**UNREVISED HANSARD**

**NATIONAL COUNCIL OF PROVINCES**

**TUESDAY, 11 MAY 2021**

***PROCEEDINGS OF THE NCOP***

The Council met at 14:00

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

**VIRTUAL SITTING**

(Announcement)

The CHAIRPERSON OF THE NCOP: Just to remind members that the rules and processes apply for this hybrid sitting. I would like to make the following points. That all delegates in the Chamber must connect to the virtual platform as well as insert their cards to register on the Chamber’s system. That all delegates must at all-time switch on their videos. That delegates should ensure that the microphone on their gadgets are muted and remain muted at all times. That delegates who are physically in the Chamber must use the floor microphones.

That any delegate who wishes to speak must use the raise your hand function and by now members are familiar with the raise your hand function. That all delegates may participate in the discussion through the chatroom. That delegates physically in the Chamber are required to wear face masks at all times. That delegates physically in the Chamber must occupy seats marked for that purpose. That delegates physically in the Chamber must at all times maintain a social distance of at least 1.5m from each other.

Hon delegates, I am informed that in accordance to Council Rule 247(1) there will be no notice of motion or motion without notice. We will now proceed to the question session. But before we proceed I would like to take this opportunity to welcome the Ministers from the Economic Cluster especially the Minister of Small Business Development and the Minister of Trade Industry and Competition. Further, I would like to make the following remarks. That the time for reply by Ministers to a question is five minutes. That only four supplementary questions are allowed per question. And the member who asked the initial question will be the first to be afforded the opportunity to ask a supplementary question as is generally the case. The time for asking a supplementary question is two minutes and the time for a supplementary reply to a

supplementary question is four minutes. The supplementary question must as hon members should know, emanate from the initial question.

**ORAL QUESTIONS**

Cluster 4 - Economics

Question 74:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Good morning hon

Chairperson of the NCOP and hon delegates, the response to the question asked by hon Moiemang is as follows. The Department of Small Business Development has been supporting Small, Medium & Micro Enterprise Businesses, SMMEs, manufacturing through the SMME focused localisation framework through the Small Enterprise Manufacturing Support Programmes, SEMSP, implemented through Small Enterprise Finance Agency, Sefa. The SEMSP, is aimed at providing financial and business development support to small enterprises in the manufacturing industry subsectors.

Through Small Enterprise Development Agency, Seda, the department supports a total of 23 manufacturing based incubators in the chemicals, steel and stainless steel, base metals, aluminium which has metal fabrication, bio-fuels, clothing, footwear and leather, food, bakery and

confectionary, tech hardware and furniture manufacturing. These manufacturing incubators for the period under review have supported 737 manufacturing SMMEs that generated R267,886,172 million in total revenue. It sustained 527 manufacturing base jobs and created 1364 new jobs through that.

To ensure that SMME manufacturers continuously produce high quality products the Seda Conformity Assessment Programme, supported a total of 207 manufacturers for product testing, certification, design and quality management and different national Suns International standards organisation compliance. The Seda Technology Programme supported a total of 684 manufacturers with product and process technology to the value of R15 million. Seventy-nine manufacturers from our pitch for funding and the DSBD localisation programme was approved for technology transfer assistance in the fourth quarter 2020-2021 Financial Year and the total approvals for the 79 clients are R32,520,91 million.

From 2019-2020 Financial Year to date, Sefa has disbursed R668 million to youth-owned enterprises and disbursed

R147 million to women-owned enterprises in the manufacturing sector alone. Co-operatives operating within the manufacturing

sector produced clothing and textiles, bricks and ice brick, toilet paper, bakeries and confectionary products cosmetics, steel, arts and crafts. Through the co-operatives incentive scheme a total of 118 co-operatives with 77 majority women beneficiaries and 18 majority youth beneficiaries were supported to the value of R35,4 million. Thank you, Chairperson.

*Setswana:*

Rre K M MMOIEMANG: Ke a leboga, modulasetilo.

*English*:

Let me also express my gratitude to the hon Minister and hon members in the House. Indeed, the Minister elaboratory responded to the question. However, there is an aspect that I wanted to canvass with the Minister particularly around the support and protection that the department could be providing to the local business particularly with regard to the manufacturing sector in order to sort of cushion the impact that big companies has on small business, whose products sometimes are competing with the relatively cheaper and more appealing to consumers. I think we have seen some of the depletion of such small companies particularly with the

liberalisation and opening of our international trade. Is there any comment from the Minister on that?

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Chairperson, hon

Moiemang, South Africa runs an open economy which means that we compete internationally and products are allowed to be in the country. However, the Department of Trade Industry, and Competition, DTIC, designates certain products for 100% local content. Which means that the products that are produced in other countries in certain categories cannot be allowed in the country because the products that must be in the country are those products that are produced locally which is 100% content. For instance, in the clothing and textile.

We are working with the DTCI to designate more products for local content 80% OR 100% local content, to minimise the entrance of other products in the country. But in addition, we are working with Sars’s Customs to urge them to make sure that those products that are designated for 100% local content are not allowed inside our shores to protect the local companies.

Our primary responsibility as the department is to ensure that SMMEs in these countries who are participating in the manufacturing space can produce products which are of good

quality which are also competitive in terms of pricing to ensure that products that are made outside of the country do not find traction with our consumers. We are also engaging in a “buy local” programme to activate or encourage awareness by consumers about the value of buying locally produced products because it creates jobs, it gives substance to the country and it grows the economy of the republic. Thank you, hon Chairperson.

Mr W A S AUCAMP: Hon Chairperson, the initial question in this regard asked by hon Mmoiemang was whether the government has started to help black people in the manufacturing sector. That was the essence of that question. The mere fact that that question had to be asked is an indication that governments Broad-based Black Economic Empowerment, BBBEE, double the policy is failing south Africans. It is 27-years of the new South Africa; we still have to ask questions like whether government started to assist black people. It is an absolute shame.

In light of the ANC’s latest smoke and mirrors anticorruption exercise hon Minister, will you please publish a list of beneficiaries over the last decades that includes Ministers’ wives, Ministers’ children and ANC staff members who already

benefited at the expense of the intended beneficiaries - the normal people in South Africa, in the manufacturing sector. Thank you very much.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Chairperson, we

need to indicate to hon Aucump that the 300-years of apartheid rule and colonial rule which discriminated against black people will not be reversed by a mere 27-years. So our journey is still long to make sure that we address the economic imbalances that our people suffered under the ancestors of hon Aucamp. Therefore, the BBBEE policies is not failing, it is on track.

It is important that we dedicate a focus to say, how are we supporting black people. Because ordinarily, black people when they participate in any economic activities they start from a position of disadvantaged. Unlike hon Aucamp and others who were privileged because of the colour of their skin, where a government was consistent in privileging those of a different race because they thought they were superior to us in our own motherland. Therefore, we will continue to report and chase targets to support actively black entrepreneurs.

I do not see the relation between the original question and the follow up question of hon Aucamp around the beneficiaries of Ministers. But just for his own ease of mind, there has never been Ministers and children of Ministers who have benefited since the start of the SMME manufacturing scheme in the manufacturing programme. Hon Aucamp must not forget that the Department of Small Business Development only started in 2014, so it doesn’t have 10-years in operation. So we cannot report for over 10-years in operation. The scheme of SMME manufacturing was launched last year, it does not have 10- years. So we cannot report on things that were not there before. Thank you, Chairperson.

Mr A ANORLDS: Chairperson, Minister for the past 10-years government has made commitment to spend 35% of the procurement budget on small businesses including businesses owned by black women and youth. Majority of black women and youth who have managed to enter into the manufacturing sector do not have market to sell their products. There are a lot of women and youth manufacturing businesses that produce goods but do not have markets. Have you engaged the Treasury and the Minister of Finance to get a detailed assessment on how much government has spent on black women and youth businesses, if not, why not? Thank you.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Chairperson, we

need to make a correction, it is not a commitment on 35%, it is a commitment on 30% procurement on SMMEs. And the National Treasury reports on that and also it’s 40% on women and young people. What we need to clarify that - and I’ve been open as the Minister responsible for small business development that the 30% procurement from SMMEs is not only for government is for everybody in business in this country. That big corporates go find ways to undermine that 30%. As a result, the majority of procurement that is done that 30% is relegated to security, catering and cleaning services and not the core of what is a business in that ... [Inaudible.]

When we started as a government department, we have engaged with National Treasury and we are supporting the development of the Procurement Bill which must be tabled to Parliament soon to make sure that we move from a 30% requirement, to concretely reserve certain jobs for SMMEs and also certain jobs for women. If you go to our sister countries within the continent you will know that your motor mechanics are from Mozambique, your plumbers are from Mozambique, your electricians are from Zimbabwe.

Our proposal to move from a 30% requirement to reserving certain sectors for SMMEs solely is based on our commitment that South Africans must specialise in particular skills and specialise in particular businesses more especially the emerging one. It is for this reason hon Chairperson that the President announced on our part and Cabinet has approved the 1000 products and services that must be designated by DTIC for sole procurement from SMMEs in this country. That is the move to make sure that the 30% nobody can do a work around about it, but that those products must be solely procured from SMMEs both by government and private sector. In terms of government, we are working with National Treasury and the DTIC to make sure that the 250 products at least are procured from SMMEs from that list of a 1000 products. We are busy consulting with provinces so that we aggregate those products based on what provinces think they procure at government level from SMMEs.

This commitment is not only for SMMEs is also for women and youth manufactured products and women rendered services.

Correctly, the access to markets has been a major challenge but as a department we have been working both with government, with large corporates to make sure that we open markets and also create a separate market for SMMEs to trade their goods. We will report and give you a list of number of products that

we have listed in both large retailers such as Clicks, Pick ‘n Pay, Spar. We are also working with Aspen, the Massmart Group, and Unilever just a few examples.

But we have also listed more products in wholesalers across the various provinces and regions of our country. And we have started to create open markets for SMMEs to trade their products similar to what other countries like Ethiopia in the Mercato and in Addis Ababa they have where SMMEs can trade their goods and works without problems. Even in this country places like 27 Boxes are there and other several places. We are already working with the government of the Eastern Cape to support a market in King Sabata Dalindyebo to re-open and revitalise that market for SMMEs to be able to trade their products and words. Thank you, hon Chairperson.

*IsiZulu:*

Mnu X NGWEZI: Siyathokoza, Nyambose. Sikhuleke kuwena namakhosi wonke alelizwe, ikakhulukazi inkosi neSilo saKwaZulu esisandukubekwa.

Mhlonishwa Ungqongqoshe, ...

*English:*

... you have partially covered the question I was going to ask you. But I would like to further find out whether the government has a clear strategy to mitigate competition faced by young people in the manufacturing sector in this country and if so, what are the specifics that you can provide and if there is none why not after this 27-years? Thank you.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Chairperson, as I

have indicated, we are already having special dedicated support for women and youth-owned enterprises not only in the manufacturing space but in all areas where those businesses operate.

Our focus on supporting youth businesses is to make sure that they are not only protected but they are competitive. Because the best protection we can offer is the ability to compete effectively and efficiently with others and that is the best market. Because our focus on products that are manufactured or produced by SMMEs is based on the need that those products must not end up in only local shops for local consumption, they must also be sold in the regional market and also in the international markets.

If women-owned produce and youth-owned produce or SMME produce are not competitive it will mean, we will be failing them because they will not reach a higher market. The opportunity for the African continental free-trade area gives a larger market within the continent of Africa for these products to have access. And they can only have that access and be competitive if they are of the right quality and they are competitive, efficient and they priced correctly. That is the focus of the support and that is the best protection any government could offer the SMMEs whether women-owned or youth- owned. Thank you.

