corruption taking over where people use front companies to import goods and pass it off as locally made. So, we are jerking up our efforts in that regard.

And from next year we are going to be requesting that enterprises should publish the level of localization as well as the steps they are taking t lift up localization; and I’m sure all Members of Parliament across all parties would want to support the Proudly South Africa, the ‘Buy Local’ campaign. Thank you.

Mr M J CUTHBERT: Hon Minister, there’s no doubt that the steel industry will play a major role in government’s R1 trillion it has committed to infrastructure development as a part of economic recovery plan.

However, the steel industry is currently under immense strain as a result of government’s cosy relationship with ArcelorMittal SA. Some may refer to this relationship as a prime case of corporate

wealthy. Nonetheless, this relationship has had severe implications on the price, quality and availability of steel in the South African market.

To the Minister, please explain why the International Trade Administration Commission, ITAC, decided to unilaterally extend safeguard duties on patrol steel products and why you failed to consult stakeholders in the industry?

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon Chairperson,

let me start by saying to hon Cuthbert that I would like to share some alternative storyline with you that ... I hope you can see this as a basis to go forward.

Let me start with the importance of steel in every manufacture driven economy. Steel is the foundation of industrialization; across the world, whether it’s Japan or China in Asia, whether it is Brazil or Argentina in Latin America, whether it’s United States in North America, whether it’s Germany or France in Europe, everybody wants to make sure they have a primary steel-making capability. We have a relatively small portion of global steel output on the African continent, we account for 17% of global population as Africa, but only 1% of global output. So, we can’t risk giving that up.

ArcelorMittal is the dominant player upstream. The Competition Commission has done an investigation into practices by ArcelorMittal, it imposed the fine of R1,5 billion on ArcelorMittal, the biggest in our history yet; hardly a cosy relationship. It put a price curb on ArcelorMittal that they may only charge up to 10% of Earnings Before Interest and Tax, EBIT, as the pricing formula because there’s a monopoly upstream; hardly the example of a cosy relationship. It compelled ArcelorMittal to commit to significant fresh investment to improve the competitiveness of the company; hardly an example of cosy relationships.

So, what we need to do is ... there’s no question about it, we need more competition in upstream steel and we need to see the job potential of downstream beneficiation; that’s absolutely the case. So, we’ve worked now with steel minimals, we have a number of them coming up taking some of the work from the large integrated mills and that’s what competition is about, creating more dynamism in the economy. Thank you very much.

Ms N V MENTE: Minister, this question is extremely misleading and misguided. There has not been any effort to reindustrialize South Africa since the crisis of manufacturing sector in early 90s; there’s no political will and there is no technical competence to

reindustrialize South Africa. We remain an exporter of raw material and importer of finished goods. We import majority of products in our shelf space in majority of major retail shops in this country.

If there are these measures that the Minister talks about, factories that he claim we have that produce finished goods. Besides assembling of cars and some food processing, can the Minister give us a list of five, just five, products that we produce in South Africa and form part of majority of products in that category in major shops. Thank you, Chairperson.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon member, I

think if you ask me for five it would be too few, then to give you just the number of examples and the Chair will indicate to me when I run out of time. [Laughter.]

So, let me start with the fact that cellphones historically were not made in South Africa; we worked with a local company in Dube TradePort Corporation in KwaZulu-Natal to have that assembled in South Africa.

Let me take the example of the suit that I’m wearing, which is a clothing product. This suit is made here in South Africa.

Let me take the example of beverages. The Appletiser juice is something that is proudly produced here in South Africa; the technology and innovation was developed here.

Let me take the example of Continuous Positive Airway Pressure, CPAP, masks that are used when patients are needing oxygen during ventilation; we’ve now produced 20 000 of those products here.

Let me take the example of fridges that are used by households to cool down their food and so on, those fridges are made here in Atlantis by a company called Hisense.

Let me take the example of trucks, so, let me leave cars out, trucks. I’ve been to many truck operators where the trucks are assembled here in South Africa.

Let me take the example of pens and stationery that are made here in South Africa.

So, there are a large number of examples of South Africa making goods. Must we do more? Absolutely, that’s where I agree completely with the hon member.

And my colleague, the Minister of Small Business Development, and I are working very closely with the rest with our Cabinet colleagues in driving an agenda of localization and industrialization. And how we’d been doing this? We are working with other African countries. Three weeks ago I chaired a meeting with Botswana, Namibia, Lesotho and eSwatini to look at how we can we build local value chains here in Southern Africa and use that as a platform to export manufactured goods to the rest of the world; and that agreement, we hope to capture in the African continental free-trade area modalities. Thank you very much. [Applause.]

Mr W M THRING: Minister, South Africa is known to be rich in a variety of minerals. In addition to diamonds and gold, the country also contains reserves of iron ore, platinum, manganese, chromium, copper, uranium, silver, beryllium and titanium.

The Bushveld Complex is said to hold the world’s most valuable minerals.

Our problem, Minister, is that we seem to remain stuck in the colonial era of exporting our valuable raw minerals ...

The HOUSE CHAIRPERSON (Ms M G Boroto): We lost you, hon Thring. Hon Thring! Hon Thring, we lost you. Hon Swart, do you have the question, maybe just to assist?

Mr S N SWART: I don’t have it [Interjections.]

Mr W M THRING: House Chair, I seem to be back.

The HOUSE CHAIRPERSON (Ms M G Boroto): Okay. Continue, you have 23 seconds left.

Mr W M THRING: House Chair, let me conclude then by saying that localization and beneficiation are twin powerhouse economic tools that can be used to generate enormous wealth and jobs in South Africa.

So, besides the few minerals currently beneficiated like vanadium, can the Minister elaborate on the long-term plan, if any, to increase the beneficiation of key minerals. And what are those minerals as this can simply enhance localization? Thank you.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon Thring, you

make a very important point that what colonialism was all about, is Africa being turned simply into a supplier of raw materials for

industry elsewhere in the world and our work now on the continental free-trade area is to break that pattern, to have a made in Africa, grown in Africa, dug in Africa strategy.

So, what are some of the practical things we are doing? Let me take one example that was raised in the list of metals that hon Thring mentioned and that is platinum. Platinum is a critical feed stock into fuel cell power generation. So, we’ve recently, a few months ago, worked with a company called KEM Energy, and they’ve opened a high-tech state-of-the-art manufacturing facility in KwaZulu-Natal to manufacture fuel cell power generators; 70 to 80% of that will be localization and they will be supporting about 300 sites for the Vodacom network, for the generation of power using this and it can also provide power to households to schools to clinics and so on. And the investment, of course, is quite critical because it combines innovation; the use of South African metals and South African skills.

Let me take a second example which is the one of chrome, it’s also a metal that you’ve mentioned. My colleague, Minister Gwede Mantashe, has announced recently a set of policy measures to deepen the beneficiation of chrome. South Africa is the biggest exporter of raw chrome in the world and yet there are

opportunities here for deepening the faro chrome industry, which is the first stage of transformation of chrome.

Let me take a third example that is significant and that is the Bushveld Complex, that you referred to. A company called Bushveld Mineral and Energy is involved in the mining and in the production of anadium and it’s now established an 8 million litre vanadium electrolyte manufacturing plant in the East London Industrial Development Zone.

So, coming back to the overall strategy that you raised. The strategy is to attract investment to South Africa, to bring technology and knowhow to convert raw materials into increasing levels of finished goods.

What are some of the constraints? The most significant one is the price and availability of energy because when you transform metal to something else it’s the application of heat and heat technologies to the metal that give you the ability to shape that. And so, we are working with my colleague, Pravin Gordhan, to address this issue.

So, yes, you are absolutely right that we must break with that colonial pattern of trade and we are serious about it, there are

some areas of real progress being made and we want to be able to do more and if we can get the energy issue cracked, then we’d be able in fact to do a significant amount more. Thank you very much.

Question 517:

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon House

Chairperson, I will send a full reply to the question and just summarise for now. At the end of May 2020 Cabinet approved the Infrastructure Investment Plan and this was the prelude to the Economic Recovery and Reconstruction Plan.

In this plan we recognise many things that we must do to enhance job creation within the infrastructure industry. The plan recognises the massive underspending of infrastructure by government and state owned entities, the decimation of skills in the sector, the execution of infrastructure projects and the maintenance and repairs of our infrastructure.

So, the plan focuses on the following areas: The creation of financial and technical engineering capacity in government. We are working with the state owned entities and other government departments as well as the private sector to co-create a credible infrastructure pipeline. [Interjections.]

The HOUSE CHAIPERSON (Mr C T Frolick): Hon Minister, I would like to request the hon Nomsa Kubheka to switch off her microphone because she is disrupting your reply to this question. You may now continue, hon Minister.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Also, the

development of the National Infrastructure Plan 2045 will see a 25-year horizon planning instrument that will signal to investors and lenders a positive signal that we want to revive the construction industry, and also the plan wants to improve skills and job creation with specific reference to Broad-Based Black Economic Empowerment, women, youth and people with disability.

In the National Plan 2045 we recognise the spatial injustices of the past and that we have to bring about that. Then the third part of the plan is the crowd in in “crowd-in private sector participation” in the rollout of the public sector infrastructure. In this regard, government has established the Infrastructure Fund and we are already looking at alternative funding mechanism like green infrastructure bonds.

We have also initiated the policy and regulated reforms that are necessary to propel infrastructure development and funding and address the mechanism to fast track infrastructure development.

Some of the public sector policies and regulations have unintended consequences of delaying and derailing investments at great cost to the economy, and we need to have a robust transparent decision making process in place.

We also, in the plan, relook at the public sector infrastructure institutional framework and therefore Cabinet approved the establishment of a single entry point for infrastructure in our country called Infrastructure South Africa, ISA.

We also need to optimise state property land and buildings portfolios to ensure long-term functionality and viability and also how to we use the state assets to create more investment in our country.

Also, in terms of my performance agreement I have signed with the President, we are required to ensure that infrastructure investment contributes 23% of gross domestic product, GDP, with 15% contribution from the private sector and 8% from the public sector.

Lastly, with regards to the job creation in the plan that we have gazetted earlier in July, we are projecting that during the construction and operations we will create more than 400 000 jobs

over several financial years, and we will be paying special attention to spatial transformation, localisation — as Minister Patel has said — the use of local material and local labour as well as to empower women-owned enterprises and co-operatives. I thank you, Chairperson.

Ms L N MJOBO: Chairperson, thank you Minister ...

*IsiXhosa*:

... ngempendulo yakho ecacileyo.

*English:*

As part of the infrastructure investment, 62 projects were then gazetted as Strategic Integrated Projects, SIPs, in July 2020. What is the nature of SIP 29 and its economic benefits which is undertaken by the Department of Public Works and Infrastructure, and what level of employment is expected from this project?

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Chairperson, yes

there are 62 strategic infrastructure projects gazetted. If she can just make reference to SIP 29 with what project that is then I can answer. Sorry for that. I do not have my list with me now.

The HOUSE CHAIPERSON (Mr C T Frolick): Hon member, do you have the information with you?

Ms L N MJOBO: No, Chairperson, I do not have, that is why I am asking.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Okay, I will

certainly send a written reply to her. I do not want to guess, but I do suspect it could be the urban management or the rural bridges or even the rural roads. I will send a written reply to the member, Chairperson. Thank you.

Ms S J GRAHAM: Chair, to the Minister, the Economic Recovery Plan has spoken of 800 000 jobs and job opportunities in the speeches that you have been giving but you just made reference to 400 000. So, I am not quite sure why there is a disparity there.

The Department of Public Works and Infrastructure is the custodian of Expanded Public Works Programme, EPWP, and despite a contractual obligation between the department and the Independent Development Trust, IDT, for EPWP jobs in the Non-State Sector NPO Programme, it took pressure from the portfolio committee, legal action and protest action from the NPO sector to force the department to proceed with the programme which should have

commenced in April of this year. About 55 000 people have not had work opportunities for seven months. What guarantee, Minister, can you give us that there will be no similar stumbling blocks to prevent the promised 400 000 or 800 000 jobs from being realised?

The HOUSE CHAIPERSON (Mr C T Frolick): Hon Minister, before you reply. May I request the members on the virtual platform to mute their microphones until they are recognised because it is causing a disturbance in terms of the members asking the follow up questions and the Minister that must reply to it. Hon Minister?

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon Chairperson,

there is a different between the 800 000 mass public employment programmes that were announced by the President on 15 October. In the portfolio committee we had explained that some of the strategic infrastructure projects will also contribute towards the Mass Public Employment Programme. If you look at the jobs created in the construction industry, 50 of the strategic projects will be carried out by the private sector and that is the more than

400 000 jobs that I am speaking about and not the Mass Public Employment Programme. So, that is the difference.

Again, I have told the portfolio committee that on a monthly basis, from 15 November, we will give an update on the Mass Public

Employment Programmes — every month because the National Treasury made available R12,6 billion for the Mass Public Employment Programmes. For some of the SIPs that will be funded by the private sector, there we have received R430 billion for infrastructure. So, it is two different sets of jobs that I was referring to. Thank you.

Ms H O MKHALIPI: Hon Chair, to the Minister, your department together with the National Treasury recently signed an MOU with Development Bank of Southern Africa, DBSA, for the establishment of the Infrastructure Fund. The whole point, according to my understanding, is to boost infrastructural development. In term of the MOU, when will this Infrastructure Fund be operational?