Question 70:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Chairperson. In terms of our response to Question 70, the National Planning Commission conducted research in 2017 and produced a report titled; *Research on limited success of entrepreneurial activity by locals in townships and rural areas*. In addition, in 2016, through the Small Enterprise Development Agency, Seda, and the department undertook a study titled: *Analysis of the state performance opportunities and challenges of small, medium and micro enterprise, smmes, in the township economy needs.*

Amongst other things; the findings pointed out that the lack of accessible, suitable and convenient business infrastructure has an adverse impact on small, medium and micro enterprises, SMMEs. The study by the non-profit company, NPC, pointed out that government imposes regulations to address market failures but it is also necessary to maintain some standards and even protect consumers. The department - through the Businesses Act of 1991 - which was transferred from the Department of Trade, Industry and Competition, DTIC, in October - is reviewing and we are currently reviewing it will undertake consultations with various stakeholders including provinces and municipalities who play a critical role in its implementation. In the interventions that have been introduced by the department, formalisation is one of the requirements as government cannot support businesses even within the informal and the formal sectors if they are not willing to be registered or formalised because we cannot then account for the work that we are doing or the money that we are spending on them.

The location of informal businesses within towns and cities is strictly a mandate of local municipalities. The department only provides support through business development support, access to markets as well as infrastructure. The department

has a business infrastructure programme that it is implementing in partnership with municipalities so that they can plan for and provide basic and necessary infrastructure to enable small, medium and micro enterprises, SMMEs, including informal businesses to operate in facilities that have refuse removal, sanitation facilities, water and electricity. Thank you, hon Chairperson.

Mr C F B SMIT: Thank you, hon Chairperson and hon Minister. Minister, you partly did answer the question. However, I would like to know will you commit to do a comprehensive study to develop a street vendor framework for local municipalities to ensure a win-win relationship is established between formal and the formal and informal sector as we have in the Western Cape?

The MINISTER OF SMALL BUSINEE DEVELOPMENT: Thank you, hon Smit

for that question. Spatial planning is the responsibility of the Department of Planning Monitoring and Evaluation. The Department of Small Business Development will make an input on the spatial planning framework that is being revised by the Department of Planning, Monitoring and Evaluation in the Presidency to make sure that there is a framework that guides the location of street vendors in our municipalities. However,

that must be done in consultation with the municipalities and SA Local Government Association, Salga, as the representative organisation. The department can merely put or include its own inputs and therefore, that question must be raised with the Department of Planning, Monitoring and Evaluation. Thank you.

Mr M DANGOR: Thank you very much, Chairperson. Thank you very much, Minister, for a comprehensive answer. However, there is an infrastructure project in Botshabelo, in the Free State, that is yet to be completed. Does the department they have a programme to ensure that other spheres of government complete such projects intended for vendors in townships? Thank you very much, Minister. Let me also thank you for a very good job, in your other job.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Dangor and also thank you for the compliment. We have noted the matter that has been raised by hon Dangor around the incomplete projects in Botshabelo. Through our colleagues in the Department of Co-operative Governance and Traditional Affairs, Cogta, will work to make sure that that project is completed and find out from the local municipality - the metro

- what are the challenges and help them unlock challenges.

Just to report to hon Dangor, the department in partnership with the Department of Trade, Industry and Competition, DTIC, who are busy revamping the industrial parks in Botshabelo has already as the department completed the digital hub in Botshabelo which with which is being operated by our agency, Seda, because we are committed to make sure that business infrastructure in townships become available. In our co- operation with SA Local Government Association, Salga, will make sure that where issues are raised or where we pick up incomplete infrastructure that affect small businesses in the municipalities, we will follow up with the municipalities to help them unlock those and proceed and help them with the necessary support that they require as best as we can within the mandate of the departments. Thank you.

Mr S F DU TOIT: Thank you, hon Chair. Hon Minister, what percentage of street vendors are SA citizens? Are there any legislations in place that regulates the quality and safety of food products that are sold by these vendors, if yes, if these vendors might be found guilty of selling substandard products how is this monitored? Thank you, Chair and thank you, Minister.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon Du

Toit, for that question. Just to indicate that the licensing of street vendors which is the responsibility of the municipalities. We have already started to work with municipalities so that we can then consolidate a database of the number of vendors in place. In terms of the immigration laws of the Republic of South Africa, the Department of Home Affairs is the one that grants permission to do business in the country. So, the Minister of Small Business Development will not have a view of how many are operating in South Africa with those business permits.

However, we need to indicate that in terms of the immigration laws only immigrants that are given business permits in the country must be those investing in business upwards of

R5 million as set by the Minister responsible for trade industry and competition. Therefore, in terms of the department would not expect that they are street vendors that are not South African unless they are refugees and asylumseekers and again the status of refugees and asylumseeker is granted by the Department of Home Affairs.

So, that data will have to come from both the Department of Home Affairs and local government municipalities. However,

when we have consolidated the database - which is not necessarily our mandate but we are doing it to make sure that we have got sight of their business activities of small businesses in the country - we will be able to know how many have been granted in a particular municipality and how many of those are refugees and asylumseekers. We do not want to talk about South Africans only, we want to also say what is the view around refugees and asylumseekers. Nevertheless, to caution that asylumseekers’ permits to vendor, can only be limited to the period of their status as asylum certificate holders. Thank you.

*Xitsonga:*

Man B T MATHEVULA: Ndza khensa, Mutshamaxitulu. Mutshamaxitulu, mi ta ndzi khomela ku va ndzi nga pfuli vhidiyo ya mina. Laha ndzi tshamaka kona ku hava netiweke.

*English:*

Minister, if we are serious about integrating street vendors into the economic value chain in townships and cities, we must begin by thinking long term about the necessary infrastructure in a comprehensive manner and not in a piecemeal approach.

Is your department exploring options to build government-owned small to medium size shopping complex linked with the manufacturing hubs in townships and cities to increase the participation of street vendors in economic value chain by giving them access to shelf space? If yes, when can we expect to see the first government–owned shopping complex and where? Thank you, Chairperson.

*Xitsonga:*

HOLOBYE WA MABINDZU LAMANTSONGO NA NHLUVUKISO: Ndza khensa

xivutiso xa n’wina.

*English:*

Except that I need to clarify except that the question that you are raising does not only relate to street vendors, it also relates to product manufacturers in terms of in the small, medium and micro enterprise, SMMEs, sector. However, Chairperson, as a department we are in the business of supporting entrepreneurs to participate in business. If hon Mathevula would understand there are small emerging entrepreneurs who want to build malls and in the townships and rural areas but also to own malls in the major cities.

Therefore, it would be unfair for government to go and become

competition to the very small businesses we want to support by building its own laws.

Our responsibility is to make sure that we support those entrepreneurs who want to build malls in townships and rural areas to have access to finances to build those malls in townships and rural areas but also to build malls in major cities. Also, to make sure that in that support, we give condition that the shops must include those shops that are owned by small businesses because as you correctly say, we need to create enough shelve space. However, in the portfolio of properties that are owned by Small Enterprise Finance Agency, Sefa, and some of them includes shopping centres or retail centres we are looking to revamp those centres and give them out on leases to small emerging property managers in the sectors so that they can then run bills malls on a lease from Small Enterprise Finance Agency, Sefa.

Our responsibility is to make sure that the property market - which is very restricted to date - can be opened up for participation of black and emerging entrepreneurs in that sector and will enable those conditions. So, we won’t build our malls we will support small, medium and micro enterprise, SMMEs, to either build and own malls or to operate malls that

were previously built by government and the properties remained in the ownership of government and government agencies. Thank you.

Question 75:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chairperson,

emerging technologies and tech businesses are advancing at an unprecedented speed, changing their work and industry sectors as we see it. Emerging technologies like artificial intelligence, blockchain, autonomous mobility, and virtual reality has disrupted global economies.

My department, in partnership with the Department of Communications and Digital Technologies, is positioning the South African entrepreneurship ecosystem for the digital change and transformation. For the period under review, the department, through the Small Enterprise Development Agency, Seda, has supported 13 tech-based incubators and accelerators to drive that transformation and support to tech start-ups to build local technology solutions to solve both social and industry challenges. These incubators have recorded the following performance results in the period under review; 303 tech start-ups and SMMEs were supported; R49 284 220 in revenue was generated by these start-ups and SMMEs in the

portfolio, the tech start-ups in that space; 441 of the total ICT-related jobs were created in the 2019-2020 financial year. And we sustained 676 new jobs in the period.

As part of our vision for township and rural economies in the digital sector, the department, through Seda, started a programme for digital hubs, a position to lead South Africa's charge in the Fourth Industrial Revolution space. The department established four township-based hubs in Mabopane in Gauteng, Kraaifontein in the Western Cape, Mogwase in North West and Thembalethu in George in the Western Cape. These hubs focus on building start-ups in gaming, animation Esports, coding and data science, 3D printing, hardware and software development, robotics and electronics.

These hubs have started to take in their first start-ups cohorts in the fourth quarter of the 2020-2021 financial year. An additional six new digital hubs are planned in the current year. The new hubs will endeavour to create start-ups and digital businesses that can compete in the local, regional and international markets while remaining locally relevant. The hubs will render support to young grassroots innovators and start-ups providing needed shared infrastructure, industry collaborations, supplier linkages, access to funding, at ...

[Inaudible.] ... and service A and B, private sector investment linkages.

Furthermore, we are also increasing our focus on institutions of higher learning, and the department has approved for a new university-based Centres for Entrepreneurship and Rapid Incubation, CfERIs, in addition to the Centres for Entrepreneurship and Rapid Incubation that were already implemented in TVET colleges.

The four new CfERIs will be at the University of Johannesburg, Soweto Campus, that will focus on artificial intelligence, Nelson Mandela Bay University, that will focus on new technology in water, oceans economy and electronic vehicles and battery technology, at the University of Venda, which will focus on hardware, software and internet of things, which is commonly known as IoT and agri-tech, at Rhodes University that will focus on creative industries. The new CEfRIs will be fully established in quarter 3 of the 2021-2022 financial year. Thank you, Chairperson.

Mr M I RAYI: Thank you very much, hon Chairperson, and thank you very much, hon Minister, for the response to the question. My follow-up question is whether the department has considered

engaging in a process through which to recruit young university graduates who are trained in ICT for the purposes of establishing start-up businesses. Thank you, hon Minister.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chairperson,

the reason we are putting the Centres for Entrepreneurship and Rapid Innovation at universities is to make sure that we recruit or we catch these students when they are still learning, because that’s where entrepreneurship is harnessed and it shows itself and we want to nurture them when they are at those universities, in addition to the work that we have been doing with the Centres of Entrepreneurship and Rapid Incubation in TVET colleges to catch these innovators before they exit the system.

And what is interesting is not only students in ICT but also students who are doing BCom, and other related areas that are benefiting from the CEfRIs that are in place. We work collectively with the Department of Employment and Labour and the Department of Communications and Digital Technologies to support the unemployed graduates, to make sure they are not only placed in ICT but there are also placed to support other businesses. We are supporting them through the work that the Department of Communications and Digital Technologies is doing

around payment systems, around blockchains as indicated but they use the digital hubs that are already being placed in various townships and rural areas, but also those that are already in the TVET colleges and universities. Thank you.

The CHAIRPERSON OF THE NCOP: Thank you very much. The next supplementary question comes from the EFF, hon T Apleni. Hon Apleni? There seems to be a problem there.

Ms B T MATHEVULA: Chairperson! We have communicated with the office that the follow-up question from hon Apleni must be withdrawn. Thank you, Chair.

The CHAIRPERSON OF THE NCOP: Thank you very much. It is withdrawn. We will move on to hon Ngwezi from the IFP. Hon Ngwezi?

*IsiZulu*:

Mnu X NGWEZI: Siyathokoza, Mthetho ... [Ubuwelewele.]

*English*:

AN HON MEMBER: Thank you!

*IsiZulu*:

Mnu X NGWEZI: ... mhlonishwa Ngqongqoshe nabahlonishwa bonke, enye yezinkinga ebhekene namabhizinisi amancane yizindleko ezikhona lapha ku-broadband manje ngifuna ukwazi ... [Ubuwelewele.]

The CHAIRPERSON OF THE NCOP: The problem in the background there ... [Interjections.]

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chairperson, I

cannot hear hon Ngwezi.

The CHAIRPERSON OF THE NCOP: Let’s please eliminate that.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chairperson, I

cannot hear hon Ngwezi because the interpretation is coming through. So, the interpretation is disrupting my ability to hear hon Ngwezi.

The CHAIRPERSON OF THE NCOP: Okay! I will ask him to start from the beginning.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you.

The CHAIRPERSON OF THE NCOP: Hon Ngwezi.

*IsiZulu*:

Mnu X NGWEZI: Nyambose, ngixolise kuNgqongqoshe, besisathi-ke njengeqembu leNkatha, enye yezinkinga ezinkule ezibhekene namabhizinisi amancane wudaba lwezindleko eziphezulu ku- broadband. Sifisa ukwazi ukuthi-ke ngabe ihhovisi likaNgqongqoshe noma kumbe uHulumeni unawo yini amaqhinga aqondile nasobala nje ukuqinisekisa ukuthi wehlisa izindleko ezibhekana namabhizinisi amancane? Siyathokoza.

*English*:

The CHAIRPERSON OF THE NCOP: The question there ...

*IsiZulu*:

... ukhuluma ngezindleko ...

*English*:

... which means the costs, and the question is, has the Minister any plans to reduce the cost and ensure that the work is done in a way that is sustainable. Minister? [Interjections.]

Ms B T MATHEVULA: Chair, on a point of order: ... [Interjections.]

The CHAIRPERSON OF THE NCOP: Yes, Ms Mathevula.

Ms B T MATHEVULA: Chairperson!

The CHAIRPERSON OF THE NCOP: Yes!

Ms B T MATHEVULA: Chair!

The CHAIRPERSON OF THE NCOP: Yes, Ms Mathevula, what point are you raising?

Ms B T MATHEVULA: Chairperson ...

*Xitsonga:*

Man B T MATHEVULA: Mutshamaxitulu, ndzi kombela ku vutisa. Xana n’wina se mi muhundzuluxeri kumbe a ku na vahundzuluxeri lava nga kotaka ku hundzuluxelela Holobye ke? Ndza khensa, Mutshamaxitulu.

*English*:

The CHAIRPERSON OF THE NCOP: Yes. That is noted. And it is a problem that has been raised over and over again, and I ask the Table to look at it, really. In the meantime, let’s proceed.

*IsiZulu*:

UNGQONGQOSHE WEZOKUTHUTHUKISA KWAMABHIZINI AMANCANE:

Ngiyabonga mhlonishwa uNgwezi ...

*English*:

... for the question that you have asked, indeed the government ... [Interjections.]

INTERPRETER: Thank you, hon Ngwezi for the question that

you’ve asked.

The CHAIRPERSON OF THE NCOP: And who is speaking now?

The MINISTER OF SMALL BUSINESS DEVELOPMENT: It is the

interpreter and they are coming through. Maybe Chairperson, just to clarify, if they speak in Zulu slowly I am able to follow the language. So the interpretation can stop a bit and I will indicate if I have not gotten the question clearly and I can respond. Hon Mathevula was just trying to pull a fast one on me, thinking that I would not have followed the question. That is why she was then trying to call for order. [Laughter.]

But I appreciate the intervention of the Chairperson in clarifying the deep Zulu words in the question because the interpretation services when in a hybrid system are a bit disruptive. Thank you, hon Ngwezi, for that question. Indeed, government has a plan to reduce the cost of data, not only for small businesses, but the cost of data in the country.

The Minister of Communications and Digital Technologies is driving that campaign. In the meantime, what we have done through the support of the Minister of Communications and Digital Technologies, hon Stella Ndabeni-Abrahams, she was able to negotiate that those government services that needs to be accessed by small businesses, wherever they are, must be zero-rated. And there are particular websites of government and particular platforms of government that are offered on a zero-rated basis on the basis of the work done by Minister Ndabeni-Abrahams. And she is fully working with the telcos or telecommunications operators to make sure that the cost of data is reduced. You will have recently noticed that both MTN and Vodacom have now started to slash their prices of data and also that Rain, that is backed up by Vodacom, have also started to slash their prices of data to make data available.

Our argument that the cost of data is not cheap enough for small businesses. We must continue as government to push the policy that reduces data for all. Thank you.

Ms C LABUSCHAGNE: Chairperson, Minister, have you had any consultations with the Department of Communications and Digital Technologies to implement similar programmes, given the fact that they couldn’t roll-out broadband to schools and hospitals yet.

Is it not time for us to look at implementing what the Western Cape Department of Economic Development and Tourism where we have gathered information on the Township Tech project, which they run in conjunction with the Cape Innovation and Technology Initiative, CiTi, to identify the innovation and technology companies, maybe. Thank you.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you Ms

Labuschagne for the question that you have asked, then let me indicate that the work ... [Inaudible.] ... we don’t have to gather information around tech companies. Our responsibility is to support tech companies, to make sure that they have an environment to trade.

And as we do that we are collating information around all SMMEs across the country, on all subsectors of the country and in that work the Western Cape Department of Economic Development is benefiting from the work that the department has done. That is why when I was talking about digital hubs are indicated one in Thembalethu and another one in George because that is the work that we are enabling this government in its totality, because we do not run a federal government, we run a single government where the tech start-ups are operating we make sure that we support them.

We have partnered also with Vodacom in the work that they are doing in Stellenbosch on the space maker that they are supporting within that Western Cape. So, what you claim is the work of the Department of Economic Development in the Western Cape is because they are benefiting from the work that we have done as the national government, and the Department of Small Business Development plus the Department of Communications and Digital Technologies. So that is the efforts of our work, because we do not believe in a federal arrangement, we believe in a single government, a unitary government that this republic is about.

And we work for all South Africans and not work for a few. So whether you are in the Western Cape or whether you are in Limpopo or whether you are in KwaZulu-Natal, we will support you equally, and we put what is necessary to support small businesses in that area. Thank you.

Question 84:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you,

Chairperson. Through the department’s agency the Small Enterprise Development Agency, Seda, the department provides business development support to the small, medium and micro enterprises, SMMEs, and co-operatives and business development support which includes access to markets and also access to marketing of products.

In Limpopo Seda has branches in all five districts of the province, and Seda plays a pivotal role in assisting business owners with marketing resources that include marketing plans, promotional materials, website development, development of business plans and others. Furthermore, Seda assists small business owners to comply with marketing requirements such as branding, packaging, bar coding, product testing and certification.

Further to this, in October 2020, Cabinet approved the SMMEs focus localisation policy framework and its implementation programme which supports SMMEs to produce products locally and get these products procured in the public and private sectors.

Through the localisation policy framework the department has a programme of listing products that are manufactured by SMMEs and co-operatives with major retailers and wholesalers. As part of this listing programme the department has successfully listed products manufactured by the Lipmpop SMMEs and co- operatives with Premjee & Sons, Makro, Jumbo Cash n Carry, Pick n Pay, Spar, Dischem and Clicks.

Also in Limpopo the department has a successful story of T M Foods that produces canned beetroot which has been listed by several Spars and Premjee & Sons. All these are efforts to put SMMEs and co-operatives on the map by vigorously marketing their products.

The department also runs, together with Proudly South Africa, the buy local campaigns in various platforms to encourage South Africans to buy local products. Thank you hon, Chairperson.

*Xitsonga*:

Man B T MATHEVULA: Ndza khensa, Mutshamaxitulu. Mutshamaxitulu, ndzi kombela nakambe mi ndzi khomela loko ndzi nga kombisi khamera ya mina. Laha ndzi nga kona “network” ya kona a yi kahle. Holobye, eka xifundzhankulu xa hina xa Limpopo hi vona timolo tintshwa leti nga eku akiweni ... [Nkavanyeto.]

*English:*

The CHAIRPERSON OF THE NCOP: May you please try to eliminate the background noise there.

The DEPUTY CHAIRPERSON OF THE NCOP: It is the interpretation. She is speaking fast deliberately.

Ms B T MATHEVULA: Must I speak slowly? Okay, I will try to speak slowly.

*Xitsonga:*

Holobye, eka xifundzhankulu xa hina xa Limpopo hi vona timolo tintshwa leti nga eku akiweni kambe a hi voni...

*English:*

...new agro=processing and manufacturing plants in numbers that will create jobs for the small businesses that are processing archar, milk, shoes, begs and other products. They need their products in these malls. Has your department engaged with property owners who are building malls to demand that local products be prioritised? Thank you, Chair.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chairperson,

you’ll have to pardon me there was a transmission break from your side and I could not hear the question. Is it possible to have hon Mathevula repeat the follow-up question or to get the question summarised for me?

*Xitsonga:*

Man B T MATHEVULA: A ku na xiphiqo ndzi ta vutisa nakambe. Holobye, eka xifundzhankulu xa hina xa Limpopo hi vona timolo tintshwa leti nga eku akiweni kambe a hi voni...

*English:*

...new agro-processing and manufacturing plants in numbers that will create jobs for the small businesses that are processing archar, milk, shoes, begs and other products. They need their products in these malls. Has your department

engaged with property owners who are building malls to demand that local products be prioritised? Thank you, Chair.

*Xitsonga:*

HOLOBYE WA NHLUVUKISO WA MABINDZU LAMATTSONGO: Ndza khensa

muchaviseki Mathevula eka xivutiso lexi.

*English:*

I think what we need to indicate is that the construction of malls and the approval to build malls is done by local municipalities. We have started to engaged with the department of planning and economic development in municipalities to make sure that when they grant approvals for new mall developments there is a condition around allocation of space for SMMEs. If you go to bigger malls you will realise that there is now a shift towards accommodating smaller businesses or SMMEs and their products in the malls and negotiate a competitive pricing for rentals of malls and we are supported by the retail study that was done under the Department of Trade and Industry and Competition through the Competition Commission that has tabled that the pricing in malls make it difficult for SMMEs to participate and have their products sold in malls. So, we are engaging with local municipalities and 7he

SA Local Government Association, Salga, through the support of the Co-operative Governance and Traditional Affairs, Cogta, to make sure that municipalities place a requirement for malls to have an allocation for SMMEs produced products.

In terms of the production of spaces for agro=processing plants, we are already working again with the Department of Economic Planning and Development in municipalities who are responsible for the local economic development to make sure that we support co-operatives even at a tertiary level that will then make sure that there is production capacity for SMMEs to place their products in malls and also to have their products traded. I have earlier reported on the support we provide to make sure that products are certified for quality, products are certified to have their bar codes and to have products meet compliance standards that are required through the SA Bureau of Standards, SABS, SA Health Products Regulatory Authority, Saphra, and other standard bodies. Thank you, hon Chairperson.

Mr D R RYDER: Thank you very much, hon Chairperson. Thank you, Minister. Minister, local government and service delivery are in tatters in the nine province of South Africa. It is on its knees. Minister, do you agree that we can advertise and

promote small businesses as much as we like, but if your government fail them by not giving them basic infrastructures like proper roads, rail, electricity and communication network, actually all of these is in vain? If you agree with that statement what are you doing about it? Thank you.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Chairperson. I think hon Ryder was not ready for that question because that question has nothing to do with the initial question about making sure that products that are done by SMMEs have space in the local malls. Thank you.