You just mentioned that it will also create jobs in the country which we all look up to, but Minister, can you please clarify this issue of creating jobs while the workers who have been doing maintenance there in Parliament for more than 10 years are going to be jobless as from 18 November 2020 and they are under your department? The department does not even consider them to be insourced — they are going to lose their jobs.

So, which is which, Minister? You are going to create jobs with this fund while the department is not taking care of the workers

that are also within the system? Are you saying that those who have been having jobs must be retrenched and then you are going to promise us that there will be more jobs? Please clarify because we are very confused as a nation, Minister. Thank you very much.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: I can assure hon

Siwisa that I am not confused, do not count me in. First of all, the MOU with the DBSA that was signed recently was for the Infrastructure Fund. Already government has committed a

R100 billion to the Infrastructure Fund over 10 years. The role of DBSA will be to find more private sector funding to get into the fund so it can become a blended fund.

So, that is what we have signed with the DBSA and that is the government’s commitment. Also, DBSA has offered to pay for the operational costs for the first five years. They will pay 50% and National Treasury will pay the other 50%. So, the fund is operational now.

The second question around the contractors here at Parliament ... and I have engaged with the hon member of the EFF before. What we found is that there is an existing contractor here and this existing contractor has a sub-contractor to another sub-contractor

and has now broken ranks with that sub-contractor. She knows that since last year.

Last year December they also wanted to send the workers off with nothing. We made an intervention where I was able to stop it and the workers continued to work for another year. Now I am informed again that the main contractor has broken ranks with the sub- contractor and again we are now saying to public works that the workers have been here at Parliament for more than 10 to 15 years so let us see what we can do, in consultation with Parliament, to insource the workers.

That process is ongoing because I do not want to see, mostly women who are working and cleaning the building here at 120 Plein Street, them out on the street. So, we are working on that to save those jobs and I will give the hon member a report early next year. Thank you.

Mr A M SHAIK EMAM: Chairperson, to the Minister, you spent 25 minutes yesterday plus three minutes of injury time but did not convince us as to how this plan is really going to be implemented creating hundreds of thousands of jobs. Now, this department has been underperforming for years long before you even came into this

department — an amount of R1,88 billion in the last year alone. It does not have the necessary capacity.

Very importantly you say to us that there are 20 experts, if that is the term you use, that will be seconded from the private sector. Could you tell us who exactly these people are? What are the implications and the cost implications in terms of this? Thank you.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon Chairperson,

first of all, I agree and accept that we do need some assistance and to rebuild the capacity in the department. But the department of infrastructure was established in the sixth administration for the first time and we had to then put this new department together with the accounting officer. In the process, we established Infrastructure South Africa. We brought together Infrastructure South Africa and the Presidential Infrastructure Coordinating Commission, PICC, technical task teams, and we had also received, I think it is between 25 and 40 — I must be careful with numbers — that were being seconded by the private sector. They are not being paid by the Department of Public Works and Infrastructure or by government; they are on a needs basis. As and when we need a specialist that must come and advise us the we draw on those skills. And that is how we were able ... Since the end of May and

even before May the private sector assisted us to draw up this infrastructure plan that was adopted by Cabinet and they will still be assisting us with next year until we can build the capacity within government. Thank you.

Question 545:

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: House

Chairperson, thank you, hon Cuthbert for the question. The National Lotteries Commission, NLC, is expected to account for monies that are approved to beneficiaries after they have disburse the monies. I am advised that NLC disburses funds to potential beneficiaries after those beneficiaries complete and sign grant agreements which is normally within 30 days the project has been approved by distributing agencies. In the portfolio committee meeting held on 02 September, that the hon Cuthbert refers to, the NLC reported on projects that were completed at the time, namely; all the processes have been done including the signing of the agreements and I am informed that those projects amounted to

R32 million.

The NLC is required to provide updates when additional projects are finalised and I am now advised that this sum of R32 million has gone up to R43 million and the NLC should now be held to

account for the additional sums that have been disbursed. Thank you.

Mr M J CUTHBERT: House Chairperson, hon Minister, on 23 June 2020, you informed Parliament that by 17 July 2020, the entire disbursement of the National Lotteries Commission COVID-19 Relief Fund will be completed. Seven months into this lockdown this process has still not been completed. It seems that there was little regard for deserving Nongovernmental organisations, NGOs, who have failed to make ends meet or worse who have had to shut up shop. Furthermore, you [Inaudible] yourself in the NLC to exclude organisations who had allegations levelled against them for the mismanagement of funds, yet, you decided to go on both to the Cape Town Minstrel Carnival Association and Hangwani Mulaudzi Foundation - R100 000 each for food parcels.

Minister, can you confirm that the list of COVID-19 relief fund beneficiaries supplied to the portfolio committee has not been redacted and that if it’s fine to have been redacted, that you will take the appropriate action against the NLC and its Board. I thank you.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: House

Chairperson, thank you very much for the follow up question. I

would like to just point out to hon Cuthbert, when you make an allegation that I have granted R100 000 to a particular project, you are misleading the House. Those are not the decisions that are made by the executive authorities, those are the decisions made by the NLC and our job is to make sure that are accountability systems are in place. Hon Cuthbert, you will know that when the reply was given to a parliamentary question previously, I had recorded the reply of the NLC of the period that they expect, they will disburse those monies.

The portfolio committee has an opportunity to hold the NLC to account, I too hold the NLC to account and we are keeping a watchful eye on two issues, the one is to make sure that monies intended for communities are indeed, disbursed and secondly, that we take such steps, as they are necessary to ensure good governance in the institution and that in fact there is proper accounting for the decisions of the NLC. Separately, I will be advising of the further steps that we have taken in this regard. Thank you.

Mr S H MBUYANE: House Chairperson, Minister, what are the steps taken to address the public concerns relating to governance and controls of monies that is administered by the National Lotteries Commission. Thank you.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: House

Chairperson, thank you very much hon Mbuyane for the question. Indeed, there are number of steps we have taken to address both governance issues as well as accountability for monies. The first thing is when allegations of potential wrongdoing surfaced in the NLC and following the initial request of the board to do a forensic. I then instructed the department to do an independent forensic investigation into the disbursement of monies. That independent forensic investigation uncovered serious challenges, the department subsequently went to lay criminal charges against implicated individuals. In addition to that, we supported the request that the President in fact institute a special investigation unit, investigation into the certain affairs of the NLC and the Presidency has recently made that announcement. In addition to addressing issues of potential wrongdoing.

We’ve also made it very clear to the NLC that it is accountable to Parliament. That it needs to make available to Parliament the list of beneficiaries of the NLC that is public money ultimately and our constitutional injunction is to - transparent and open governance. Indeed, we have dealt with attempted court applications to stop these and some of these are still proceeding, so I can’t anticipate the result, but here you see a resolute set of actions by the executive to address public disquiet to deal

with allegations, to make sure that we uncover the facts and based on the facts let the law take its course. Thank you.

Prof C T MSIMANG: House Chairperson, hon Minister, the questions are; (a) whether the Minister has requested investigation to any board member receiving payments from the COVID-19 relief assistance funding that was issued by the NLC or any other state entity, if not why so, if so, furnish details on the findings of this investigation? (b) Whether the Minister has received the [Inaudible.] of NLC Chairperson and quality assurance members who presided over the adjudication of the pro-active funding programme which have been mud by widespread corruption, nepotism and have driven the commission into disrepute? If not what is the Minister’s position on this matter? If so, furnish details of the review? (c) What intervention strategies will the Minister adopt to encourage the commission to allocate more funding towards infrastructure development projects in rural areas to assist in job creation and the wider distribution of the commission’ s pro- active funding programme? If not, why so? If so, furnish details of these intervention plans. Finally, (d) [Interjection.] [Inaudible.] ... portfolio committee... [Interjection.] [Inaudible.] ...2020 the department... [Interjection.] [Inaudible.] investigation...into projects being awarded...

The CHIEF WHIP OF THE OPPOSITION: House Chairperson, point of order.

Prof C T MSIMANG: ...to now to now Chief Executive Officer, CEO, and his friends. [Interjection.] [Inaudible.]

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Msimang, your time has expired. Before I take the point of order, I wish to remind hon members, that the supplementary question according to the rules is restricted to one follow up question and not multiple questions as the hon member has done now. Why are you rising, hon Mazzone?

The CHIEF WHIP OF THE OPPOSITION: House Chair Frolick, just to agree with you completely and to inform the house that I have count to seven questions asked there. Thank you.

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Minister, you may take your pick as to which one you want to respond to, but you won’t have enough time to respond on all of them. I have already made a ruling on this one.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: House

Chairperson, let me perhaps then say, by way of generic reply that I think answers the core question and that is, in the NLC there

are two types of monies that are disbursed. The one are, you could call them prescribe and the other is called proactive funding. The forensic investigation that we have requested focuses on proactive funding which is where the public disquiet and concerns have been concentrated and I can’t anticipate obviously the outcome of the forensic preliminary report, resulted in us laying criminal charges but I have agreed to the extension of the scope of the report, based on the work that is being done. So in answer to the question whether there is any attempt to deal with proactive funding and the concerns raised by the hon member, the answer is yes and the details is what I have given now and in response to hon Mbuyane’s question put to me. Thank you very much.

Mr A M SHAIK EMAM: House Chair, hon Minister thank you very much for your responses. My concern Minister is why do we always act after the fact. Now, what are the shortcomings, that you know, led to these levels of looting and corruption in your department, under National Lotteries Commission, because – is there insufficient internal audit processes that can rather prevent this? Now hon Minister what needs to happen is we need to spend good money, going to try to recover back money. Ok, millions of rands are going to be spent to bring these people to book. Why are we not able to anticipate this and put in measures to prevent these things, Minister? Thank you.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: House

Chairperson, thank you very much, hon Shaik Emam. Firstly, I think it’s an excellent point that you raise, which is how do we ensure that we don’t only act when the horse has bolted. So it seems that over a long period there’s been public disquiet and the investigations are about past misdeeds. Something very important is, how the governing structure of the NLC works and I guess the same goes for many other public entities.

First, we appoint boards and we expect boards to play the legal role of governance because a department don’t govern and manage the financial affairs of these entities that are set up through legislation. The department of course has to account ultimately for the funds that it directly controls and the rest of the fund is transferred. So, the first line of defence is the board, the second line of defence is the audit and I have asked the department- once the forensic investigation have been concluded and based on their findings - what were the weaknesses in their system and if there are significant weaknesses in the system, why were this not picked up in the audit process and what further changes need to be made. So, I agree that I think, our fundamental challenge as the democracy, as we build the capable state, as we fight corruption is to put in place, the kind of measures that

reduces or avoids opportunities for people to improperly get their hands on public funding.

There’s one other issue and is called consequence management, if people get away with wrongdoing and in this case of course is an investigation I can’t anticipate the outcome - but if people get away with wrongdoing without the law enforcement process kicking in, without people being held accountable in court. Without the prospect of going to jail when they have done wrong and they have squandered public funding to private pockets – unless we can kick that in, we are not going to be able to deal with corruption.

So, therefore an important part of this investigation, is also been evidence that’s been uncovered and is handed to the law enforcement agencies, to the hawks and they, then have to kick in with their part of the work. So, in summary, good question and as you can see we are now dealing not only with the symptoms of the problem but how did the problem arise, how can we address and fix them. Thank you very much.

Question 503:

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, the answer is yes. According to the information I received from Transnet, the circumstances in respect of the donation to the amount of R350 000

made by Mncedisi Ndlovu and Sedumedi, MNS, Attorneys to the Popo Molefe Foundation Charitable Trust are as follows: They have also provided in response to a parliamentary question 1 890 of 4 August 2020 to Ms Mkhaliphi. The payment was not irregular as there was no direct or indirect benefit to either Dr Molefe or any of his family members arising from the fund donated to the charitable trust.

The Transnet board has been fully briefed on the matter. The allegations of bribery and kickbacks as published, alleged kickbacks as published in the *City Press* on 5 January 2020 were found to be malicious and defamatory.

On 29 June 2020 the press council rejected the *City Press* allegations of bribery and kickbacks and directed *City Press* to publish an apology to MNS Attorneys and Mr Ndlovu and I quote from the press council. The press council handed its ruling on 29 June 2020 with Acting Assistant Press Ombud Johan Retief declaring and I quote:

I believe the reporters did not exercise proper care and consideration involving the reputation of MNS Attorneys in ... [Inaudible.] ... Mr Ndlovu. And I go on *City Press* has been directed to publish an apology to MNS and Mr Ndlovu for

unjustifiably reflecting in its reporters both in the headlines and the text of the article that MNS Attorneys has been implicated in kickbacks alleged acts of corruption, bribery and unnecessarily tarnishing their reputation.

The editor of *City Press* has been directed to publish the apology at the top front page where the January article appear with the headline containing the words of apology, or apologises on MNS Attorneys and Mr Ndlovu. The ... [Inaudible.] ... newspaper has also been ordered to apologise online. Thank you, Chairperson.

Ms O M C MAOTWE: Hon Chair, we are not talking about *City Press* here, Minister, we are talking about the chairperson of the board in the name of Popo Molefe. Now you will agree with me that Popo Molefe and the Popo Molefe Foundation Charitable Trust cannot be separated. It is the foundation that asked MNS Attorneys for donation, while Popo Molefe himself was the chairperson of Transnet board. If you look at Transnet code of ethics which intends to affirm transparent conduct and practices of both employees and nonexecutive directors it says: I am going to put your attention to section 11(2)(a) it says that nonexecutive directors must refrain from using a position of authority and or facilities provided by Transnet to further personal interests or that of friends and relatives.

Section 11(3)(a) Minister, states that nonexecutive directors should not allow personal interests to influence business decisions or trust and should disclose any actual or potential conflict of interest.

Now Mr Gordhan, how is that the R350 000 donation to Popo Molefe and his foundation is not a personal interest and a potential conflict of interest? Is conflict of interest is only reserved for certain people who are not close to you, if not why is Mr Popo Molefe still the chairperson of the board of Transnet? I thank you, Chair.

The MINISTER OF PUBLIC ENTERPRISES: Chair, in my response I have indicated very clearly that the donation was made to the foundation. The foundation provides bursaries for students who are in need.

Secondly, there is no personal benefit derived I am being told. I did not go and investigate the matter. The board of Transnet assured me that there was no personal interest involved and in that instance there is no conflict of interest. However, I take the point that we should take a more careful look at the code of ethics of boards of the state-owned entities, SOEs and perhaps craft them more clearly these codes of ethics, so that there can

be no misunderstanding about what can be done and cannot be done. Thank you.

Ms V T MALINGA: Hon House Chairperson and hon Minister, what is the policy regarding donations by the corporate sector and the SOEs to alleviate the plight of disadvantaged or the disenfranchised South Africans, as these will prevent malicious and unfounded accusations? Thank you, Chair.

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, I think what we demand of anybody holding a position in SOEs or indeed any public office is that they be complete transparency about the source of any money, which route any money arrived by in particular account or institution? Thirdly, how that money was utilised and whether it was for the social purpose or not? So, whether it is from the corporate sector or the SOE providing assistance to anyone in a financial sense the same approach should actually apply. State- owned enterprises, unfortunately over a period of time have developed, example there is a Transnet foundation, and sponsors are chained which provide health facilities to people particularly in rural areas and during the COVID-19 pandemic played an extremely important role together with the Solidarity Fund in moving to different parts of the country. Eastern Cape, North West

and I believe Limpopo and other provinces as well, in testing local populations and people in rural areas for COVID-19.

As far as – so, they also as you know, in the past it used to sponsor events which they no longer do. We will take a closer look at some of these foundations and what I call Corporate Social Investment, CSI, funds in order to ensure that they are purposed in the right way. However, also if SOEs are confronted by their own financial challenges then some of the charities might have to be curtailed. However, they are very useful examples as well where computers for example are provided to schools in poor areas.

Students are beneficiaries of these donations as well. I think that kind of generosity and solidarity and empathy in the South African context is very important. Thank you.

The CHIEF WHIP OF THE OPPOSITION: Hon House Chair is the hon Mazzone. I will be doing it. Thank you.

The HOUSE CHAIRPERSON (Mr C T Frolick): You may proceed.

The CHIEF WHIP OF THE OPPOSITION: Minister Gordhan, well this is a case where we have seen that you know it was a case of mistaken identity blown up whatever the case may be. It cannot be denied that there are numerous companies, law firms, consultancies that

were used and were complicit in state capture and ensuring that the parasites that fed off the beast were able to do so. I know you do not like to be reminded of the time you and I fought on the same team, but I will remind you of how many times we sat together in committees and heard about law firms and consultancies that had played a role in state capture.

Minister, can we have your assurance that the Department of Public Enterprises has put together a list of all the firms and consultancies that were used during the time of state capture to enable those who chose to eat pieces of our state bit-by-bit and that they are referred to the relevant societies and associations, but most importantly that the South African government and certainly the Department of Public Enterprises no longer make use of their services? Thank you, Chairperson.

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, as the hon member taught me earlier on, Ms Mazzone. She must have pronounced it like that so I keep remembering how to pronounce it.

I am very proud of the time we spend together and I am glad you continuously remember it as well because all parties at that time were united in the opposition to state capture and certainly we continue that work from a different vantage point, and in the

department at the moment against tremendous odds. You are absolutely right that those firms who have been complicit in the state capture process and all of this is unfolding before the Zondo Commission at the moment should be marginalised and they should actually pay reparations for people who suffered in terms of their careers and their wellbeing and as a result of their maleficent or allegations that they falsely made against individuals who actually had integrity during that particular time. As you know lots of good people were kicked out, dismissed and forced out of state institutions at that time.

The legacy of state capture of course is one that is deeply embedded both in cultural and ethical terms on the one hand, but also in the kind of impact that it had on the operations of SOEs and we will continue in the course of our work to repair that damage on the one hand and reintroduce the right work ethic, but also the right ethical conduct amongst the staff and that becomes a prime responsibility of the boards and the management teams that were put together in these institutions. Thank you, Chair.

Mr M HLENGWA: Hon House Chairperson and hon Minister, just on that note of the state capture obviously at the very heart of it was to undermine financial management. Transnet reported R10 billion worth irregular expenditure at the last financial year. This

indicate that the entity has a long road to recovery ahead particularly with the unbaiting allegations of corruption and state capture. Misconduct uncovered in the year through march dates back as far as 2011 and take Transnet’s wasteful and corrupt expenditure to a R111 14 billion.

So with that background Minister: What is actually being done now at Transnet to turn things around in so far as investigations, consequence management, to recover these but of course to deal with the financial mismanagement which characterises this entity teaming it with other ailing and failed SOEs?

The MINISTER OF PUBLIC ENTERPRISES: Hon Hlengwa, you are absolutely right with the description of the consequences of state capture. The area of irregular expenditure though is the slightly more complex area as he knows from his experience in Standing Committee on Public Accounts, Scopa. So, there is on one hand the discovery process in terms of irregular expenditure and where transactions go back to 2011, sometimes they are difficult to actually find. Tens of thousands of documents of tenders and procurement contracts have to be examined in order to discover whether they were regular or irregular or not.

Secondly, if there is let say an acceptable irregularity in terms of the process, there is a process by which Treasury condones in terms of irregular expenditure. And so of those amounts that he has mentioned a significant part of that is waiting in the queue so to speak for the National Treasury to condone those amounts.

Thirdly, the process of discovery will certainly go on. As far as consequence management is concerned the trend Chairperson and many of the bigger SOEs and elsewhere is that as soon as the individuals who were guilty of these maleficent are discovered and they know that they are in the process of facing consequence for their crimes and deeds over the period of time they resign. Then it is up to the law-enforcement agencies to take the necessary actions. I think in the case of Eskom we have seen some very good examples of civil claims being launched. In the case of Transnet there are similar claims against firms like Trillion to recover money. Mackenzie has paid back certain amounts of money as well.

In both those instances and greater use now needs to be made of the Special Investigating Unit, SIU, tribunal in order to freeze and cease assets or recover the funds that are actually required. So this is the ongoing work and most of these boards and management teams are approaching this with a grade deal of urgency.

The last point I want to make Chairperson is that those who started this process, who invaded this process those who occupied ministerial and other positions which facilated this processes still walk around as if nothing happened. They need also have to account. Some of the is happening through the commission Chaired by the Deputy Chief Justice. Hopefully those individuals will face the consequences of their deeds as well. Thank you very much.

Question 535:

The MINISTER OF TOURISM: Thank you very much, House Chair and thank you, hon Gomba, statistics of the number of people who are responding to your campaign still being conducted. Therefore, it is difficult to quantify the level of response that we have been able to see thus far. Anecdotally, evidence from various provinces so far indicates that since the opening of domestic tourism in June, most accommodation establishment, especially around Bush, Safari and outdoor offerings experience high volume of visitors.

Overall indications are that South Africans have overwhelmingly responded to our campaign. Our tangible example of this was when the South African National Parks website crashed due to unprecedented demand. Therefore, out of this, we were able to see a number of people coming through. Again, when we moved to risk level 1 under risk adjusted strategy in September, we deliberately opted to showcase a variety of tourism offering in small towns and

rural areas. We moved across the provinces, myself and the Deputy Minister in order to showcase what we are doing and what are the offerings that we have in the provinces. This is in line with the year’s theme in terms of tourism and rural development.

Our domestic tourism awareness campaign has been fostered in the local communities, especially within less visited rural areas of each province. Thank you, Chair.

Ms M M GOMBA: Thank you very much, House Chair. Minister, for the department to ensure that women are also benefitting in the tourism economy. How many provincial chapters of women in tourism were launched in South Africa through the assistance of your department? Thank you.

The MINISTER OF TOURISM: Thank you very much, House Chair, the women in tourism programmes started in 2013 ...[Inaudible.] So, the work has been done over time. We have been able to launch in all the provinces. Despite the fact that currently, we have one province that has challenges and this for us is mainly around supporting of women in terms of tourism. However, this is not the only facility that we are able to support women in ensuring that their enterprises rise and to be on the same level. We do provide incubation. We have a project that we’ve partnered with the United

Nations World Tourism Organisation, UNWTO, which is focussing on women in rural areas. Specifically, we selected Limpopo where we are piloting with UNWTO in supporting women in the rural areas. We have also ... what we call incubators and women in five areas where we are supporting women as well in terms of those. We will continue to do that both in terms of training, capacitation and also supporting them in terms of market access where we have set aside for market access specifically for women in tourism. Thank you very much, Chair.

Mr K J MILEHAM: Chairperson, its hon Mileham here, I will take the question on behalf of hon Gumbi. Minister, given that it looks more and more likely that we are going to be dependent on local tourism for the majority of the hospitality industry income for the foreseeable future. My question to you is this: What are you going to do to incentivise and assist the local hospitality industry, the tourism industry, the restaurant industry and the like to recover from the COVID-19 crisis? What practical steps are you taking to ensure the health and safety of travellers, visitors and people staying in hotels? Thank You.

The MINISTER OF TOURISM: Thank you, hon Mileham, concerning our work to support the tourism sector, one of the things that we have done tangibly: firstly, is to be able to showcase safety regarding

our protocol to give comfort to the travellers. What we did, as a Minister, I led from the front, by visiting the establishment, showcasing the health protocols that have been put in place so that the travellers can feel comfortable, and that they can leave their homes. They would go to the establishment and that they would be safe and they would not be compromised. This has led to a number of people be able to leave their houses. As we go across the country, province by province, showcasing as I said earlier on, we get feedback from establishments and product owners that they have seen a number of people visiting them.

Secondly, you would know that hon member, in terms of financial support, as a department, we do not have the financial capacity. You have seen when the Minister of Finance presented his Medium- Term Budget Policy Statement, MTBS. As the department, what we have opted for is to be able to take journalists and media across the country to be able to showcase the products. What we are learning is that most of us, as South Africans, we have not known of various products that exists in our country. We thought that a lot of things offered are abroad and therefore some people would have opted to travel abroad rather than be in the country. So, as a tangible means we have showcased South Africa. In our theme to say we are reintroducing South Africans to South Africa so that they can know that they can enjoy. As part of that we have said to

South Africans share your experiences, give us feedback so that we can improve. With that campaign as I am saying hon member, we see quite a huge improvement. We are seeking for feedback and we are looking forward to formal statistics that can confirm the work. We do believe as you are saying that domestic tourism is going to be the pillar in the near future for this tourism to survive. That is why we urge product owners to redesign their products, to cater for domestic markets and lesser to international while we are waiting for international tourism to come fully to its operation. Thank you very much, Chair.

*IsiZulu*:

Mnu K P SITHOLE: Angibonge Sihlalo, ngibonge izimpendule zikaNgqongqoshe, siyazi ukuthi uMnyango Wezokuvakasha yiwona oshayeke kakhulu kuneminye iMinyango, ikakhulukazi abantu abakithi abahluphekile, abasemakhaya, emalokishini nabasemadolobheni amancane. Manje engizama ukukubheka ukuthi ayikho yini indlela ukuthi kube neqoqo lezifundazwe elizokwazi ukubheka ukuthi yini le engakwazi ukwenziwa yilaba bantu abashayeke kakhulu bese beletha imiphumela kuwe ukuthi uma usebenza usebenze ngemininingwane enolwazi? Bengicela Ngqongqoshe ukuthi uma ungasinikeza imininingwane yokuthi bakhona yini ngoba nithi nina nokuqeqeshwa kwezikhulu ezindaweni ezehlukene kufanele nako kubonakale ukuthi

uMnyango njengoba ushayeke kangaka uyakwazi yini ukuzinakekela kulesimo esibhekene naso.

UNGQONGQOSHE WEZOKUVAKASHA: Angibonge kakhulu lungu elihloniphekile Sithole ngalombuzo wakho, siyavuma siwuMnyango Wezokuvakasha ukuthi ukhakha wethu yiwona oshayeke kakhulu kuneminye. Okunye ukuthi kuzothatha isikhashana ukuthi lo mkhakha wethu uphinde ubuyele usebenze kahle njengakuqala. Yebo uma sibheka amabhizinisi wabantu abasemalokishini nasemakhaya kulo mkhakha wethu siyabona ukuthi bashayeke kakhulu ukwedlula izinkampani ezinkulu ngoba bona bebengenayo imali abayibeke ngasese phecelezi “reserves” ukuthi bakwazi ukuvala isikhala uma isimo singesihle. Sikwazile ukuthi sibaxhase futhi sibasekele.