Mr S F DU TOIT: Thank you, hon Chair. The gist of the question refers to the assistance with marketing resources. Minister, I want to know. The tax base need to be widened and the dependence on state funding and financial assistance is ever increasing in South Africa. This is in spite of the fact that the South African economy cannot afford the financial strain. Minister, at what stage are these small businesses owners required to register for tax to contribute to the fiscus and to contribute to the state purse after being assisted financially by government? This is not a financial question because I am linking it to the fact that assistance is given with marketing resources by your department to these small

business owners and there must be a balance between the amount of money that is spent on the small business owners and the actual training of the [Inaudible.] when they start to contribute to the state purse. That balance must be there. In short, Minister, indicate if there is such a balance, if there is a cut-off limit with regard to assistance being given before those small businesses start to contribute back into the economy from their side.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon Du

Toit for that question. Indeed, the support that we offer to the small businesses must contribute to the growing of the economy and thus growing of the tax base. We have already indicated as the department previously that our focus on growing small businesses is to make sure that they become part of the major contributors in the economy. If you check the vision of government as exposed in the Vision 2030 of the National Development Plan it talks about the contribution of small businesses not only on jobs but also on the gross domestic product, GDP, growth. We cannot have that growth on GDP if there is no contribution on tax. So, the first thing I need to indicate is that the support that we give to small businesses, either informal or formal businesses, we require them, first, to have business permits; secondly, to register

with the SA Revenue Service, Sars; thirdly, to register for the Unemployment Insurance Fund, UIF; and to register for the Companies and Intellectual Property Commission, CPIC, because it is part of the formalisation process that will get us there for two reasons because we believe that the continued informalisation of businesses in particular black-owned businesses has negated the contribution of black businesses and women-owned businesses in the economy. I’ll give you an example of the taxi industry and the spaza shop industry. The taxi industry generates a revenue of more than R40 billion per annum but yet individuals are taxed at an individual bases and not at business basis thus diminishing their contributions.

So, our view is that all small businesses must be registered for tax even if they enjoy the tax breaks that are applicable. We also need to clarify that registration for tax does not mean that you are going to pay tax because in this government we understand that it is not everybody who will afford tax despite the fact that they are in business or they are earning an income. The tax regime of the country gives the necessary tax breaks and the necessary tax thresholds. For instance, the registration helps us to account for the revenue of a business and we will be able to account. I have said that’s what we need to measure ourselves.

About our ability to grow our business from informal to formal, from micro to macro, from small to medium to large, there must be graduation. Small business on our part is not a state of permanent, but it is a state of transition on any other business. It must be recorded on how many of those businesses have we supported beyond that and how many we have supported to become meaningful contributors to the GDP of this economy by contributing through jobs and also contribution in the tax revenue of the country. Thank you, hon Chairperson.

Ms M L MOSHODI: Thank you very much, hon Chairperson. My follow-up question is, whether the department has established partnership with the Brand South Africa and the various other entities promoting business beyond South African boarders? If not, will the department be open to consider this exercise?

Thank you very much, hon Chair.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Chair. Thank you hon Moshodi for the question. We indeed as government ... Hon Chairperson, I am requesting to switch off the video because it says the connection is unstable.

The CHAIRPERSON OF THE NCOP: Yes!

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Moshodi. We are collaborating with Brand South Africa and Trade and Investment South Africa which are responsible for the marketing of products outside of the country. Brand SA is responsible for marketing the nation’s brand, South Africa, but not responsible for trade marketing. We collaborate with the DTIC and Trade and Investment and Proudly South Africa to market the products of South Africa outside the country.

We are also collaborating with the International World Trade Centre to make sure that the products that are produced by women in South Africa are marketed and have markets outside the country. We are also working with large corporates in particular large retailers to make sure that when they take products out of the country they also include in their home made products produced by SMMEs. Thank you, hon Chairperson.

Question 87:

The CHAIPERSON OF THE NCOP: Thank you very much Minister. We will move on to Question 87. This question is on the establishment of small, medium and micro enterprises, SMME hubs. It is originally from hon Ncitha, but because hon Ncitha is not here, we will find out who is responding to this

question. It is directed to the Minister of Small Business Development. Hon Minister!

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Chair. We have got six digital hubs that were approved for establishment ... [Interjections.]

The CHAIPERSON OF THE NCOP: Sorry, maybe I should just indicate upfront this question is now being raised by hon Mkiva, so Mkiva will give us the first supplementary question. Hon Minister!

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Chair. I will start from afresh. Six digital hubs were approved for establishment during 2019-20 financial year. They are allocated their located in the following areas, Botshabelo in the Free State. I am aware that members of the NCOP visited this digital hub, though the NCOP subscribed to Department of Trade, Industry and Competition, DTIC, it is the digital hub of the Department of Small Business Development run by our agency, Small Enterprise Development Agency, Seda. KwaMashu in KwaZulu-Natal, KZN in Mpumalanga we have got two sites, one in Nelspruit and another one in Secunda. There is one in Mafikeng, located within the Mafikeng Industrial Park in the

North West, and one in Alexandra in Johannesburg, and the one in Limpopo in the university of Limpopo, where construction was delayed due to the challenges at the university.

The Small Enterprise Development Agency implemented interventions on 627 adopted cooperatives, and further assessed and adopted a total of 1 082 cooperatives nationally. These are broken down as follows: 148 in the Eastern Cape, 94 in the Free State, 60 in Gauteng, 304 in KwaZulu -Natal, 88 in Limpopo, 162 in Mpumalanga, 49 in Northern Cape, 65 in North West and 112 in the Western Cape. The department has a memorandum of understanding, MOU with Proudly South Africa, which is aimed at exposing products are locally produced to the South African market as part of improving access to market for small, medium and micro enterprises, SMMEs and cooperatives. To date, 35 SMMEs are loaded onto the Proudly South Africa retail platform, RSA Made.

The SMMEs will also be able to participate in coaching workshops, events webinars and partnerships in marketing activities of probably easy Proudly South African. Proudly South African will also do product and company assessments to ensure quality products. The department also has an MOU with the SA Electrotechnical Export Council, which focuses on

supporting SMMEs, to take advantage of export opportunities in the electronics sector. The department also has an MOU with the SA German Chamber of Commerce and Industry. The partnership is expected to assist in linking up SMMEs from both countries, and exploring market opportunities for SMMEs and cooperatives within the SA German Council Chamber, member companies and specific, trading partners. Thank you, hon Chair.

Mr Z MKIVA: Thank you very much, Chair, and greetings to you, the members, and the Minister. Minister, thank you so much for that elaborate and detailed answer, which really covers the ground and ensures that your department is touching on all the provinces of the country. This is really appreciated. I just want to ask this further question hon Minister. I would like to know whether the department will be establishing more SMME hubs of a similar kind across all the corners of South Africa so that many people can benefit, especially rural communities. It will be great if some of those hubs could actually be installed in the heartland of a rural communities. Thank you, hon Chair.

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Mkiva, for that follow up question. Indeed, we are going to

establish more hubs. Our target is to create a total of 250 hubs across the country in rural areas and townships, to make sure that our people who were previously disadvantaged have access to those hubs. We are also establishing partnerships with the NSFAS groups, both for their foundry programme and also the Labour Activation Programme, Lap to make sure that there is no duplication between the work that we do and NSFAS and other partners, who already have hubs so that we can increase the number and the reach of government in terms of the hubs. We understand the role of hubs in supporting, mentoring and creating opportunities for small businesses in townships and rural areas. Thank you, hon Chair

Mr X NGWEZI: Thank you very much hon Minister. How has the number of SMMEs in South Africa and their performance been affected by the pandemic? How has the Ministry dealt with these drawbacks, and whether there is a plan in place to boost SMMEs going forward? Thank you.

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Ngwezi for that question. Indeed, SMMEs were severely affected. They were the worst hit by the pandemic in terms of the business sector. We have reported to this House on the plans in place to support SMMEs to recover. Our intervention

on township, rural economies and rural entrepreneurship is part of supporting SMMEs to recover in that. Our dedicated support. spaza shops, hair salons, motor mechanics, panel beaters, confectionaries and bakeries, shisanyamas, is part of that effort to make sure that these SMMEs, even at their most basic level, they recover.

The work around the panel beaters, plumbers, motor mechanics, is also given impetus by our partnership with the insurance industry that will prioritise the use of local-owned small enterprises, to service their clients where the insurance companies have their needs. The SA Police Service have already announced the partnership that they have with us, in terms of getting their vehicles to be serviced by as small emerging and new motor mechanics and panel beaters, including their cars being washed at the car washes in the townships and rural areas. Also their tyre repairs and also the glasses or the glass treatments to be done by SMMEs in that sector.

In addition, part of the work that we have been reporting on its since we started these oral replies, around supporting the manufacturing sector as part of the localisation, is the work to ensure that, SMMEs come back better when they build and ensuring they have access to the markets that are necessary to

propel their products to become bigger and better. Thank you, hon Chair.

The CHAIPERSON OF THE NCOP: Thank you very much. The next supplementary question is from hon Apleni of the EFF. Hon Apleni! It doesn’t seem like hon Apleni is on the platform. We will proceed to hon S Boshoff of the DA.

Ms H S BOSHOFF: Thank you very much and good morning to you, Chair and Minister. Minister, it’s great to hear these hubs which assist the SMMEs in these provinces. Can you inform this House whether any discussions have taken place with the city of Cape Town, to enquire as to how their mobile business hubs work? This is for sure and a more inclusive way of ensuring that, more small medium and micro enterprises in need of support and guidance are reached, especially in light of their recovery after the blows of the COVID-19 pandemic. Mobile hubs will go a long way in other provinces to assist, complement and supplement all the services on offer to them. Thank you very much.

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you hon

Boshoff, for that question. Maybe you must go to the City of Cape Town to explain to you that they copied their mobile hub

model from the Small Enterprise Development Agency, Seda, which is the agency of this department. Seda has been implementing the mobile hubs out since 2015. Therefore, we do not need to have a conversation with the City of Cape Town, because it has copied from us. Thank you, hon Chair.

Question 68:

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Chairperson. The department through the Small Enterprise Development Agency, Seda, branch in Gariep is providing business development support to a primary cooperative in Bethulie called Lephoi Primary Co-Operative. It is funded by the Free State Department of Agriculture and purchases fish lings from the aquaculture technology demonstration centre in Gariepdam.

It then rests the fish lings until they are market ready at an individual weight of 1kg. The centre offers technical assistance to the cooperative and Seda offers business related soft skills training to ensure that the cooperative becomes commercially viable. Seda also provides other business development support to the community at large. This includes mentorship and coaching interventions to 14 livestock farming cooperatives within Mohokare local municipality focusing on

financial management training. Beneficiaries also receive basic farm management training.

The Seda technology programme has prioritised Gariep as an underserviced area in line with the department’s SMME, Small, Medium and Micro Enterprise, support plan. During 2020, Seda held a series of meetings with the Department of Forestry, Fisheries and Environment on aquaculture demonstration centres and incubation and as an outcome of these meetings the review and adjudication processes are being finalised on how the support will be offered through the Seda technology programme.

Furthermore, Seda also conducted seminars to enhance competitiveness and capabilities of SMMEs and ensure access to business support services. The Seda Gariep branch has embarked on an aquaculture agricultural event with stakeholders to share information and offer valuable advice to entrepreneurs in the agricultural sector. Thank you, Chairperson.

M S F DU TOIT: Thank you, hon Chair. Hon Minister, it’s no secret that Mr Ace Magashule the then Premier of the Free State was present at the sought turning ceremony at Gariepdam where millions of rands were spent on the project by both the South African and Chinese government.

Minister, in 20219 Dr Benny Malakoane the MEC of Agriculture in the Free State stated that the main purpose of the project was not commercialisation but rather the demonstration and training. Minister how many people have been successfully trained at this facility and what is the collective cost of the project since its inception both Chinese and South African funding because up to now no one was able or willing to allude to that rand factor? Thank you Minister.

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you hon Du

Toit. You will have heard in my response that Seda which is an entity of the Department of Small Business Development offers only business related soft skills training and not the financial part of what you are talking about. We can assist you to send that question to the Department of Agriculture in the Free State so that they can respond to it. I have indicated that Seda in Gariep has trained and coached other cooperatives in the areas and I’ve given you the numbers of fourteen livestock their training and the farm people in the aquaculture have been trained through the Seda soft training skills but the questions that you are asking relate to work that is done by the Department of Agriculture in the Free State.

Not that I’m defending the MEC but that is why it was called a demonstration plant. When a demonstration plant starts you want to do the demonstration but at a particular point you graduate it from demonstration plant to become an implementation plan but the details of your question will be addressed by the Department of Agriculture in the Free State.

Mr D R RYDER: Minister, noting your responses you have partly responded to what I wanted to ask but is there some sort of a research document of what has happened at the facility? It was built thirty years ago and I know it was it was refurbished and developed a little bit further in 2013. Is there a document that can demonstrate what has happened since then until now specifically detailing the benefits that they have been to the community and the people that have been trained and can you make that document available to the portfolio committee please all the select committee? Thank you

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Ryder, the

Department of Fisheries, Forestry and Environment is also running that project, assisting with their provincial government of the Free State. I am sure if that question is forwarded to them they can then provide the details of the work that you require in terms of not only the research work

but the progress with the implementation, benefits and the lessons learnt as well as the corrections of the risks that have been in place if there were such. Thank you.

Ms B T MATHEVULA: Chairperson, we have requested the Table to withdraw the follow up question for hon Zandamela. Thank you.

The CHAIRPERSON OF THE NCOP: Withdrawn. Thank you very much.

*Setswana:*

Rre K M MMOIEMANG: Ke a leboga modulasetilo wa Ntlo ya

Bosetšhaba.

*English:*

Let me also express my appreciation to the comprehensive response given by the Minister. Minister, given the lessons learnt from this Gariep programme of aquaculture technology demonstration centre and given the fact that there will be many areas across the country with similar comparative and competitive advantage that Gariep has, can the department share with us whether there is a possibility that majority of our people could benefit from such a scheme and if that is possible what skills set will be drawn from there? Thank you hon Minister, thank you Chair.

THE MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you hon

Chair, thank you hon Mmoiemang for that question. Indeed, in terms of the lessons learnt there is need to replicate the demonstration plant for aquaculture. There are many communities in the townships and rural areas that are residing closer to big dams that could then benefit from the aquaculture technology programme.

We are working with the Department of Forestry, Fisheries and Environment to ensure that we support the participation of black, youth and women owned enterprises within the aquaculture business and we are finalising a rollout plan of that partnership and support as the Department of Fisheries and Environment rolls out the aquaculture plan support plan for townships and rural enterprises and those in coastal areas. Our work will be to support that in terms of business enterprises, product marketing and access to skills development for those businesses.

You will recall when I was a providing a response around the centres for entrepreneurship or digital hubs, we indicated that part of Nelson Mandela Bay University’s centre interim premiership and rapid incubation is going to focus on the ocean economy and the ocean economy includes that aquaculture.

Therefore, we are going to be also extending that to other areas we have started with the support of the Department of Forestry, Fisheries and Environment. Thank you for that question hon Chairperson.

THE CHAIRPERSON OF THE NCOP: Thank you very much Minister. Hon members, that brings us to the end of supplementary questions to question 68 and the end of questions to the Minister of Small Business Development. I would therefore like to take this opportunity to thank the hon Minister for availing herself to answer these questions. So, thank you very much Minister.

Question 77:

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon

Chairperson and hon members, I would like to thank hon Dangor for the question. We need to expand economic opportunities in our townships and remove any barriers which prevent South African entrepreneurs in our townships from starting businesses and expanding businesses.

Townships are the incubators for the growth of entrepreneurial skills and if South Africans do not have access in our own country then we will not be able to develop that talent pool

that nurtures the skills that can then go into building medium-sized businesses and eventually larger businesses.

So, I want to focus on six areas relevant to the question. Firstly, is the work of the Competition Commission to open up space for township businesses in the grocery/retail area. Two years ago the Competition Commission published their findings into the inquiry into the grocery/retail market and it found that a number of practices by large retailers keep small retailers such as spaza shops out of shopping malls; it’s a practice known as exclusive leases. And in response to this, the Competition Commission met with the large retailers to change these practices. And last year the commission agreed with both Shoprite and Pick ’n Pay that they will effectively end these exclusive lease agreements in malls across the country, which include malls in townships, which will open the way for small, competitive retail stores to be opened in these malls. The Shoprite agreement affects at least 349 centres in what is called nonurban areas, which include townships and small rural towns.

Secondly, is the Department of Trade, Industry and Competition, DTIC, as what is called a Critical Infrastructure Programme that is available for townships. This programme

offers a grant up to 10% to 30% of infrastructure costs in things like sanitation, water and other things that small businesses require in the township. If I take the Chuma Mall, as an example, it is located in Diepsloot in Gauteng and the Companies and Intellectual Property Commission, CIPC, assistance help them to construct roads, storm water, bulk sewer, electricity infrastructure, a taxi rank and other things; and this enabled the mall to open in July last year. Now, more of this can be done across different areas in townships to build South African businesses in townships.

Thirdly, is to address cost structures. And there is work that has been done there with industrial funding. I am sure that my colleague who has just spoken has raised the Small Enterprise Finance Agency, Sefa, and Small Enterprise Development Agency, Seda, issue, there are also programmes in the National Empowerment Fund, NEF, and the Industrial Development Corporation, IDC, and some work on the master plans that will come back to in the other questions.

Fourthly, we have made changes to the Competition Amendment Act; which also came through the NCOP in 2019. These allow the competition authorities to act against any predatory behaviour by dominant firms like price discrimination and so on.

Fifthly, there are some industrial parks that we are now bringing closer to townships. In many of these, the industrial parks have been run down and not been properly maintained. So, we are busy with a programme of rejuvenation.

Now, finally, I want to come to the question of legislative interventions in townships with licensing and those kinds of things. In October last year the Business Act of 1991 was transferred from the DTIC see to the Department of Small Business Development in a proclamation issued by the President and all of those powers are now with the Minister of Small Business Development. The Minister is looking at a Licensing of Businesses Bill that will be looking at what procedures should be put in place and how do we strengthen the opportunities for black South Africans, for small businesses, for young people to participate in our economy. So, this brings to bare a few interventions that go to the heart of the question. Thank you very much, hon Chairperson.

Mr M DANGOR: Minister, thank you very much for a comprehensive response to the question. My supplementary question is the following: Whether the department will consider measures to promote the participation of South African citizens in jobs as well as businesses on a priority basis?

Excuse my throat, Minister. Thank you very much.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon Dangor, I

understand the throat because you are not able to drink any water at the moment because you are fasting.

But the answer is, Yes. We will do so and we are now beginning to put targeted support for small businesses in place to enable more South Africans to participate in jobs and businesses.

Let me give one good example, many of the panel shops and garages that fix cars, engine problems, exhaust problems, challenges when your car is involved in a car accident, have had the problem that insurance companies and big automakers and so on, have historically tended to put only a small number of panel shops on these insurance panels and have not always authorised the use of generic parts. Through the Competition Commission now, we’ve put in place a range of measures that large car makers must support the entry of new motor body repairers with the preference for firms owned by black South Africans; and these measures will include expanding the number of these ... let’s call them what they are: panel shops owned

by black South Africans, garages owned by black South Africans in different geographic areas.

Also insurance companies are now being requested to open up their panels to do it. Now, what that as one illustration shows is if you open up the market and agencies like Sefa, NEF and IDC come in with industrial funding, it does help.

The third example of what we can do is with state procurement. Some of my staff, for example, just to illustrate it, have begun to use a bread & breakfasts, b&bs, in townships when they travel to Cape Town for parliamentary business before the covid restrictions; and we must see how all of these efforts can be co-ordinated more actively to build opportunities for jobs and for economic empowerment in townships. And that goes together with the expansion of our efforts on competition and support through the different arrangements that we are now building with municipalities through the District Development Model. Thank you, Chairperson.

Ms H S BOSHOFF: Minister, you have to agree that the vast majority of foreign-owned businesses in townships involve a mutually beneficial partnership between foreign nationals and South Africans; that of tenant and landlord.

The original question from hon Dangor, who is a Gauteng member, seems to seek to highlight the Gauteng Township Economic Development Bill, which in my mind is controversial in that it possibly speaks to xenophobic or has possible xenophobic and racial implications.

Will your ministry therefore reject the xenophobic and racist Gauteng Township Economic Development Bill for the unconstitutional disaster that it is by reserving certain business activities and designated townships exclusively and solely for South African citizens and permanent residents?

Will such a policy not be irrational, especially in light of the Constitutional Court’s ruling that foreign nationals are entitled to all the fundamental rights enshrined in the Bill of Rights?

This Bill will be an unjustifiable invasion of their rights. I thank you.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon Boshoff,

let me start by saying that the position of not only the South African government but also the ruling party, the ANC, is very clear about not supporting xenophobia.

At the same time, it is a reality as I indicated in my reply that we must provide conducive conditions for the nurturing of South African-owned businesses in townships so that young South Africans see opportunity and opportunities are not excluded and restrictions of getting into businesses are not too difficult.

So, let me give an example of the work that the competition authorities have done in that market enquiry there look carefully at foreign-owned businesses in townships to say ‘what is the competitive advantage of those businesses?’

One of the things that they highlighted was in many cases those foreign-owned businesses appear to be able to access goods, particularly about goods, by co-ordinating with each other. So they’ve propose that government should consider ways of facilitating the establishment of distribution centres located in peri, urban and nonurban areas to service small and independent retailers and wholesalers.

So I think we mustn’t close our eyes to the reality that there is enormous hunger for jobs and for economic opportunities by many black South Africans, township dwellers and government has an important contribution to make to find ways of

addressing it. Of course, we will do it in a way that is consistent with decisions by the apex court of the country and at the same time we can’t fold our hands and say that we are going to turn South Africans only to a nation of township landlords. We need entrepreneurs, we need South Africans to be owners of spaza shops, to be building those businesses into the future large retailers that South Africa needs. That is our objective and that is something that we all need to do and government will be doing what it can do on this matter.

In regard to the Bill of Gauteng province, I am sure that hon Boshoff can put that question to Gauteng on the detail of it. But I have no doubt that the province is seeking to expand opportunity and that expansion of opportunity for South Africans is an important part of what we need to do. Thank you, Chairperson.

Mr S F DU TOIT: Hon Minister, I am going to repeat a part of the initial question that was posed by the hon Dangor for a specific reason:

Whether government started any discussions to remove barriers to entry across all townships in the country which create tensions between South Africans and foreign nationals

who run tuck shops and supermarkets, if not, why not? If so, what are the relevant details?

It’s clear that the Africa Continental Free Trade Agreement, AfCFTA, initiatives’ prime objective is to promote free movement of goods, services and people for African economic transformation and also complimentary to the broader objective is the small and medium enterprise ministry that’s aimed to improving local economy through informal traders.

The question is: How can there be an uneasiness from South African people in rural areas towards the foreign nationals if the South African majority receive financial assistance from the ministry and from various departments to assist these small business owners to, firstly, start off their businesses, to maintain it, the previous Minister referred to advertising and support that is given, how can this still be an issue?

And also the Africa Continental Free Trade Agreement and the small and medium enterprise assistance that is given is now contradictory towards what was stated by both you and the hon Dangor with regard to giving an advantage to black South Africans to compete ... [Time expired] ...

In short, with the assistance that’s given to South Africans and the foreign nationals that definitely doesn’t seem to be welcomed as a result of the question being posed. What is your opinion on this matter and is the Africa Continental Free Trade Agreement and the small medium business enterprise initiatives still in place or is this are contradictory issue? Thank you, Chair.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon du Toit,

let me perhaps just first start with the correction, the African continental free trade area does facilitate the free movement of goods and of services; it says nothing about the free movement of people. There are other parts of the African Union discussions that deal with the free movement of people, and that is not to do with the AfCFTA.

I think let me reiterate the essential elements of what I have said. The first is we must be resolute against xenophobia and we need to ensure that we don’t turn the presence of people different to ourselves into the big challenge. At the same time, and it’s a reply I gave the hon Boshoff and I will give again to you hon du Toit, our responsibility is to ensure that there are real opportunities for more black South Africans in township enterprises, in spaza shops because there is a

pressing need for jobs, because this is the place where many young South Africans can learn those entrepreneurial skills, where they can have the incubation experience that they develop the wider skills from and government is seeking to respond to this by way of measures through the Competition Act and the actions that the competition authorities have done. We also seek to respond to it through the industrial funding arrangements that I spoke about and we seek to do this by the support for infrastructure in townships that are directed at businesses that are owned by South Africans and that would enable more South Africans to come into the economy. None of those things are xenophobic. They are the kind of policies that are followed by many different countries across the African continent recognising that countries must provide a conducive environment for businesses owned by citizens and at the same time we are not in the business of seeking expel people or anything like that. As long as there is adherence to the rules and the and the rule of law in South Africa we would be complying fully with our obligations and I think I would say to hon du Toit that I hope you can support the approach that I have outlined because it’s an approach that speaks to the challenges that township residents have and when one has a job is easy to be indifferent to the plight of young people in townships. But we as government must respond to that plight

and I’ve outlined the key pillars of our response. Thank you very much, hon Chairperson.