Nongqongqoshe bonke bezifundazwe nabo balekelelile bakhipha okuncanyana ukusiza ezifundazweni zabo.

Manje singuMnyango Wezokuvakasha senza uhlelo lwemininingwane elizokwazi ukuthi lusisize sikwazi ukuthi yibaphi abahambayo abangezukubuya kulo mkhakha wethu, ngoba amabhizinisi abo aseyavalwa. Okunye nokuthi yini esingayenza lokhu sizokwenza sibambisene kakhulu noNgqongqoshe bezifundazwe ngoba sisebenza njenge-Minmec. Ngiyabonga Sihlalo.

*English:*

Mr P G MOTEKA: Thank you, Chairperson, the name is Pewani Moteka. Minister, the tourism industry will not grow beyond the level we already know. If there is no deliberate attempt to diversify the industry, not just in terms of transformation but also in terms of expanding our tourist attractions – include things like heritage and cultural tourism. What infrastructural and institutional investment are you planning to make to utilise the rich cultural heritage we have to promote tourism?

The MINISTER OF TOURISM: Thank you very much, hon Chair. Hon Moteka, indeed, we agree that without inclusive tourism, tourism will not grow beyond where it is. That is why, for example, today I stand in support of the community LGBTQI and wishing them well in terms of their Feather Awards tonight as they embark as part of them to say we stand and we need to be recognised and respected.

As part of our work in ensuring that we have an inclusive tourism. We will be working together with them in creating ... [Inaudible.] across the country.

Secondly, concerning major areas that hon Moteka is talking about regarding our sector, we remain committed as the tourism sector and the department to ensure that we diversify our products. We are able to offer products to different categories of people irrespective of age, gender and whoever that wants to be able to.

We do believe that South Africa remains a diversified product offering when it comes to the product offering. But what we believe hon Moteka, is that we will be able to grow the sector. Tourism sector remains one of the resilient sectors that has been able to stand in times of harvest time. What we have to do is to focus on campaigns and marketing. However, as we continue to urge South Africans to support the tourism sector in terms of preserving jobs and businesses, we remain very humble by the response of South Africans, who have heeded a call of both myself and more by the President and be able to go out and support this sector. Thank you very much.

Question 529:

The MINISTER OF PUBLIC ENTERPRISES: Thank you, House Chairperson. Transnet is maximising the potential of the existing port of Durban in the medium-term to create a regional Southern Africa container hub possession to attract the larger vessels which can carry up to 15 000 twenty-foot equivalent units, TEUs, those are the containers in size. The benefit of attracting such vessels from a global trade perspective is that they reduce the unit cost of moving containers over long sea distances. Such a hub port will better possession South Africa as a global trading nation and a nationalist suggested such a strategy could reduce deep sea shipping cost by up to 20%. Furthermore, a hub and spoke container

shipping network in the region will provide a boost to interregional trade as it will contribute to lower prices for regional shipping.

Transnet has positioning itself as a key agency in the global maritime network to investing in critical areas such as people capacity equipment and domestic transport connectivity. For example, the Transnet National Port Authority is ensuring the ports provide the required services to allow trade to continue at our ports during the pandemic and played a crucial role in that regard. To ensure that the ports continue playing an integral role in the maritime community and in support of the South African economy the focus, amongst others, will be in investing in the new generation of fleet of tugs, ... [Inaudible.] ... and the port infrastructure to ensure the port to be able to receive and service new generation vessels, including port efficiency to minimise vessels stay in port, engaging customers to provide port solutions that will increase supply chain competitiveness and will lower port costs, expanding vessel trade routes through the development of regional and transhipment hubs, improved model connectivity to decongest traffic flows to and from ports, and unlock opportunities for the private sector investment at ports which should be an attractive opportunity for the private sector to come into.

The port’s terminals of Transnet through its 16 complimenting terminals a sufficient capacity to handle cargo from key sectors such as containers, automotive, park and brake park. This capacity is to be supported by state of the art technology in equipment digital systems and a strong contingent of skilled personnel and operators. Connectivity will hit the land enabled by connective network of rail, road and inland terminals and port terminals has and continue to focus on logistics performance and transport facilitation measures that enhance maritime connectivity and reduce trade costs.

In relation to the reconstruction recovery plan, Transnet’s strategic plans and activities are aligned with the plan, particularly in respect of infrastructure development improving the country’s trade flows making an economic contribution through the lowering of the cost of doing business, and by ensuring efficiency of the coastal logistics value chain. And I will elaborate on this as we go further into the question. Thank you, House Chair.

Mr K E MAGAXA: Thank you, House Chairperson. Thank you, Minister for your previous response. I would like to ask what plans has Transnet made to improve Durban Port, and when will the infrastructure project commence and be whether other modes of

transport accessing the Durban Port for trade will also be strengthened in this process? Thank you.

The MINISTER OF PUBLIC ENTERPRISES: Thank you, House Chairperson. The Durban Port is a critical part of the shipping industry as far as South Africa is concerned and the trade network that South Africa enjoys. So, there are extensive plans to, firstly, expand the number of berths at the port; secondly, in terms of the roads infrastructure around the port; thirdly, in relation to the train and rail infrastructure so that less of the road is utilised to move containers around; and fourthly, in relation to the other facilities at the port does where it looks after a whole petroleum sector at the Durban Port as well. These plans have been developed in co-ordination with the municipality, the province and other stakeholders, particularly from the business sector, and many of those activities will begin shortly in order to improve the capacity as I pointed out in my initial remarks so that Durban Port will become the, key hub, trading hub as far as South Africa is concerned supported by the other six major ports that Transnet operates along the South African coastline.

Furthermore, Durban Port will be supplemented by, let’s call it, specialist facilities and a specialist orientation as far as the other ports are concerned. For example, I am aware of export from

SA Navy, SAS, Saldanha a kind of facility as we have at Richards Bay for coal and the exploration is taking place in relation to a liquid gas being brought into the country and a location for that is being identified together with private sector players and the Minerals and Energy Department. Thank you, House Chair.

Mr C H HUNSINGER: Thank you, House Chairperson, and thank you Minister. Minister, in terms of economic development and maritime connectivity and something we haven’t heard a lot of lately, Operation Phakisa, until now, we only have five ships under the South African flag, the fact is 96% of all our exports are done by foreign ships with foreign flags. What are your plans to change this and to influence this direction which for the past 30 years has only caused five ships to be registered on our maritime registrar, and do you regard the single transport regulator as in the appropriate idea towards this objective?

The MINISTER OF PUBLIC ENTERPRISES: Thank you, House Chair. The question that the hon member raises is very important one. Some years ago, South Africa introduced, let’s call it, a tonnage tax I think it was called at that time in order to, it was more of incentive than a tax in order to attract ships to register with the South African Authorities. However, I’m afraid that the shipping industry has its own ways of doing things and as you

correctly pointed out that the majority of the ships are registered in two or three cities around the world.

We will have to do a lot of talking to the shipping lines in order to get them to register some of their ships here and as the Transnet management is sitting down I’m sure they will engage with that. However, another form of engagement is going to be recognising the fact that foreign ships are, in fact, control by a handful of shipping lines. Therefore, these handful of shipping lines, I won’t name them for now, have a huge influence in terms of which direction they are flowing, which ports they visit, what kind of cart cover they will be carried to which particular port and other factors.

Ultimately South Africa and Transnet will have to connect in one way or another with this network of shipping lines that are quite powerful in their own right and equally powerful is a tub of port operators and there is only handful of them as well that have a very significant presence throughout the world in the key ports in the major economies of the world as well. In terms of a single transport regulator, I think it’s an attractive idea to move into that too many fragmented regulators as we have them at the moment and once that pulls through will have a better way of managing tariffs on the South African economy. Thank you.

Ms O M C MAOTWE: Thank you very much, House Chair. Minister, you know that Transnet has for the longest time let critical and co- operations to private companies and they were left with crumbs things to deal with issues on the peripheries small task. In majority of ports here in South Africa, Transnet does not do anything besides pushing cargo to the harbour instead to the co- work of real port operations. Is it not time for Transnet to take that co-task and do them and not rely on private companies, and given the issue that the EFF will nationalise the mines and beneficiate mineral resources here in South Africa when we take over. Shouldn’t Transnet invest in turning over ports to be ready to export finished goods instead of raw material to all over the world? I thank you, House Chair.

The MINISTER OF PUBLIC ENTERPRISES: Thank you, House Chair. It is government’s policy to beneficiate mineral exports as much as possible so that we export value-added commodities rather than these raw commodities - A question that Minister Patel raised or rather unsaid an attest to a little earlier on. Whether the EFF will have to get into government is for the South African public to decide because I hope that we will remain at democracy for many hundreds of years to come and democratic processes will determine that. As far as the functions of Transnet is concerned, much of the dock side work is actually undertaken by Transnet. Many of the

terminals are also managed by Transnet and there are also private sector companies that have some control over terminals.

I think the key issue for Transnet itself is to begin to change the work ethics within Transnet. Secondly, to ensure that ships do not remain in an anchorage for too long. Thirdly, to ensure that the turnaround time for offloading and onloading ships is much shorter than currently is. Fourthly, they understand fully that they have to bank stamped or merge marked themselves where the ports and not only now in other continents, but the coast African continent as well. 20 years ago, and even 10 years ago, Durban had a unique monopoly if you like as far as African coastline is concerned, but today many more ports have been invested in by foreign countries and by the private sector. There is one country that has invested over a billion dollars in order to create a port in a West African country.

Therefore, this mix between the private sector and the public sector is something that we need to look at differently so that we can get the right kind of partnerships and the right kind of technology, and importantly I think that the future of Transnet and the shipping world is going to depend on these new technologies. It is in this regard, this new technology will completely change the manner in which planning occurs, the manner

in which work flows is actually managed and that will play an important role in contributing to decreasing congestion which is often a complaint by users of our ports. Thank you.

Mr M HLENGWA: Thank you very much, hon House Chairperson. Well, Minister, you sound very optimistic and conflicted by the ... [Inaudible.] ... outlook of Transnet and the many other state- owned enterprises, SOEs. However, we are highly concerned about this optimism because from your speech for the Budget Vote for the 2019-20, on 11 July you specifically held the tone of the priorities to do the Green Paper for the SOEs Bill which would address government SOE mandate funding model as well as guidelines. According to that speech it was to be developed in 2019-20 financial year. However, Minister, in your briefing to the portfolio committee on 4 November this year on the annual performance plan it was noted that the target of duly from the Green Paper for the SOE Bill was not developed.

Hon Minister, considering the urgency of the need for this framework, why has there been a delay in this regard because then that takes away the optimism which you have and which we all want to maybe share, and what has been done to actually address this fundamental issue on the viability and sustainability of the SOEs to give credence to the optimism you’ve spoken about today.

The MINISTER OF PUBLIC ENTERPRISES: House Chairperson, there is three different issues that the hon Hlengwa is raising. The first is the viability question, and I think in different forms over the past two years we’ve addressed that question that viability is going to be dependant in many of the bigger institutions on the extent to which we can recapture the captured SOEs to the extent to which we put in good governance, good operational management and different operational culture, change the financial burdens that some of them carry but also change the way in which they are dependent upon the fiscus as well. Finally, to recognise the niche of the market that the SOEs operate on the bigger ones. Those markets are changing rapidly, Eskom being a classic example where the climate change issues, the emissions issues and the potential that the renewable energy is providing is recognised as well. So, that is the viability point.

The second point is optimistic. I’m certainly optimistic because I have to be, but also on the basis of the results that we are obtaining that the process of change and the process of stabilising these institutions is a well on its way. At the same time, we must recognise that the damage to these institutions was huge and never forget that because the extent to which we can speed up this processes is the dependent upon the extent to which they were damaged and the time required to actually repair them.

The third question is in relation to the Green Paper and legislation. The circumstances have changed in the recent past. The President has since in the recent past, in fact, last week convened the Presidential SOE Council. There are new ideas around governance that are emerging ... [Inaudible.] ... across the world and will emerge on this council as well. Therefore, drafting a Green Paper and the legislation based on it is not something that we can do in an isolation of the phenomena that are unfolding around us. Once those consultation processes have been completed, hopefully early in the next year, we will certainly look at what kind of legislation is required and what form and content the Green Paper itself will have.

This is another question of not performing, certainly it’s a question that circumstances have changed and we have to take into account, Chairperson, the examples that are unfolding around the world in Malaysia, Singapore, China and in some of the European countries about how SOEs are governed and managed and how shareholder conduct is undertaken in those circumstances as well. Thank you.

Question 534:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: House Chairperson, The Department of Small Business Development, DSBD, together with its

two entities Small Enterprise Development Agency, SEDA and Small Enterprise Finance Agency, SEFA launched its online database Small Medium Micro Enterprise, SMME SA at the height of the pandemic to allow SMMEs to apply for support.

The department with the support of the European Union, EU, continues to stabilise and upgrade this platform to increase the type of services available to SMMEs. The database currently interfaces with the Business Information System, BIS, portal making it easy for informal business to also register their businesses with Companies and Intellectual Property Commission, CIPC, Sars and Unemployment Insurance Fund, UIF. We are finalising the interface directly now with SARS, UIF, Central Supplier Database, South African Social Security Agency, Sassa and Hanes to enable both compliance reporting by SMMEs and access to business opportunities whilst we shall have ease of verifying citizenship of the SMMEs that we are supporting.