THE CHAIRPERSON OF THE NCOP: I’m told that hon Zandamela has been struggling to get into in the system but is now available, so, we’ll call on him to ask the last supplementary question. Hon Zandamela? Hon Zandamela of the EFF? It seems like there’s a problem. We’ll move on.

Question 72:

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

very much, Chairperson, I would like to thank hon Ngwezi for the question. Yes, we will consider, and in fact, we are implementing strategies to enhance local production of goods to boost South Africa’s economic recovery after COVID-19.

At the heart of our efforts in this administration, hon members, is the focus and what President Ramaphosa termed a reimagined industrial strategy with a strong focus on localization. By localization, we mean building local industrial capacity for the domestic market, and for export markets. It is not a turn away from engaging in global markets but it is about changing the terms of that engagement to one where we are not simply selling raw materials to the rest of

the world and buying consumer goods, but one where we are making more and more of the consumer and capital goods here in South Africa. The localization campaign rest on expanding the demand in our own economy for these products, and addressing the supply challenges, those that constrains us.

To be successful, we recognize that we must address a number of challenges from competitiveness, pricing, speed of delivery, quality and product innovation. We are doing some good things. Let me take an example of this hon Ngwezi, and that is the work that we are doing to improve the edible oil industry. We largely import something of the odd of about

R8 billion or more than R8 billion worth of oils that are used to cook food with. One of the larger importers of this finished oil sat down with government and proposed building a plant in KwaZulu-Natal, and we entered into agreement with them. We provided them with some incentives and they will now be working on building a refinery for edible oil. That will contribute significantly to adding local value in the South African economy. There are a range of those. I have just given one to illustrate it. We are working in different master plans to bring products back to South Africa. These master plans cover poultry. President Ramaphosa has already indicated more than a million additional chickens are being produced here in

South Africa every week as a result of our localization efforts. More sugar is being bought from SA Sugar Mills and SA sugar farmers. We are now working with the steel industry, with clothing and textiles, and with the furniture sector to do similar things. We have an agreement with the auto industry to move their local content of the vehicles very significantly. I know hon Ngwezi would have seen the media reports of a visit that I undertook to Toyota in KwaZulu-Natal some two and a half years ago, in which we opened up a major new localization programme of Toyota, where more of that which used to be imported are now made locally.

These are some examples of what we do and I want to conclude by saying, we have entered into discussions at Nedlac, and have reached an agreement on some 42 products that will be highlighted for localization in a partnership that we are all actively involved in. I hope that that shows not only are we committed to considering this, but more importantly, we are now beginning to get this right. We are getting active localization happening in some parts of the economy. We need to scale that up across the whole economy. Thank you very much, hon Chairperson.

Mr X NGWEZI: Thank you very much, hon Chair, and thanks for the response from Minister Patel, you have actually covered most of the issues I was going to raise in follow up question, and because it is dangerous for a politician to say I am covered, I would like to know whether there are specific sectors of local production that you are strategizing to boost post-COVID-19 recovery? And if so, is it possible that you provide specifics, because I think that it is of strategic importance to the economy and which criteria was used to select them? Thank you.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you,

hon Ngwezi, and I take your point that it’s not possible just to say that you are covered, but I am glad that you are at least partly covered. I think what we have done is to look at different parts of the economy. We have asked what can we do in agriculture to localize it? When I sat down with PepsiCo about a year ago who bought the Pioneer Foods business, as an example, and they own Simba Chips here in South Africa and they are combining Simba Chips and Pioneer Foods into a big new company. We sat down and we said, what can we do on empowerment, what can we do on localization and what can we do on investment? On localization, we looked at products that they can localize, for example, potatoes, raisins, wheat,

edible oils and so on. In each of these, we take very concrete examples and we drill down to the product level, and then we work with the company on that. With Coca-Cola, for example, we worked on what can be done to localize packaging of the Coca- Cola products. When we sat down with Walmart, we identified products that are made by about 30 different companies across the country. These are small businesses, largely black-owned businesses that Walmart then began to support with finance, to upgrade their manufacturing, and those products cover many different things. You can now buy a cooler box on … Ngwezi, when you go to the beach or somewhere - maintaining social distance of course - you can now have a South African made cooler box. Some of those products are now being exported across the world. We are not only confining it to food. We are also dealing in a number of other different sectors, other consumer goods. We are looking at capital goods, which are the big machines that are being manufactured, that we do not only import machines but we see how we can localize there. We looked at car components as an example. The products stretch over many different areas. And of course they include clothing, a campaign that the NCOP could run for members to wear South African made suits and that would be most welcome; hon Ngwezi and hon Chairperson, because there are so many

different areas of what we do that we can and we should be localizing. Thank you very much.

*IsiZulu*:

Nk S A LUTHULI: Angibonge, Mphathiswa woMnyango, kubukeka engathi lolu bhubhane lusazobanathi isikhathi eside kunakuqala futhi siyakuqonda ukuthi ukusetshenziswa kwezifonyo nama- sanitiser kanye nomuthi wokugoma kusazoba kukhulu kunakuqala. Akumele ngabe lo mnyango wakho kanye nalo Hulumeni banezinhlelo zokwakha nezokuba nezindawo lapho sizozakhela thina lezi zifonyo, ama-sanitiser kanye nemithi yokugoma ukuze sikwazi ukwakha amathuba emisebenzi nanokwazi ukufukula umnotho wethu okubonakala engathi uphansi kakhulu? Akumele ngabe lo Hulumeni wakho unezinhlelo zokusebenzisana nalaba abaseqalile vele ukukhiqiza lezi zinto ikakhulukazi abebala elinsundu? Ngiyabonga kakhulu.

*English*:

The CHAIRPERSON OF THE NCOP: If the interpretation has been there but if not, she is on the masks and the question of vaccines. The question that has been raised is whether we can’t have our own production of vaccines, masks and so on to address the current challenge. Minister!

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

very much, hon Chairperson, let me start must by recognizing, hon Luthuli, that what COVID-19 has done, it has reminded us of how important it is to localize, because in March last year, the country had a shortage of medical grade masks, as one example, and other products. What I am going to do is to - in the available time - just take the hon members through what we have done and why we can be proud that in some areas South Africa has responded well.

Let me start with masks. In March last year, when we did an initial check on what our capability is to produce those masks that frontline health care workers use. We concluded that at best, we could do six million masks a month and yet the country’s need was much greater than that. We worked with companies to see how we could scale up production by March this year. Some 12 months later, we had a production capacity of some 16 million medical grade masks per month in South Africa. We have taken it from six million to 16 million in a period of a year. In addition to that, there are normal surgical masks that we all use on a regular basis. When I tried to buy those surgical masks about a year ago, hon Chairperson, I looked on the box, and it said, made in China. Today, these blue and white masks box that we put on, that I

have available here that I can now use has a big South African logo on them because more and more of those are made in South Africa.

We then worked with the clothing and textile industry to see how we can use fabric masks, which many South Africans use. You can watch the fabric masks and it does provide a layer of protection. And some of the companies at a time when production was low, because people were not at the shops, and everybody was very cautious, they began to produce very large quantities of face masks that were made with fabric. That shows an enormous industrial capability that we were able to utilize in this period.

Let me take a second example, hon Chairperson, and look at hand sanitizers as the example. When the COVID-19 pandemic first reached our shores, South Africa did not have a very significant hand sanitizer production capability. We looked at what could we do to get more of the hand sanitizers made here in South Africa and also the product that we clean the surface with. There were two ways in which we can do with. The one is those products either use alcohol as a base or they use industrial approach. It looks like ethanol as a base. Ethanol is produced by Sasol, and we contacted Sasol, had

conversations with them and they said they’ll make available all the ethanol to the South African market to produce hand sanitizers and things to wipe surfaces with. They then sold enormous quantities of that to smaller players who then mix ethanol with other things such as water, and sometimes with scent and those kinds of things to produce hand sanitizers.

We met with some of the alcohol players, including Distell, and they made available some of the alcohol output, particularly at the period when alcohol sales were not permitted and that was also used to produce hand sanitizers.

To illustrate how well we have done as a country on it when we got to the point where the productions were running well, we opened up opportunities for local players to be exporting some of these products to other African countries. When last we made available this information publically from my department, we had sold about R1,7 billion worth of hand sanitizers and related products to other African countries so that South Africa becomes one of major supplier of these personal protective equipments, PPEs, to neighboring countries and to the rest of the African continent, so that we pool our industrial resources in fighting this pandemic and making sure that Africa is able to get access to these necessary personal

protective equipments that are used in in the fight against the virus.

In view of time, hon Chairperson, I will stop here, but if there is more time in any follow up questions, I can take another few of the issues around COVID-19 if necessary.

The CHAIRPERSON OF THE NCOP: Yes, we are also mindful of time. We don’t want you to take too much time. I do allow you a bit of space to respond given the critical nature of the matters you are raising.

Ms L M MAMAREGANE: Thank you, hon Chairperson, let me also thank you, hon Minister, for the response to the question. Hon Minister, since the outbreak of COVID-19 pandemic, has the government builds capacity to produce essential goods such as PPEs to circumvent procuring goods from foreign countries, which does not assist the local economy? I thank you, Chairperson.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

very much, Chairperson, on the issue of PPEs, hon Mamaregane, I have responded to that part of the question in my earlier remarks. Could I take it a bit further and also deal with two

other critical COVID-19 products: firstly, is ventilators that are used in hospitals to provide oxygen to patients as a result of COVID-19. We have seen in India the harrowing pictures of people battling to get oxygen. So, in April last year, we tried to get more oxygen, ventilator machines for South Africa and the global markets were stretched and no one was able to provide us with these, because larger countries with deeper pockets were able to snap up all of that.

We launched a project, bringing together South African engineers and product development people and clinicians, and using the resources of the state, the Solidarity Fund and the private sector, we were able to build 20 000 continuous positive airways pressure, CPAP, ventilator units attached to a wall. You put it over your nose and mouth when there is a lack of oxygen, and then the oxygen is pumped in it and it save lives. We got a message, last year, from clinicians at one of Gauteng’s biggest hospitals expressing their sincere appreciation for the lives that have been saved as a result of that South African invention.

On the vaccine development, which is the other part of it, we are doing two things: firstly, is that we are now producing products on behalf of Johnson & Johnson, which is an American-

based company in the Eastern Cape. They made a breakthrough in the development of a vaccine. They looked across the world at where these vaccines can be produced, and they found South Africa as a significant opportunity in a company called Aspen Pharmacare. Aspen has been supported in the past as it was the company that was mentioned by the President in the investment conference in 2019 as a company that we had a partnership with. That was before COVID-19. Now that company is being used to produce these vaccines.

We are also working with South African scientists and companies like Biovac, which is a company that is a joint venture between the state and the private sector to develop additional vaccine possibilities and to see whether South Africa too could be working on the development of additional vaccines, either on our own or in partnership with other countries. Those illustrate a few examples of us using South Africa’s industrial base to respond and to place the country in a position to respond to COVID-19. Thank you very much, hon Chairperson.

Mr W A S AUCAMP: Sorry, hon Chairperson, this is not my

question. It is the hon Beyers Smit’s question.

The CHAIRPERSON OF THE NCOP: Yes. So, what we do?

Ms C LABUSCHAGNE: It is hon Smit’s question.

The CHAIRPERSON OF THE NCOP: He is not here.

Ms C LABUSCHAGNE: He is on zoom.