Part of the work that we are doing with the EU is to interface the SMME SA to the EU Trading Platform to ensure that South African small businesses can directly have access to the EU market. And we are also working to interface the SMME SA with the International Trade Centre as part of enabling South African SMMEs and small

businesses in general to have access to global supply value- chains.

Locally, the Department Small Business Development, DSBD, has agreed with major Fast Moving Consumer Goods, FMCG, suppliers and retailers that we will be prioritising SMMEs registered on the SMME SA irrespective of whether they enter the programme through the DSBD or the FMCG Companies for support to participate in the localisation in import replacement programme that my colleague Minister Patel articulated earlier. We are implementing this jointly with the FMCG Companies.

On the regional front, we have proposed with the full support of our President His Excellency Mr Cyril Ramaphosa, that when the African Continental Free Trade Agreement comes into operation, the African Medical Supply Platform must be converted into a full Africa supply’s platform and the SMME SA will be ready to interface with it as part of extending our access to regional value-chains for our SMMEs.

In addition, we will soon interface the SMME SA to various online trade portals in particular those owned by SMMEs and start-ups to enable platforms for marketing of goods and services and create

value-chain market places within sectors and across varying platforms. Thank you.

Ms V S SIWELA: House Chair, hon Minister, I would like to know how will the department further support informal businesses to be in the mainstream of the economy? Thank you.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: House Chairperson, the department has already started supporting small businesses in particular informal businesses, to be part of the mainstream economy. Firstly, we are supporting them to formalise, as I have indicated earlier, by allowing them to register and make it easy for them to register through the BIS portal, which is a platform offered by the Department of Trade Industry and Competition, DTIC.

But also, on our part – you know our various programmes to support informal businesses. The Spaza Shops Support Programme **...** which we are in the first phase of it and we are targeting to support at least the first 25 thousand for now. The target is to get them to become the convenient centres in the townships and rural areas and therefore, the spaza shops of today tomorrow must become the general dealers, the general dealers of tomorrow must become the mini wholesalers, eventually and they must become the wholesalers but they must be accounted for.

Secondly, you would recall our support programmes for motor mechanics and panel beaters, auto spares and fitment centres, in that programme we are supporting also informal motor mechanics or unregistered to register. And also give them access to training so that they can be accredited with the Retail Motor Industry Organisation, so that the cars that they service or repair can be paid for by insurance companies.

Over 13million vehicles in South Africa only 30% are insured and the rest are not insured. It means that if our motor mechanics, panel beaters and auto fitment centres can be supported they would be able to provide services to the 70% of vehicles in the country that are not under warranty or insurance. In addition, we have started engagements fruitfully so with the South African Police Service where the Minister of Police has offered that 50 000 of their fleet – and we are hoping that the Minister of Transport will avail the government fleet - a total of 50 000 police fleet will be serviced by small and young motor mechanics and panel beaters. We are working to make sure that those motor mechanics that those motor mechanics and panel beaters across our provinces and districts are accredited, they are trained and they can qualify to be accredited by the insurance body so that they can money from the insurance body.

In addition, to our clothing textile and leather ... [Time expired.]

Mr Z N MBHELE: House Chair, Minister, the plans that you expanded on earlier about the partnerships and interfaces to be formed sounds noble and lofty, but the actual performance record of using technology in this portfolio during the lockdown was frankly a shabby and disappointing state of affairs for many SMMEs. As we know, there were glitches with the SMMEs SA website which took more than a month to resolve. And there was the infamous multiple spam email debacle which caused major confusion among applicants to the SMMEs Debted Relief Fund.

Just last week, I received a report process bottlenecks in the Spaza shops and General Dealers Support Scheme**.** Given this background of the glitches and the gaps how can small business owners trust and what assurance can you give that the departments and the entities in the portfolio can effectively and efficiently leverage the technology in future to provide the small business support and those services?

The MINISTER OF SMALL BUSINESS DEVELOPMENT: House Chairperson, as all of us know, when technology starts there would be glitches.

The issue is that, what is the effort that we make to make a

turnaround. You would recall that during the lockdown none of us were expecting the country to go on lockdown. So the department and its agencies were not geared for technology as the majority of our people still do not even have access to technology.

On our part, we needed to find mechanisms as soon as possible when the lockdown was there and the relief measures were to be announced to say, how would the small businesses be able to apply for those measures despite the challenges? That is why we fast- tracked the coming into being of the SMME SA which was envisaged to be launched only in this quarter of the year. I am glad that hon Mbhele is also stating the fact that within a month we were able to resolve the challenges of stabilising the system and all these other things. That is why we talk about continuous improvement on the work hence; we are also robbing in other people who have access to turnaround times.

We have also started to work on a programme and we are launching four digital hubs in the country; in Free State, Mpumalanga, North West and Limpopo, as part of making sure that when there are challenges SMMEs can go to those digital hubs for technology assistance as we continue to stabilise that. The department is really working on it. ‘Rome was never built in one day’, even facebook, zoom, etc. I am sure the members of this House would

recall that at one point the sitting of this House was also hacked or one of the committee meetings was hacked on zoom because it was never perfect. Who are we to claim perfection? Technology and engineering on itself is work in progress, it is continuous improvement and that is why we are there. We are working on it and we continue to deal with the challenges as they arise. Thank you.

Prof C T MSIMANG: Hon Chair, hon Minister, it is undeniable that covid-19 had a tragic impact on the livelihood of small and medium SMMMEs enterprises. The survey referred to in a recent report by small business institute on the impact of covid-19 showed that there could be 423 000 potential job losses in the small business segment alone. We need to be creative in assisting this sector.

Considering the urgent need of policy certainty, what is the DSBD doing to address policy uncertainty in relation to digital technology and access thereto for small business?

The MINISTER OF SMALL BUSINESS DEVELOPMENT: House Chair, we are

not only relying on the report by the Small Business Institute, the department together with the World Bank we did our own survey. The first one was done in June to tell us on the impact of the covid-19 on small businesses including those which were already supported by government and those that were not supported. So the

statistics in terms of the impact are known to all of us. In addition, Statics SA has recently released a report that shows the recovery or the green shoots of the recovery in the manufacturing sector with a larger contribution of small businesses but also the contribution or the return rate of informal businesses that they are coming back, largely due to the impact of the informal business support programmes that we have offered.

I am not sure when the hon member refers to policy uncertainty in terms of digital access; the government has a clear policy clarity in terms access to technology and digital access and that is why we are launching spectrum through the Department of Communications and Digital Technologies, DCDT. In that, they have made provision for public access to [Inaudible] which is also going to be available for small businesses.

We are already working with the DCDT to make sure that the Post Offices become centres or digital hubs as they augment the digital hubs that the department is implementing. So in terms of the certainty of government policy on technology, there is clear certainty. We are also pushing and advocating for the reduction of data. You would recall that during lockdown all the government websites including the SMME SA that I referred to were zero-rated to improve access to that technology. Thank you.

Mr S N SWART: House Chair, Minister It is very encouraging to hear what is being done to assist small businesses. However, we do still see many that are closing. Several SMMEs have highlighted their struggle to connect with potential buyers. And very often they are only dependent on a small number of clients and in some cases an entire business can be concentrated in a single local distributor.

Minister, you indicated the emergence of online market places and micro sales platforms which allows manufactures to access new markets. But would businesses be able to access assistance from the department and possible from the Business Growth Fund to enable them to go online as you indicated regionally and even with the EU so that one can then enlarge your market so that we can create jobs and encourage the small businesses. Thank you.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: House Chairperson,

indeed the work that we are doing is to make sure that we increase access to markets for our SMMEs because without access to market you can put money, you can put enterprise development support but they would not be any business because profits are generated when people are able to sell their products and services.

In terms of the work that we are doing and that is the work that we have partnered with the department of communications and digital technologies to make sure how do we support SMMEs in the technology or digital economy to participate meaningfully in that space. That is what I have referred to earlier to say we are going to be launching or availing an interface for SMMEs to go online including those who have to go online. That is why we have advocated strongly and we have got the support of my colleague Minister Ndabeni-Abrahams to make sure that our SMME SA gets remunerated and that is why we are using it as a base platform.

Hence we are doing international linkages so that SMMEs can have global reach in terms of their products.

But we go further than that. We are not only supporting them to have online access, we are also supporting them to have access to market. Part of the localisation and import replacement programme that we are driving together with our colleagues in DTIC is to make sure that as a department support SMMEs to have access to market.

We are going to go on call out to make sure that at least for the first product and services that are listed as a first round for import replacement and localisation. We will request SMMEs to register so that we can find them where they are and support them.

We have assigned our officials to be district champions so that we can be more accessible. So you don’t have to deal with everybody in the department irrespective of where you want you support you will deal with one person who deals with your district and will link you across the full value-chain of the portfolio and that is the department, SEDA and SEFA.

# RULING

The HOUSE CHAIRPERSON (Mr C T FROLICK): Thank you hon Minister. hon members, the time allocated for questions has now expired and outstanding replies received will printed in Hansard. Before we proceed to the first order I wish to make the following ruling.

Hon members, on Wednesday 02 September 2020, during Oral Questions for Cluster 2 – Social Services to the Minister of Human Settlements Water and Sanitation, a point of order was raised by the hon Minister Sisulu regarding the remarks made by the hon Ntlangwini. The hon Ntlangwini made the following remark while posing a supplementary question to the Minister and I quote:

That little tantrum that you had thrown early on an egocentric answer you have given, stop those tendencies of your entitlement behaviour.

The Hansard audio recording confirms that these remarks were indeed made. I had ruled at the time that the hon Ntlangwini should withdraw her remarks which she did. Albeit with reluctance.

The hon G G Hill-Lewis then rose a point of order challenging the ruling I made, meanwhile the hon Ntlangwini continued with her supplementary question.

The hon Minister Zulu then stood on a point of order alleging that the hon Ntlangwini had repeated the same statement that she had been asked to withdraw. Since I did not hear the alleged remarks being repeated, I understood to study the Hansard and to return the House with a considered ruling. Meanwhile, Minister Sisulu from the floor of the House had also pointed to the hon Hill-Lewis and stated the following and I quote:

He represents the people that murdered our people, you are a murderer! You represent people that murdered our people.

A point of order was then raised by the hon Malatsi asking for the remarks of the Minister to be withdrawn, the hon Ntlangwinin interjected and again repeated the remarks about the Minister which I ruled her out of order again and asked her that she be removed from the platform.

Many other interjections then followed all with complete disregard from the authority of myself as the Presiding Officer on the virtual platform and the hon Dyantyi sitting in the chair in the Chamber.

That being the case I would like to remind members of the following rules in regard to the conduct in the House:

Rule 84 states that no member may use offensive, abusing, insulting, disrespectful, unbecoming or unparliamentary words or language. No offensive unbecoming and threatening gestures.

Rule 85 Subrule(1) states that no member may impute improper motives to any other member or cast personal reflections on a member’s integrity or dignity or verbally abuse a member in any other way.

Rule 92 Subrule(11) states that a ruling of a Presiding officer is final and binding and may not be challenged for question in the House.

Rule 92 Subrule (12) further explains that a member who is aggrieved by the ruling may write to the Speaker and request that

the principle of subject matter of the ruling be referred to the Rules Committee.

Accordingly, hon members I would like to rule as follows: Firstly, members should not challenge the ruling of the Presiding Officer in the House and thereby entice other members to be defiant of the ruling and cause disruption.

I had already ordered at that point the hon Ntlangwini to be removed from the platform on that day for her repeated remarks which I still regard as out of order.

I would like to caution both the hon Ntlangwini and the hon Hill- Lewis not to repeat the unruly conduct on challenging or defying the ruling of a Presiding Officer.

Secondly, the remarks made by Minister Sisulu were also unacceptable and unparliamentary. They do not have a place in our discourse in this House. Hon Minister, I request that you withdraw the remarks. Is the hon Minister Sisulu on the platform?

The MINISTER OF HUMAN SETTLEMENT: Chairperson, a letter has been written to the Speaker withdrawing that, the very day after the incident. There is a written withdrawal of that.

Mr N F SHIVAMBU: The instruction is that you must withdraw now. Can you withdraw now?

The HOUSE CHAIRPERSON (Mr C T FROLICK): Hon Shivambu I am dealing with that matter I do not need your assistance. Hon Minister, I am requesting you to withdraw the remark here in the House now.

The MINISTER OF HUMAN SETTLEMENT: I withdraw and withdraw the letter then as well. Thank you.

The HOUSE CHAIRPERSON (Mr C T FROLICK): Hon members I will now request the secretary to read the order of the day as I hand over to the Deputy Speaker who will preside over the rest of the proceedings.

# CONSIDERATION OF REPORT OF STANDING COMMITTEE ON FINANCE - 2020 REVISED AND PROPOSED FISCAL FRAMEWORK

*Xitsonga*:

Mr M J MASWANGANYI: Mutshamaxitulu, ndzi khensa ku nyikiwa nkarhi leswaku ndzi nyika xiviko xa mpimanyeto lowu nga andlariwa hi Holobye wa swa Timali, Nkulukumba Tito Mboweni.

*English*:

The Minister of Finance, hon Tito Mboweni, tabled the 2020 Revised and Proposed Fiscal Framework and the proposed 2021 Medium-Term Framework in line with the relevant provisions of the Money Bills Amendment Procedure and Related Matters Act. The Minister further briefed the committees - Finance committee and of Appropriations committee - of the National Assembly and of the NCOP respectively. The committee received an analysis and submissions on the revised and proposed frameworks from the Parliamentary Budget Office, PBO, and the Financial and Fiscal Commission, FFC. On 4 November, the committee received both oral and written submissions from the public.

The Medium-Term Budget Policy Statement, MTBPS, is tabled shortly after government had adopted a supplementary budget to respond to COVI-19 pandemic. The pandemic has exacerbated existing structural and fiscal fragilities. On the social front it has amplified the existing inequalities and pushed many people into poverty and unemployment. The South African economic outlook has deteriorated further since the tabling of the special adjustment budget in July 2020. The real GDP is now expected to contract by 7,8%. According to the National Treasury the sharp down turn in the domestic economy follows a long period of economic stagnation wile COVID-19 and measures taken to protect public health resulted in steep decline in consumption, investment and exports. The economy is

expected to recover to a real GDP growth rate of 3,3% in 2021. Rapid and effective implementation of the Economic Reconstruction and Recovery Plan as tabled by the President is expected to drive economic growth over the medium-tem. This plan was agreed upon by the social partners and it targets short and long-term structural reforms to boost growth and remove constraints to investment and employment.

In its observations, the committee recommends that this report be read with its observations and recommendations in its special adjustment budget and the 2020 fiscal framework reports where relevant. The committee notes that although Statistics SA reflects that unemployment rate has decreased from 29% to 23%, there are actually more people, that is 5,2 million of working age, who are currently inactive as about 2,2 million people lost their jobs and many businesses shut down during the COVID-19 lockdown.

Revenue collection has declined and one of the causes is the digitalisation of business. Digitalisation has pros and cons. Digitalisation of business activities and the continued base erosion is affecting tax revenue sources. We note that budget deficit and debt has increased. Twenty-four cent of every R1 collected in revenuer went to debt repayment compare to 16 cents in 2019-20. Higher debt levels, revenue decline and higher

borrowing costs result in debt service cost consuming a larger share of revenue over the Medium-Term Expenditure Framework MTEF.

We note that consumption spending, that is spending on health, education water and sanitation, will decrease. Spending on these programmes is the core mandate of government. Basic education will not increase in the 2021-22 financial year. This will have implications for delivery of basic education. The peace and security function will decrease by 2,8, Defence and State Security is set to decrease by 9,3% and Home Affairs by 13,4% reduction.

The Social Development function will decrease by 1% in the 2021-22 more specifically the social security funds will decrease by 4,9%

We further note that the Economic Reconstruction and Recovery Plan could be hampered by a Fiscal Policy Framework focussed on fiscal consolidation and debt reduction challenges. Scoff notes the nonimplementation of the third year of the 2018 wage agreement which has been challenged by the public sector unions thus casting uncertainty on the implementation of increasing the wage bill.

The committee notes the amount of R10,5 billion allocated to the SA Airways for business rescue purposed. To this effect

R569 million from local government will be made available for SAA.

In its recommendations, the committee recommends the socioeconomic impact of the implementation of tax relieve measures should be monitored particularly to ensure that small and medium-sized enterprise, SMEs, and informal sector do benefit. On the wage bill the committee calls upon the National Treasury and the Department of Public Service and Administration to follow due process in negotiating the proposed cuts with unions. The committee makes these recommendations taking into account the COVID-19 economic circumstances that are having serious impact on the Budget. On SAA the committee will confer with the Standing Committee on Appropriations, Portfolio Committee on Public Enterprises, National Treasury and the Department of Enterprises to get the details of how the R10,5 billion will be used. The committee recommends the fast tracking of the establishment of the proposed residential state-owned enterprises council whose task will be to provide strategic direction and oversight of state=owned companies. There will be an engagement on the feasibility of unlocking of prescribed assets for development purposes. The National Treasury should consider how pension fund members can leverage their retirement fund assets to improve their personal financial circumstances.

The South African government should work with the Organisation for Economic Co-operation and Development, OECD, and the African Tax Administration Forum on the digital tax framework.

The MTBPS is silent on how the district development model would be resourced. It is important that government provides clarity on its operational modalities and provides the initiatives with the necessary resources.

Lastly, government should address the economic barriers by adopting a localisation policy, that is, localise product value chain approach. I move for the adoption of the report, Deputy Speaker and the Chairperson. “Ndza khensa. Inkomu.” [Thank you]

Mr D JOSEPH: Hon Speaker, I am the constituency head for Brakenfell and I wish to spend a few moments on what is happening in that constituency. I support the call by the Premier of Western Cape and the Minister of Education in the Western Cape, as well as all the stakeholders who have called for the rights of students to be protected while they are writing exams. I also appreciate the statement by the President who called for calmness. Any mass meeting, any mass gathering at the school at this time is not helpful. The police are there to take responsibility, to deal with the unrest.

*Afrikaans*:

Dit is verstaanbaar dat ouers en die gemeenskap bekommerd is oor hul kinders se veiligheid, en die aanhoudende intimidasietaktiek wat gebeur kan nie langer deur wetsgehoorsame burgers geduld word nie.

Aan al die ondersteuners regoor Suid-Afrika wil ek sê dat die DA se standpunt is dat die Wes-Kaap deel van Suid-Afrika is en nie deel van ’n onafhanklike staat is nie. Ons ondersteun dit nie.

*English*:

Let me get back to my speech. Let us remind ourselves that the Medium-Term Budget Policy Statement gives momentum to the government. It gives the opportunity to prioritise the budget. Changes to spending are out of proportion, if we compare it to the revenue collection. In terms of the Money Bills Amendment Procedure and Related Matters Act of 2009, the revised fiscal framework should ensure that costs of current spending are not deferred to future generations. South Africa is now faced with this reality.

The Covid-19 pandemic with its devastating health and economic effects on our country will be felt by future generations to come. The state capture experience under the ANC government, like the

Marikana experience should be recorded as the biggest embarrassment of our democracy.

It is my hope that the members elected in this Sixth Parliament as well as all departments, state-owned entities will co-operated with the Zondo Commission. We need to close the state capture chapter ensuring that we do not deny future generations with best opportunities.

When the Minister of Finance tabled the revised fiscal framework, we all knew South Africa was in trouble. We all agreed that the government wage bill needs urgent attention, health, education, local government need urgent attention.

We agree we must build a capable state that must provide a professional service. The global economic outlook is bleak and impacts on our own projected growth. We do agree on that. We agree on the restructuring of Eskom with alternative energy options. We agree that our debt is unsustainable. We agree to form partnerships with the private sector. We agree on restructuring the state-owned entities. We agree that the Public Procurement Bill must be amended to deal with undue influences and corruption. The DA agrees with structural reforms, such as modernising networks, industries and increase regional economy and trade.

What the DA do not agree with is the bailing out of SAA, the R10,5 billion under the name of a business rescue plan. We do not agree that money is shifted from line departments like Police, Higher Education, Health. Money must be shifted to the poor that cannot afford or don’t fly aeroplanes. The poor needs government to invest in restoring human dignity.

The DA do not agree with raising personal taxes. Economic growth and job creation is the best way to increase taxes. The DA do not agree that the economy must suffer any longer under Covid-19 unreasonable lockdown regulations. We do not agree that lockdown power must remain with Cabinet. The power must be shifted to Parliament. The power must be shifted back to the people of South Africa.

The airlines across the world are changing and business models are changing as well. One of the best airlines in the world, British Airways is cutting down on senior management salaries and is reducing its assets. According to a report in the Business Day written by Julie Johnson, Boeing decided that organisational restructuring is unavoidable if it wants to extend the cash flow and mitigate the risks.

Why is the ANC choosing SAA over millions of people who live in poverty? The uncertainty of SAA must come to an end. The uncertainty regarding SAA staff must end immediately.

Millions of people in our country are waiting for houses, water, sanitation, electricity, clinics, sport facilities, ECD centres, police stations, and law enforcement agencies for safer communities while government is wasting money on SAA.

The Mail and Guardian recorded, with millions of people, correctly. The question was asked before the Medium-Term Budget Policy Statement: How did we get into this mess? We as members of Parliament must ask the question now: How do we get out of this mess? What decisions are we taking in Parliament to get out of the financial mess?

While the ANC members are still in denial that our country is facing a mess because of state capture, the majority of members in the Sixth Parliament want South Africa to succeed.

The governing party must show political will to get South Africa out of this mess. Let us as the DA offer some solutions and suggestions on how to get out of the mess. Open up the economy with the necessary health protocols, follow the President’s

advice, get rid of corrupt colleagues and officials, expose corruption in the private sector, introduce value for money procurement projects, implement consequence management, introduce no salary increases for people earning R1 million per annum, implement the rural safety plan. Food security is non-negotiable. Ensure that municipalities spend their money on maintenance and aging infrastructure and deal with the water leak projects. Move faster on wage management and river pollution projects. Fix the Vaal River catchment system, in particular raw sewage that is running into the Vaal river, as it has serious health implications as well as ecological and agricultural challenges.

The finance committee and the appropriations committee in both Houses must do the recommendations to Parliament, in terms of their mandate and in terms of the interest of the poor.

I want to quote what Mr Ruiter of Eskom Said: There is an opportunity to do better things, but it will take a lot of effort. The effort that he is referring to is political effort – effort from Parliament, effort from municipalities to prepare for less income, while government is pursuing alternative energy models.

Electricity is not affordable to the poor anymore. We need political effort away from load shedding and stop the National

Energy Regulator of South Africa, Nersa-Eskom legal squabbles that keep the tariffs down.

It is a big mistake if government does not listen to the professional institutions in government. The Fiscal Commission and the Parliament Budget Office and many other institutions and organisations in our country keep on reminding us that shifting money to SAA is at the expense of South Africans. This is equal to the apartheid government where the minority benefited at the expense of the majority, meaning that the ANC is out of touch with reality.

Revised fiscal framework is another opportunity by Parliament to bring hope to South Africans. I thank you.

Ms O M C MAOTWE: Deputy Speaker, the EFF votes against the Report on Standing Committee on Finance on 2020 Revised and Proposed Fiscal Framework. When Statistic SA released its gross domestic numbers for the second quarter of 2020, it illustrated that the economy has contracted by 51%. Part of this contraction was in the construction sector, which shrank by 76,6%, the manufacturing shrank by 74,9%, mining by 73,1%, transport and communication by 7,9%, trade by 67,6%, personal services by 32,5%, electricity and

gas by 36,4%, finance by 28,9% and governance contribution to the Gross Domestic Product, GDP shrunk by just under 1%.

The only set of the economy that grieved is agriculture that has expanded by 15,1%. Of course, the lockdown regulations contributed significantly to a shrinking economic activity, and therefore, shrinking of the base upon which the state should collect revenue to meet its obligations. As a response, government announced what it is named a stimulus package, which was nothing, but the public relations exercise aimed at misleading the people of South Africa into believing that 10% of the Gross Domestic Product, GDP, to revive economic activity.

Deputy Speaker, the illusionary R500 billion is a dismal failure, and it will not contribute to the growth of the economy because, less than 10% of the R200 billion set aside as loan guarantee, was used. The billions of rands shifted from equally important functions of the state, was wasted in the poorly planned purchase of personal protective equipments, PPEs, and other healthcare services such as the establishment of temporary hospitals, which evidently, were not most needed. For an example, in Gauteng.

Now, the essence of the Mid-Term Budget Policy Statement, MTBPS, was to allow government’s unscientific intention to switch a

significant component of the budget from what they call consumer services to capital expenditure. What this means is that, the equitable share distributed to different spheres of government will be compromised in favour of conditional grants, which the poorest municipalities and communities will not benefit from due to incapacity and directionlessness.

There is no scientific and believable case that shifting of the budget will lead to growth, and even if this was to happen, the quality of growth will not have a quantitative and qualitative impact on poverty. The importance of factors on service delivery, including education will be negatively impacted, and still there will be no growth. Deputy Speaker, the reduction of government expenditure on whatever area of its commitment, will only serve to shrink the economy and it will not reduce the debt to GDP ratio. A shrinking government expenditure will lead to shrinking economy and it then expand the debt to GDP ratio.

The solution, is to expand both the quality and quantity of South African domestic economic activity. The reason that South Africa is not realising growth is that government continues to mismatch its fiscal and procurement policies to the long overdue need to build local industrial capacity. When they made their submission to the MTBPF, the Fiscal and Financial Commission, FFC said, the

Ministers of Finance, Economic Development, Trade and Industry, and of Labour, should jointly address the economic barriers, social inequality and societal polarisation by adopting a localised product value chain approach.

The FFC further said, “the selection of this approach should be found in the Incentive Grant Frameworks of both provincial and local conditional grants, and half conditions to permit procurement of goods, only if they are made or assembled locally within the South African borders, to stimulate domestic economy and encourage job growth while taking international trade agreements into account. While there are nonvalid regulations on localisation, these are not impactful.