The CHAIRPERSON OF THE NCOP: He is on zoom. What is the name again?

Ms C LABUSCHAGNE: Hon Beyers Smit.

Mr C F B SMIT: Yes, hon Chair, I am sorry, just hold on, I am just trying to get my question but the technologies throwing me off now.

The CHAIRPERSON OF THE NCOP: Do we have a difficulty?

Mr C F B SMIT: Sorry, I am just struggling here.

Mr M I RAYI: You are covered hon Smit.

The CHAIRPERSON OF THE NCOP: It is Question 72. Yes.

Mr W A S AUCAMP: Hon Chairperson. If there is a problem with the signal of hon Beyers Smit, I will ask the question on his behalf, seeing that my name is apparently on the list. I do not have a problem in asking the question.

The CHAIRPESON OF THE NCOP: Yes, let’s do that. Perhaps that

can assist in the flow of things.

Mr W A S AUCAMP: Thank you, hon Chairperson, hon Minister, how have you capacitated local economic development at a municipal level, seeing that at this stage 80% of ANC-run municipalities cannot even provide basic services? Thank you.

Mr M I RAYI: Is it parliamentary to misrepresent ... [Inaudible.] ...

The CHAIRPERSON OF THE NCOP: Yes. Why don’t you go find out if the Minister got the question and if he it did urge him to respond?

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: I have heard

the question hon Chairperson, and as soon as you indicate, I am ready to respond.

The CHAIRPERSON OF THE NCOP: For my benefit, just repeat what you were saying, Minister.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Chairperson,

I heard, hon Aucamp stating the question, and if you wish me to respond, I am ready to respond.

The CHAIRPERSON OF THE NCOP: Please do.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

very much, hon Aucamp, I recognize that the question that you have put is more of a rhetorical question, which I am not quite sure how it links to the localization issue when one talks about the performance of different municipalities. But let me let me respond to it in a constructive manner. The constructive manner in which I want to respond is to say that the efforts around localization of products in our economy in order to create jobs is one that must be taken up by all three spheres of government. What national government has done and what the DTI has done is that we publish from time to time what we call product designation. If you take, for example, I will use clothing, when we put the designation out that all organs of state and all spheres of government must buy clothing that are locally made. Then that applies also to

local municipalities. Where they need any support in securing the necessary supplies, knowing that they can obviously published tenders. We can bring those tenders to the attention of the industry more generally, and all they need to do is to ensure that those tenders have the condition of localization on them. When it comes to finding new products that can be localized, we work with municipalities in different parts of the country to build knowledge and capability. In fact, the two Deputy Ministers of Trade Industry and Competition are now working with different district municipalities to see how we can expand local production, not only for South Africa, but even to export to other parts of the African continent. So, in fact, there is a programme in place and there are some municipalities that show real success. There are challenges with others, for example, with the City of Cape Town. I noted about a year or so ago that there was a tendency to import goods that could be made locally. That’s the kind of discussions that we then have with the municipality to see how can we improve levels of localization. I hope that gives a response to the question. Thank you very much, Chair.

Question 78:

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Chairperson,

I think this is quite an important question. Let me start by

contextualising what the Fourth Industrial Revolution is. It is really a convergence of different technologies, all at the same time, that are integrating with each other. For example, digital technologies, the kind of thing that makes it possible for me to be in Pretoria today but at the same time address the NCOP.

A second technology is called artificial intelligence where computers are programmed to begin to think and to mimic the way in which human beings think. The third one is what I call smart robotics, where robots are no longer those kind of clumsy things that we see in movies, but they are strongly integrated into computer networks and they are able to vary the kind of things that they do. And finally, new production methods like a printing machine that can actually print a pen like this or can print a set of tablets that I need to take.

Those are the kind of technologies that are called the Fourth Industrial Revolution, and they will open up a world that in future will look very different to the world we have today.

For example, we are now having a number of companies in the United States and a few other places testing what are called driverless cars. These are cars where there is no driver — a computer using sensors, cameras and so on, effectively drives

the car. You punch in where you want to go and the car takes you there. You can be reading your newspaper or you could even do a video conference to the NCOP while the car is taking you where you need to go.

A second one would be supermarkets without workers where you come in and you basically take your goods, pop it into your basket and it the shelves get automatically restocked. You go through the checkout and the machines scan everything automatically off the barcode and aggregates it. You don’t even pay; it just automatically takes it off your credit card because it can read your credit card.

Medical services where you are able to consult with a general practitioner, GP, not by physically going there, but you open up a camera like this one and you have a consultation with a GP. They will get you to put on smart watches on your body and be able to get the different diagnostic information, then interpret it and give you the medical advice that you need.

The drones that people still play with are used for delivery and so on. So, it is going to change the world quite fundamentally.

So, in response to your first question, hon Landsman, yes, the Fourth Industrial Revolution will affect the performance of local industry because it will reinvent many industries. This comes with many opportunities and threats. Threats particularly of jobs and of industrial obsolesces.

In 2018 I had addressed a joint committee of Parliament on the Fourth Industrial Revolution which also included representatives from the NCOP, and we had outlined the 14 major work streams that we are working on, ranging from skills development to looking at the jobs issue, small business opportunities, smart regulation, global partnerships with big players and bringing in South African innovation and opportunity.

In addition to that, the Competition Commission has put in place a market inquiry to look at the price of data because data is the new oil in the economy for the Fourth Industrial Revolution. Through the competition measures, both MTN and Vodacom agreed to reduce their data cost last year by 30% across critical bundles, and to provide a lifeline bundle to customers.

Finally, we are looking at opportunities that industrial innovators and industrial funding institutions can use to grow that part of the market here in South Africa so that we don’t only become a buyer of those technologies but we can also help to develop them. Thank you very much, Chairperson.

Mr M I RAYI: Hon House Chairperson, thank you to the hon Minister for the response and the information that he has provided. Hon Minister, with respect to the Fourth Industrial Revolution, has government started encouraging authentically South African business to create opportunities in this sphere to avoid having to rely on foreign countries? Thank you, hon House Chair.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon Rayi,

thank you for your question, and the answer is yes, government has started encouraging South African businesses to create opportunities to avoid simply being the importers of these technologies. One of the key ones is being through the Industrial Development Corporation, IDC. The IDC has approved projects worth just over a billion rand in the last five years in projects that it regards as the building blocks of the Fourth Industrial Revolution.

For example, they have helped a company to establish artificial intelligence and machine learning competence in South Africa to be able to do work in different sectors like foundries, automotive, milling and so on.

One of the companies called DataProphet uses machine learning technology to assist manufacturing firms to reduce and eliminate defects and scrap rates in their processes. It is a Cape Town based company and it develops these software products that can really improve what is being done.

The IDC has also supported companies that use voice and virtual private network services in South African residential areas and in corporate markets. One of those firms is owned by a black female empowered entrepreneur, Ms Lindiwe Mokone, and the company helps to create a significant number of jobs as a downstream service provider to the fibre optic infrastructure industry.

We are also now looking at how we can enhance and ensure proper competition in ecommerce market places in dealing with what is called travel and accommodation aggregators, and these various delivery services that are early versions of how electronic commerce will be reshaped in the period ahead.

So, hon Rayi, I think you have put your finger on what is required for South Africa to build this kind of capability. It is going to be tough because it needs a partnership between universities, funding agencies and South African innovators.

But we recognise that this is an important area of work. Thank you, House Chair.

Mr S F DU TOIT: Hon Chair, to the hon Minister, with all the jobs lost to this whole government’s restrictive lockdown regulations, the current education challenges in the instance of an environment that is conducive to stimulating the economy and small business development for all South Africans, we know that South Africa is in a situation where the Third Industrial Revolution hasn’t been fulfilled completely, and as you stated earlier on that the introduction or the full implementation of the Fourth Industrial Revolution will result in further job losses, would you say that the gains in employment opportunities are more in the Fourth Industrial Revolution than in the Third Industrial Revolution that we are currently sitting in? Secondly, would you say that South Africa is ready for the Fourth Industrial Revolution at this date and time?

Thank you, Chair.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: House Chair,

let me start with the last question by hon Du Toit. Is South Africa ready? I think what I have indicated in the previous reply are the steps we are taking to ensure as great readiness as we can be. Across the world every country recognises that no one is fully ready for the challenges of the Fourth Industrial Revolution, because we do not fully know how it is going to reshape labour markets and product markets.

President Ramaphosa chaired a big panel that was set up by the United Nations agency the International Labour Organisation, ILO. He was the co-chairperson of that entity and it looked at the future of work. How are these technologies changing what work is?

So, the investment that we need to make are in the following areas: Firstly, we must build the infrastructure for the Fourth Industrial Revolution, and we are doing that now with the rollout of the fibre optic; with the work on release of spectrum which is being delayed by a court case; and through the efforts we are making to bring the price of data down as I have indicated the efforts of the Competition Commission.

That is one leg of what needs to be done. The second leg is what needs to be done to develop South Africans skills — the new skills that will be required in the Fourth Industrial Revolution. We have engagements with universities. In the previous administration I had met with academics and university leadership to see what it is that is required in the change in the curriculum that will place South Africa in a position to do this. Reforms in basic education, consider bringing in coding as an additional language even at high school is one more example of it.

The third leg of it is funding and I have spoken about what the IDC and others are doing to provide what is required. The forth one is industrial innovation, meaning coming up with new products and that is where we create, through the Department of Science and Innovation, a conducive environment for South Africans to be doing this. Although the Department of Trade, Industry and Competition is also doing its little bit through the innovation incentives that we have in place, all of those help to prepare us for a future that is being determined in the laboratory at the moment.

Those inventions that will come off the production line will reshape our world. There is no automatic difference between

the Third Industrial Revolution and the Fourth Industrial Revolution. There is some feasible ... the Fourth Industrial Revolution uses some technologies in the Third Industrial Revolution and of course there is always a phase-in period around this.

Across the world everybody is worried about what the jobs implications are. In the past, every big industrial revolution has resulted in more jobs. Yes, it has resulted in the loss of jobs in old technologies but it has brought even more jobs in terms of the new technologies. For all the typists that were replaced in the typing pools when we used these manual typewriters, there are many, many more people now in the digital economy producing computers, writing software and all of those things.

What makes the Fourth Industrial Revolution different is that it’s not just a manual labour replacement but also white collar workers. I mean even politicians may find that populations can more easily determine on an ongoing basis what is the national consensus on an issue because we would all be able to tap into our phones and we can vote in real time on different things. Even how parliamentary systems will have to evolve would be very different.

Where I think we need to focus, hon Du Toit, is on the issue of jobs. There have been some very interesting studies that have been released looking at whether there would be a nett job gain or nett job loss globally, and some of the companies have now begun to customize that to South Africa to see where the new jobs are. What it does mean is how education systems would have to be upgraded and revolutionised to be able to produce the kind of skills that are needed. They build again the importance of investing strongly in technical education, in Maths and science, in coding and similar areas, but design skills would also play a big role in future. Thank you very much, House Chair.

Ms C LABUSCHAGNE: Hon Chair, to the hon Minister, the Fourth Industrial Revolution has been pointed around by the ANC politicians for years whilst the world had surged forward in the sector. In 2020, South Africa ranked 59th out of 63 economies in the Institute for Management Development World Competitiveness Yearbook. Its lowest ranking since the inception of that yearbook.

We see the demand of tactical skills in South Africa soaring, but supply unfortunately falls short. Minister, what is the timeframe that all these initiatives that you have mentioned

like the parliamentary committee and the 14 work streams and the update of the education systems and many things that you have already mentioned ... What would be the timeframe that these initiatives will need to put South Africa in a better competitive position that will enable us to draw investments and create more and new jobs?

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

very much, hon Labuschagne. I take it that the first part of the comment is really just a political comment or speech. I am going to deal with the part that I think is the question which is the timeframes.

We have started doing it already, hon Labuschagne. I know that the parliamentary questions are prepared even before I give my first reply. But I can point you to my reply where I indicated, not what we plan to do, but what we are actually doing. We sat down with universities and we gave them an insight into this. We had a whole commission led by the vice chancellor of the University of Johannesburg looking at the Fourth Industrial Revolution. That report is now with different universities and they can now make the changes to their curriculum.