South Africa needs to elevate the localisation rhetoric into building procurement loss, meaning that, the Municipal Finance Management Act and all procurement loss of state-owned companies should be amended to achieve the localisation commitments. Deputy Speaker, in that regard we should question the philosophical underpinning of industrial policy in South Africa, and in the immediate, utilise state procurement capacity and off takes to sustain this industry.

Deputy Speaker, the more than 2 million people lost their jobs during the lockdown period, and there is nothing believable from this government that these jobs will ever be recovered. In 2021, we are going to local government elections, and a significant number of municipalities are in serious debt, owing Eskom for bulk electricity supply and owing water boards for bulk water supply.

Our concrete and decisive submission as the EFF is that, National Treasury should deduct the monies owed to Eskom directly, water boards and other creditors before the local government elections.

We say this because, we do not want to inherit debt originated by the municipalities because it is the reality, Deputy Speaker, that the EFF is going to take over the municipalities, come 2021.

Thereafter, we need to have open and frank discussions on the division of revenue principles which currently allocates less than 3% of the overall budget to the local debt.

On the SA Airways, SAA, we demand that prior to the transfer of R10,5 billion to the business rescue practitioners, they must appear in Parliament, to first explain what they did to the previous budget allocations and clearly state what they plan to do with the new allocations. The SAA cannot and must not be shut down, and it must have strategic equity partners while the South African government retains the minimum of 60% of its ownership.

A properly managed SAA will play an important role in promoting tourism into South Africa but also in the regional and continental economic integration, which is what the African Continent is pursuing. Overall, Deputy Speaker, we don’t believe that the MTBPS present a sustainable policy direction to the South African economy, and we therefore reject the report. I thank you, Deputy Speaker.

Mr M HLENGWA: Hon Deputy Speaker, while the IFP understands that the Minister of Finance achieved to sugar-coat the real state of our economy as he addressed Parliament delivering the Medium-Term Budget Policy Statement, MTBPS, we can’t but be made to believe that there are indeed green fields and that there is growth in the horizon. Our country is in a dire situation, and requires immediate action to be taken in order to take us back to work.

South Africans should not be told mixed messages. We cannot undermine the intelligence of our people. Aloe Vera is dead. It is only because it has big leaves which allows it to survive in hard conditions long after it may have been ripped from its roots, much like the South African economy right now. The IFP was surprised to see the minister carry the plant to the House, this time around.

The evils of corruption have ripped apart any good plans which have been set forth, to be implemented. There is certainly no use for more plans we may need efficient, effective and active implementation. We all want to live in a South Africa that is indeed alive with possibilities, that is prosperous and successful. But our state cannot function if we are to be sold to the highest bidder, when we are seeking more loans to cover our budget deficit.

Deputy Speaker, the debt to GDP ratio in South Africa is plainly ridiculous. It is no laughing matter though in our sovereignty in question, and where national security may be compromised, because poor financial and economic management have become the order of the day. Our country would not find itself need deep in debt, when debt to GDP ratio of almost 90% if we have adequately prepare the past few years without the difficulties of COVID-19. We cannot and must not blame the Corona Virus pandemic for this.

The blame is on the past ANC government administration, the nine wastages, and today, we have now to bear the brutal brunt of those wasted years and the park stops with the Minister of Finance and the President. The South Africans now know where their money comes from, to fund the minimum target which was set up by President Ramaphosa and his reconstruction plan. It is unsustainable for us

to continue going into debt. We are at risk of a debt trap. We are borrowing from Peter to pay Paul.

The government increase in short-term loan borrowing, taking long- term loans and increasing taxes on the middle-income earners in our country, is nothing short of disastrous. Continued bailouts to SAA and other state-owned entities, SOEs, has thrown our money down the pit. It is not un-African, if we were to privatise these entities, it would in fact be patriotic. In fact, we can be reaping the financial rewards of SOEs if they were actually privatised. We cannot continue to throw money at nonfinancial restructuring plans and shuffling around weak boards at our SOEs.

Deputy Speaker, we welcome the MTBPS approach on agriculture. It is already growing, and we as the IFP have been calling for greater investors to be placed on this sector, to ensue food security, subsistence farming and local economic development. In the local economic development, what our country and our people reel for, it to help themselves get out of poverty and the perpetual cycle of struggle, inequality and unemployment.

As Prince Buthelezi has said in this House before: “Our people do not want more hand-outs, they want a hand-up. The principles of self-help and self-reliance must be emphasised.” We all know that

...[Interjections.] ... Let us get our country work by empowering them for the longest term. I thank you. [Time expired.]

*Afrikaans*:

Mnr P A VAN STADEN: Adjunkspeaker, ons moet eerlik wees met mekaar, Suid-Afrika is in die moeilikheid. Die staatskas is leeg geplunder, die ekonomie is in ’n resessie, werkloosheid is ’n krisis en die behoefte aan dienste en maatskaplike bystand neem toe. Ons is oor die rand van die afgrond en in ’n donker tonnel met min vooruitsig van lig aan die einde.

Daar hoef egter nie veel uitgebrei te word oor hoekom die land homself in die krisis bevind nie. Wat ’n besliste feit is, is dat die huidige fiskale en ekonomiese krisis nie as gevolg van die Covid-19 pandemie is nie. Hierdie krisis het vererger, maar ons was reeds in hierdie gemors lank voor Covid-19 se aankoms in hierdie land.

*English*:

What is more important, is how to get out of this crisis, a mind shift is desperately needed. Currently social needs are increasing whilst the number of tax base is decreasing due to the direct economic circumstances. The solution to this problem will not be tax increases, but rather the opposite. The economy needs to be

stimulated and the tax base needs to be increased, rather than increases in the individual and the company taxes. The number of taxpayers and businesses, contributing to the state’s revenue should be increased by introducing tax relief and more incentives.

Ever increasing rates, tax and levies while service delivery is inadequate in contributing in low investors’ confidence adversely affecting economic growth.

*Afrikaans*:

Meer belasting en tariewe is nie die oplossing nie. Die bestuur van uitgawes en groei van die ekonomie, om sodoende die inkomstestroom te verhoog, is die oplossing. Die regering moet belasting verdien, nie slegs invorder nie. Daar moet dienste wees, daar moet waarde vir belastinggeld wat deur die staat bestee word, wees. Die uitbuiting van die staat deur kontrakteurs en besighede, omdat hulle deur kaders van die regerende party besit word, moet stop.

*English*:

The liabilities of government should be addressed. One solution to mitigate the contingency liabilities is to do away with the Road Accident Fund. We can learn from many other African countries in this regard, by rather making the third party insurance compulsory

for all motor vehicle owners. By doing this, only the owner of the motor vehicle pays towards such insurance for third party claim.

Currently, the Road Accident Fund is a burden on all South Africans and due to the mismanagement and the abuse of the fund, is a huge liability. Also the claimants, the victims of road accidents do not currently receive the compensation due to them.

*Afrikaans:*

Beleidsekerheid is nodig om beleggers na Suid-Afrika te lok. Daar moet eens en vir altyd duidelikheid en sekerheid oor byvoorbeeld voorgeskrewe bates kom en gestop word met onverantwoordelike uitsprake, wat beleggers afskrik.

Die privaatsektor is nie die vyand nie. Die regering se eie retoriek van sondebokpolitiek om hul eie tekortkoming te verbloem, wat ook tot by die privaatsektor strek, is onaanvaarbaar. Die privaatsektor is die grootste werkskepper in die land – ’n land wat deur ’n werkloosheidkrisis in die gesig gestaar word. Ons sit met ’n Departement vn Arbeid wie se mandaat juis na werkskepping ook uitgebrei is, maar wat nie oor die middele en wil beskik om dit te doen nie. Deur die privaatsektor met voorskriftelike arbeidswetgewing en ’n stiefhouding te kortwiet, sal bloot die werkloosheidsprobleem en gevolge van sosio-ekonomiese probleme vererger.

*English*:

We need economic free zones, where restrictive legislations and certain rates and taxes are completely suspended, in order to draw investments and create employment in such special zones.

*Afrikaans:*

Maak dit sin dat daar geld weggeneem word van munisipale infrastruktuurtoekenning, waterinfrastruktuurtoekennings, onderwystoekennings, polisietoekennings en gesondheidstoekennings, om dit vir luglederye te gee? Hoeveel broodnodige belastingbetalersgeld gaan nou nog in hierdie swartgat van staatsbeheerde entiteite gestort word, voor hierdie ANC-regering sy les leer. Ideologie moenie bo die belange van die mense van Suid-Afrika geplaas word nie. Die mense van Suid-Afrika begin deur julle te sien en ons gaan julle by die stembus straf. Dankie.

Mr S N SWART: Thank you Deputy Speaker, there is no doubt that the country is facing dire fiscal outlook as set out by the Minister and as set out in the National Treasury documentation. The prospects for economic growth are set out as well, but the consolidated gross national debt as other speakers have indicated, is almost all consuming at this stage, with debt service cost said to crowd out other expenditure.

Now, the ACDP seems to appreciates that there are severe risks to the fiscal outlook and these include the projections as to economic growth. Of course, the aspects that already have been printed or pencilled in as savings, such as the public service compensation which is still subject to litigation, the forthcoming wage negotiations and the additional fiscal pressures from state owned companies, social security funds and the municipalities.

The question to be posed is, to what degree are the projections set out by National Treasury credible given that previous projections such as pertaining to economic growth were not realised. Obviously, from our perspective we would like to see them being realised as this would avoid what many have referred to as the sovereign debt crisis and that must be avoided at all costs.

The risks are set out by National Treasury and then one asks the question, how does one strike the balance between what many economists are calling for, increased spending to stimulate economic growth and the Minister’s austerity path. From the ACDP perspective there can be no doubt that debt stabilisation path is necessary. We cannot afford this escalating debt anymore.

However, in this regard, the Cabinet unfortunately has got a poor track record of sticking to fiscal or savings targets, suggested and recommended by National Treasury. The primary surplus, which is the goal by 2023 has not been achieved since 2008 when there was a long commodity boom. Given that the country is in a grip of the worst recession since the 1930’s, obviously there is deep scepticism about what extensive cuts and austerity measures that the economic growth figures will be achievable.

The challenge then is after a decade of looting and plundering state resources, the degree of fiscal austerity required has become so huge that it could throw the economy into reverse and ultimately prove self-defeating. From the ACDP’s perspective, there been various solutions that have been mentioned from this platform, we again would like to emphasise the facts of the billions of rand that are sitting in overseas bank accounts that can be collected.

It was referred earlier on by the hon Natasha Mazzone and Minister Gordhan about the State Capture Inquiry, I was also part of that. Let us equip our law resources and our law enforcement with the special unit, the tribunal to collect those billions of rand that can help balance the budget. That is what is the way to go. That

is what we have suggested continually and we would ask you Minister to consider that as well. I thank you.

The DEPUTY CHIEF WHIP OF THE MAJORITY: Hon Deputy Speaker, I request that you check your clock. The previous speakers like hon Maotwe, you gave her an extra 1min:25seconds. The FF Plus member, you gave him 44 seconds and hon Swart, 13 seconds. So, please check the clock. I thank you.

The DEPUTY SPEAKER: Thank you Deputy Chief Whip, I will address you on that matter.

Mr N L S KWANKWA: Thank you very much Deputy Speaker. That intervention is unfortunately made shortly before I start with my speech, it probably has to do with what I am going to say.

*IsiXhosa*:

Amasela ayandoyika.

*English*:

I want to highlight one issue on behalf of the UDM. I think there is still a lot that can be done as a party to this loan guarantee scheme which does not seem to be working properly. Remember part of the problem here is that, banks are conflicted to a large

extent if you could consider that. If a client comes and wants to apply for funding and they want to access the loan guarantee scheme and the bank can’t - because remember the banks are not allowed to profit on the loan guarantee scheme. So, if a client comes in and wants to access the facility, what are they going to do? Give them the loan guarantee scheme or extend their own credit, because they are in the business of making money as well.

It will be altruistic to expect them to actually be – naïve rather, to expect them to be extremely patriotic in so far as this because they have to watch their return on equity as well. Now it means that, one of the issues that must to be done perhaps with the commercial banks is, to provide them with specific sectoral targets because government you keep saying you are interacting with the social partners, surely by now you should understand by now which sectors are struggling at. Why? Therefore, it should be possible to balkanise to actually try and allocate some of the funding of the loan guarantee scheme to say, a certain portion should be targeted to this industry, where you know that some of the sectors are labour intensive.

The other issue which we think that the committee was quite correct in pointing out in recommending, is the fact that this loan guarantee scheme must be made available to the Depository

Financial Institution, DFI so that they can be able to extend funding facilities to some of the projects that they are undertaking.

It would also be good to consider how that facility, the loan guarantee scheme can operate in the – I know the Post Office Bank has actually fallen completely apart, but looking at some solutions so that we are not as hon Hope Papo likes to point out, “at the mercy of the markets”. I think the current solution leaves us at the mercy of the markets. It depends on their mode and how they actually want to implement the scheme.

What also concerns us, we have pointed this out when UDM President Bantu Holomisa issued a statement responding to the stimulus package. One of the things he highlighted there specifically was that, the central bank can and should still play an increased role. We should start a debate about quantitative easing. We have seen central banks around the world being aggressive in so far as this is concerned, buying bonds on the market, trying to stabilise the market. Yes, the central bank started this process but I think left it halfway. We need to be more aggressive in so far as this is concerned.

Look, as centre left parties we should be concerned when our focus is on reducing expenditure at times at the expense of importance of socio economic expenditure. Our people sent us here in order to represent them not to say cut expenditure at all costs. What seems to be happening at this point in time, is an overemphasis on reducing debt and cutting expenditure even at the expense of some of ... [Time Expired.]

*IsiXhosa*:

Niqalile ke ngoku. Yimizuzwana emibini kum, ndiyiqondile ukuba nizakundiqhatha.

Mr A M SHAIK EMAM: Deputy Speaker, let me first thank you for the opportunity to participate in this debate. The Minister stated that the South African economy was now in the danger zone, and any further fiscal slip could lead to debt reach of 100% of the Gross Domestic Product, GDP, or even greater. The Minister went on further to claim that the aim is to stabilise South African debt in three years, I’m not sure how we are going to do that.

The Minister’s statement in terms of the Medium-Term Budget Policy Statement, MTBPS, is actually the ideal. There is no doubt about that. Whether it is achievable is something else, and clearly, in this case it is not achievable. Now, Deputy Speaker, unless we

change direction in the way we conduct ourselves, there is no doubt about one thing, that in years to come, and that is very soon, we will reach a fiscal cliff.

The country will be bankrupt, and I can assure you that we wouldn’t even have money to pay grants, and wouldn’t have money to pay out pensions in South Africa, because we have already set a precedent on socially dependant state, where most people want to be given socially incentives, rather than creating a conducive environment to boost the economy and get people to go out there to be more actively involved and create jobs.

Now, the R10,5 billion barely is a ... [Inaudible.] ... in parts of education, police and health. If you look at what is happening recently, and how the crime rate has shocked the country, everyone now is using the services of the SA Police Service, SAPS, you can imagine what is going to happen in the country with over

2,2 million people already having lost their jobs. Now, it is expected that at some stage in near the future, we are going to reach 95% of GDP in terms of our debt.

When the Minister said that on the one hand he is going to reduce debt in three years, and on the other hand the projective will be moving to 95%, remember that there is no even agreement in place

when he talks about reducing compensation to employees, and the unions hold our government to ransom, we have never been taken to that agreement. You have never been able to sit on the table for the last couple of years and come up with anything concrete. How are you going to reduce debt?

On one hand, you talk about reducing debt, and on the other hand you talk about creating 363 000 public sector jobs. It is not the responsibility of the state to create jobs, it is the responsibility of the state to create the conducive environment for the private sector to create jobs. But indeed, we want to take on all these responsibilities. Deputy Speaker, one of the concrete solutions if we don’t want to run into a fiscal cliff, reduce this country into a two-tier state, a national and a district state. Do away with local government and do away with provinces.

That is one of the solutions that you might have if you actually want to reduce costs, because the amount of money that we spent, just on compensation to have policy, it’s really not sustainable in South Africa any further or any longer. [Interjections.] [Time expired.]

Mr M G E HENDRICKS: Hon Deputy Speaker, government has over the past three decades ensured that great further clauses,

undertakings and commitments have been properly funded, to ensure our transition to democracy, but there are still shortcomings.

Several fiscal frameworks that we had over the six Parliaments continues by The Truth and Reconciliation Commission, TRC, that government must add adequate resources including rein fenced budget to speed up the process, at which inquest of atrocities committed during the apartheid era, must be reopened and that these cases must be prosecuted.

Of course, the cases that are still liable to be prosecuted though many witnesses and defendants have died. This, some say for shortcoming, while others are waiting for justice, Maha Kali Mahakali with such a loved one, have received justice and won there. But they are still awaiting a decision whether or not to reopen the inquest into her husband’s untimely death.

It is not to laugh by government like they did today, to advice the nation and the Minister of Justice and Correctional Services has done, in a written reply to Al Jama-Ah today, while we are debating this revised fiscal framework, that apartheid era cases will be prioritised and centralised, after they have engaged thoroughly with the Director of Public Prosecutions.

Deputy Speaker, government must show the nation that money is safely rein fenced in the fiscal framework. to keep it safe to the commitment by the TRC. Al Jama-Ah calls for the Minister of Finance to rein fenced money needed, but at least identify the apartheid atrocities inquest to be reopened. We cannot allow the fiscal frameworks of the years to retire this by ignoring the very obligation of this government that is now alarmed overview.

It is not alright for the obligation to be further delayed and lapses more and more, to defend and further die. Al Jama-Ah supports the report of the portfolio committee, and compliment it on the job well done. But, how many does it brings the score cards to them, just like apartheid era atrocities die and enjoy priority attention, of the new Director of Public Prosecutions, should also be a priority and part of my portfolio committee that this leadership that the Sixth Parliament looks forward to, especially corpora do ties spending. Thank you, Deputy Speaker.

Ms M D MABILETSA: Thank you Deputy Speaker, hon members, ...

*Sepedi*:

le badudi ka moka kua gae.

*English*:

Today the 11 November, we stand together with the Angolan people in celebrating their 45th anniversary of a liberated independence from Portuguese colonial rule on this day the 11 November 1975. In October 1976, the liberation movement and governing party MPLA in its central committees stated the following:

It is necessary to create a people’s democratic state and construct its material and technical foundations.

Forty-five years later, we in the Republic of South Africa are faced with the same fundamental responsibilities. For the MPLA it was to build socialism as a party of labour, for the governing party the ANC, it is the building of a national democratic society on the basis of a theory of a democratic developmental state. The ANC’s choices as a governing party on behalf of the masses of the people who brought it into power, and the MPLA’s choices in 1975 are bound together by an understanding that we are constructing a future in a condition that is not our making, but rather a condition created colonial rule both in Angola and in South Africa. In South Africa, it was further aggravated by a corrupt apartheid so carried on the tradition of accumulating economic wealth to whites exclusively and whoever supported them in general.

So, what are the lessons that we need to learn from this? For today’s revised fiscal debate,

1. We are dealing with a concentrated form of economy when we are dealing with a fiscal framework revenue to generate funds to finance a government fund policy framework, which is firmly rooted in the elections manifesto supported by the people.
2. Applied economics is about political choices which we have to make not under conditions of our making but rather as a result of global and domestic hegemony.
3. The choices that we have to make as the governing party are informed by the scientific balance of evidence against our policy and the philosophical orientation. Therefore, no amount of narrow ideological hallowing as we have had today, from the party of neoliberalism and from the true evidence bare decision of the governing party on that matter of the revised framework and revenue proposal.
4. We have an economic recovery and reconstruction plan that draws much of its content and existing policy programmes of

government. Therefore, the revised fiscal framework must speak to this economic plan.

1. As public representatives, we stand here to advance the people’s interests as their democratic representatives. We are not here to do the bidding of any interest group or the private sector as Parliamentarians. We are here to provide a platform for ideas to be tabled as a people’s democracy, be listened to ideas engaged in the philosophy of our Constitution which, whilst the minority of the people must be heard, the will of the people’s majority must prevail. Otherwise why have elections in the first place.
2. Be very wary of those who come to the podium and claim that they have the economic answer to our economic challenges, who speak in the obsolete terms as if nothing is relative. Everything is relative and nothing is obsolete. Be informed by those who have had to manage an economic system, who have to run the country, who have to take decisions mindful of the consequences of every decision. Be informed by those who have had to apply the human science called political economy and can speak from experience, not those who have never had to take responsibility for the consequences of their slogans. Be informed by those who have made mistakes and are honest

enough to say we need a new direction. This we know is the tradition of the ANC, honest enough to admit where we have made an error of judgement and honest enough to be open about it.

1. The revised fiscal framework and revenue proposal, we appreciate the statutory institutions, the fiscal framework commissions and the Parliamentary Budget Office for your informed inputs. On the public hearings, greater guidance from the committee sections of Parliament must be given to the participants so that we make the distinction between hearings on the fiscal framework and revenue proposal, and those for appropriation and the division of revenue.

Critical issues that are going to have to seize ourselves between now and the February 2020 Budget are:

The credibility of the overall fiscal framework given the outstanding wage bargaining agreement and the deteriorating fiscal position of our state owned enterprises, whether we do not need a much broader relief or a stimulus package given the deepening levels of poverty. In this regard, we need to examine far more closely a gathering global acknowledgement that public sector

action in the form of fiscal and monetary stimulus remain vital to avert further economic decline.

A far deeper commitment to quality of expenditure, the quarterly reviews by committees in Parliament have got to ensure through oversight that we get a higher level of quality on expenditure. That on public finances management, the costing of pricing or functions and aligned public finance and outputs must be informed by an impact assessment of outcomes.

We are of course mindful of the decision by Treasury to make a shift from consumption to capital expenditure. The concern must be what impact will this have on the human development index. We need to do a far deeper analysis of the shifts in the short time we have had, as some of these are not necessarily frontline functions and services, but administrative savings which may not affect the core programmes.

Our hearings have once again raised the question of both fiscal and monetary policy linked to revenue options. It must our view which has been previously expressed that the debate of fiscal policy is both necessary and important. The study of evidence based research provided during this exercise demonstrates that over the 2013-2019 fiscal consolidation period, no government

expenditure into the economy accompanied by declining public cooperation investment, has had negative impact on aggregate demand and public sector investment levels.

On monetary policy, we saw the benefits of quantitative easing from the SA Reserve Bank when it lowered the interest rates but we would go on to say that, making the cost of our debt cheaper is in the interest of government, business and broader society [Time Expired.] The ANC supports.

The MINISTER OF FINANCE: Deputy Speaker, hon members from both sides of the benches of Parliament, and those who are joining us, like me, from the technological platforms, firstly, let me express my very sincere gratitude to hon Maswanganyi and his committee for the sterling work that they have done to get us to where we are in terms of processing the huge material before them, which was submitted by myself, my colleagues and the staff at the National Treasury, as part of the Medium-Term Budget Policy Statement. I regret that the time for considering this material was very short, but I thank them for the commitment to do the work they needed to do.

I also thank the Presiding Officers of Parliament for scheduling this debate and discussion in Parliament, to allow us to proceed

with our work, since time is of the essence in getting these processes going forward. [Interjections.]

The DEPUTY SPEAKER: Let me call you back. I am chairing the session.

An HONOURABLE MEMBER: Deputy Speaker, you are not muted.

An HONOURABLE MEMBER: You are out of order, Deputy Speaker. [Interjections.]

The DEPUTY SPEAKER: My apologies.

The MINISTER OF FINANCE: Let me indicate that the Medium-Term Budget Policy Statement was presented against the backdrop of a global economy that is in recession. The latest projections by the IMF through the World Economic Outlook, indicate that the world economy is expected to decline by 4,4% in 2020. The sub-Saharan African economy is expected to decline by 3%. Our own economy is expected to contract now by 7,8%. This is a National Treasury estimate. World trade volumes trading between and amongst nations is expected to contract by minus 10,4%.

Of course, there is the focus that if all of us continue to do what we need to do to revitalise and reconstruct the global and domestic economy, the world economy could bounce back in 2021 by a positive 5,2%, the African economy could bounce back by plus 3,1% and the South African economy could bounce back by 3,3%.

Already we can see some green shoots in part of the economy - manufacturing, mining, wholesale trade, retail trade. Agriculture obviously stayed afloat. We can see evidence of green shoots in transport and logistics and other activities.

So, if we continue along the path of driving through our reconstruction and recovery programme, we stand a good chance of a bounce-back in 2021, which is good news.

Now of course, the decline in our GDP has also meant that our revenue collection has gone down. We now estimate that our revenue is going to decline probably by some R322 billion, which is about R8,7 billion more than we thought in June. This worries us a lot because the pressure on the expenditure side is still great and yet, on the revenue side, we are seeing a decline. So, there is a funding gap for us and it is a very, very serious concern and that is why that GDP ratio is increasing. And we are getting worried about it.

If we don’t do anything about fiscal consolidation, we run a real risk of facing a debt to GDP ratio of over 100% in the next three to four years. So, we need to do something to consolidate our fiscal position, in order not to get to that position.

Therefore, the principal conversation in this Medium-Term Budget Policy Statement has been fiscal consolidation, support for the economic reconstruction and recovery programme and making sure that we rein in the debt situation.

It is within that context that I would really like to thank you very much for your contributions and inputs. Putting the usual politicking aside, there were some very good points being made here by some members, which I really and truly appreciate. I thank you very much for that. Given the lateness of the hour and the fact that the President of the Republic is about to address the nation, I don’t think I need to take the matter further.

I conclude on a very sad note, as I am sure you have heard that our Auditor-General, Mr Kimi Makwetu has passed on very sadly this afternoon. He worked very well with the committee, Scopa and Parliament and worked very hard to get the government finances to be properly audited. I am sure that we will miss him in the financial world and auditing world. I am sure Parliament will find

an appropriate opportunity to pay tribute to him. My sincere condolences to his family and his friends and colleagues and also to the parliamentarians with whom he worked. I thank you.

The DEPUTY SPEAKER: Minister, as you said, attention has been brought to us about that sad news. Parliament, at the appropriate moment, will convey and discuss the matter.

Debate concluded.

The Deputy Chief Whip of the Majority Party moved: That the Report be adopted.

Motion agreed to (Democratic Alliance, Economic Freedom Fighters, African Christian Democratic Party, United Democratic Movement and Freedom Front Plus dissenting).

Report accordingly adopted.

The House adjourned at: 19:20