We have had discussions with industries to see what changes they need to make in promoting new technologies. We sat down, for example, with the automotive industry to say that if the development of technologies around autonomous vehicles, what are called driverless cars, takes off how can we make sure that South Africa and our car making capabilities utilise those technologies.

Of course it is not that you can even predict a clear timeframe because whatever we planned two years ago and as we are implementing it, there are new changes in the world of technology. It’s not a Fourth Industrial Revolution that took place and then stopped, and now we must respond to it. It is an ongoing change in technologies, in work processes, and the way things are converging across those platforms that I mentioned in my initial response. So, these things are going to be the work of an entire generation. This generation and possibly the generation after that will all have to do the adaptation to the new realities of the Fourth Industrial Revolution. Thank you.

Mr A ARNOLD: Minister, how we respond to future work largely depends on how we prepare today. With the Fourth Industrial Revolution bringing about skill shortages, upskilling or in

some cases, reskilling would be essential to keep up with the rate of change. Many industrial revolution technologies offer the country a space on the global stage for innovation and local black business leaders are realising the opportunities technologies enable. My question to you, Minister, is: Why is South Africa not establishing a technology bank and import technology that contribute to industrialisation and make it available to researchers for free as an open source technology? I thank you.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: House Chair,

thank you very much to hon Arnold. I think hon Arnold the part that I would strongly agree with you is that future work does depend on what we do today. You have mentioned upskilling and reskilling, I am going to add a further one to it and that is lifelong learning. In the old model of production that we had in much of the 20th century you had to go to technikon or university or college and you learn something and get a diploma or a certificate or a degree and then you go into work and work for 40 years, and then you go into retirement.

In the new world we live in and that is emerging, no university or college will be able to teach you all that you need to know for your entire working life. So, we need to

think of education now as something that you do throughout life where firms, for example, may have to be able to give you time off, for example, every five or eight years or so to go and do few months of learning new things.

Already many professions have a continuous development programme where you are obliged to go for continuous upgrading of your skill — if you want to remain a doctor or a chartered accountant. This will become the norm throughout society.

I want to say then on the question of a technology bank, even if it is a good idea to import technology, once you import something, you don’t have intellectual ownership of the copyright and the patents of that machine. Let us say that we imported a 3D printer, we can’t buy that printer and give it to a South African entrepreneur and say that you can produce the same thing using open source because that technology may be patented.

What we need to do as South Africa is two things: Firstly, we need to develop among South Africans the capacity to innovate and produce some of this. Secondly, we need to be able to scan the global market and when we see great inventions we need to bring them to South Africa and utilise them, and where

necessary, adopt them to the needs of production and new services. We can’t only rely on imports; we also need to develop our own capabilities because there is a global set of agreements called the Trade-Related Aspects of Intellectual Property Rights, TRIPS, agreement that protects intellectual property. South Africa, of course is in a big campaign at the moment to relax those TRIPS provisions for COVID-19 vaccines and other products. But that is outside the discussion on the Fourth Industrial Revolution.

So, in summary, skills development on a lifelong basis plus trying to develop some technologies in South Africa and then rapidly adopting global technologies to our local circumstances. Thank you very much.

Question 85:

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: House Chair

and thank you, hon Mathevula for the question. The short

answer is, yes we have received complaints emanating from Limpopo regarding price hikes by supermarkets and shops and others were essential items during the lockdown, and these were routed through to the Competition Commission as well as the Consumer Commission. Hon Mathevula, you may recall that during the early weeks of the National State of Disaster we

saw complains everywhere around excessive pricing and what’s called price gouging, particularly for basic and essential goods.

And, we recognise as government that demand was outstripping

supply, and unscrupulous entrepreneurs were exploiting the situation to make unjustified profits at enormous harmed

communities and citizens. We worked with the Competition Commission and the National Consumer Commission.

We published a set of regulations on 19 March last year in

terms of the Competition Act and the Consumer Protection Act

and all of these acted to restrain of what could be done.

Fifty-eight complains of price excessive pricing were received from the Limpopo Province since the beginning of the COVID-19

pandemic. The majority of these complaints were against small retailers, some of them spaza shops, and small local

independent retailers. In other instances, they were national complains against the practices of supermarkets in the Competition Commission apply the law to the facts. A number of cases they could not find evidence that mark up of those retailers were outside of the legal framework, and given that many of those companies, those spaza shops and so on, it’s not

their mark up, they had to pay more, in many cases to the suppliers of goods, and some of those goods were imported and were outside of the control.

Besides that, though, the commission did conclude undertakings

with major retailers, including Spar and Pick n’ Pay to cap, to limit the mark up, on for example, products like ginger and

garlic and the hon member will know, these were two examples, but there were others also where prices were going up very,

very rapidly. And I have no doubt that these engagements are assisting in containing prices in the Limpopo Province, and

that then is the report that we have been able to obtain. Many

of the complaints were national rather than provincial, but in Limpopo we also had a number of complaints. Thank you, House

Chair.

Ms S A LUTHULI: House Chairperson ...

*IsiZulu*:

... Ngqongqoshe woMnyango izitolo ezinkulu lezi ebezidayisa izimpahla ezibalulekile[essential.] bese sizidayisa ngamanani aphezulu njengoba ubushilo ukuzenzela inzunzo enkulu.

*English*:

Have your department conducted a roadshow in Thohoyandou and Malumulele to inform consumers on the functions of the Competition Commission, and what is your department doing to ensure that services of Competition Commission are accessible

in other rural and township communities? Thank you.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you, to

hon Luthuli for the follow up question. The first thing is on the accessibility of the Competition Commission and the

Consumer Commission. Early in the lockdown period, the regulators published a toll free number so that it is possible

for South Africans anywhere across the country to immediately

access the services in the early days when we saw this big set of challenges, we even had people manning the phone lines

after hours so that we are able to log in that.

The Competition Commission has also publicised, we had a number of media conferences where it was streamed live on

South African Broadcasting Corporation, SABC, and other networks, where the Competition Commissioner, Commissioner Bonakele, was able to highlight the work that he and his team was doing, as well as the Consumer Commissioner. So we were able to get a high level of response across the country, and not only from urban areas but also outside of urban areas.

On the question of the spikes themselves, hon Luthuli, I think what we saw was, entrepreneurs basically exploiting the situation in a number of cases, hand sanitisers that were costing maybe R30 before the rush for goods, suddenly went up

to R90, R100, R150 and so on. So, we saw with face masks where

the prices went up and we took action in a number of cases in different parts of the country which, while they were not

confined to Limpopo, would have had a positive effect, even in Limpopo, because of course these goods are often supplied from

warehouses in Johannesburg, where, if the goods are imported or from factories in different parts of the country. So the

lesson out of it is, we acted very swiftly. We publish the

regulations, we gave the regulators teeth and I have no doubt that without us doing that, our people would have faced much,

much harsher actions by unscrupulous traders in these circumstances. Thank you, House Chair.

Mr W A S AUCAMP: Thank you, House Chair, hon Minister, similar

to private businesses and corporations that sometimes do exploit situations as referred to in the original question, by inflating the prices, and obviously there is a warranted outcry. Doesn't the same apply to businesses that uses government regulations such as Broad Based Black Economic Empowerment, BBBEE, to ask exorbitant prices to benefit only

themselves and not ensure that residents get value for the taxes they pay? Thank you very much.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you,

House Chair, hon Aucamp, am struck by the fact that obviously

you have points of view which are now being squeezed into these questions, when there is no clear connection between

them. Let me take the Broad Based Black Economic Empowerment, BBBEE, issue. Companies across South Africa comply with the

Black Economic Empowerment, BEE, scorecards, they invest in training of workers, they get points with that, they invest in

supplier development, they get points for that. They may

arrange that some of the shareholding of the company are in the hands of Black South Africans.

We recently announced the Coca Cola had agreed that 15% of the

shares of Coca Cola beverages South Africa, would be in the hands of the workers of the company. Now that has nothing to

do with their pricing practices, whether you have Black Economic Empowerment, BEE, rating or you do not have a BEE rating, if you charge excessive pricing, it is bad for the economy, is bad for South Africans. And I can point to a number of companies that be investigated that had no BEE rating to talk of who were doing this kind of thing. So, the

hon member is entitled to his point of view about Broad Based Black Economic Empowerment is fully entitled to a point of view, but he struggles I think to draw the connection between that point of view and the question under discussion, which is

what has happened with price rises in the pandemic?

Let me make it clear that it is in the interests of all South

Africans that we have transformation in the economy that will bring more young people, more women, more Black South

Africans, into running businesses, that we have more shareholding of workers in their own company, that we have

more training of workers.

A number of members earlier spoke about the importance of

training in the context of the Fourth Industrial revolution. For example, hon Arnolds spoke about it, and one of the hon

members spoke about the ranking of South Africa. What could BEE policy does do, it allows companies to get points for

skills development. Surely hon Aucamp, that’s a good thing, is something you should be celebrating. Thank you very much.

Mr K M MMOIEMANG: Thank you, House Chair, let me also express my gratitude to the Minister for a comprehensive response, the follow up questions that I wanted to pose. The Minister was

able to address it when he dealt with the second follow up question on the matter. I am happy with the response that was even. Thank you, House Chair, thank you, Minister.

Question 79:

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

very much hon Moshodi for the question. And let me start hon House Chair, to say that South Africa is playing a key role through helping to unite the voice of developing countries by creating a common African voice, and by strengthening South Africa’s own technology and production capabilities, because that helps us have the larger role that hon Moshodi speaks about in the question. I want to focus on our role in a few areas to show how South Africa’s does it. And I am going to cover work in the World Trade Organization, the G20, Brazil, Russia, India, China, South Africa, Brics, the African Union, and our own domestic economy within the time that maybe be available. So in the World Trade Organisation what South Africa does there is it puts forward very strongly, the views of developing countries arguing for policy space. We recently have been leading the discussions on behalf of the African, Caribbean and Pacific countries on fisheries. We’ve put in place now a request for a wave of intellectual property restrictions for COVID-19 vaccines. In the G20 we use that

platform to advocate the broad position of developing countries.

I recently spoke at a meeting of Ministers in the steel industry of the G20 about the importance of protecting Africa’s industrialisation capabilities in Brics. We constantly make sure that the Brics New Development Bank is able to develop a vision covering not just South Africa but also other countries in the continent and its thinking about the future and in the work that we do on the continent.

We are pioneering now and working closely with neighbours in other African countries on the African Continental Free Trade Area. And at the moment South Africa is chairing the Council of Ministers and Ministers of Trade of the African Continental Free Trade Area to help provide an opportunity for us to build the Africa we want - and finally, in the efforts we are doing in areas like master plans and so on. What it does is that it helps us build our economic capability, which I said in my introductory remarks that it helps to define our role globally and ensure that our profile among developing countries and as a representative of developing countries is fully recognised globally. Thank you, House Chair.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Thank you, hon Minister. The first follow-up question is from hon Moshodi. Hon Moshodi?

Ms L M MOSHODI: Thank you very much, House Chairperson. Good afternoon, hon Minister, and thanks for your response. My follow-up question is whether there is any plan to ensure South African business profit from the trade agreement in the African continent. And what does this plan entails? Thank you very much, House Chairperson.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

very much, hon Moshodi, for the follow up-question. Yes, the answer is there are plans to ensure that South African businesses profit from the trade agreement, because those trade agreements are about creating jobs for South Africans, thereby expanding our industrial capability. And so the plans come in a couple of elements. The first one is that in the agreement of the African Continental Free Trade Area we have set rules of origin that ensures that products must have content that are made on the African continent so that we can’t have products that are made in Asia imported into an African country and then benefiting from the Continental Free

Trade Area to send it to South Africa or to any other African

countries. So, that’s the rules of origin.

Secondly, we have sat down with different sectors and we have said to them here is the Continental Free Trade Area, you now need to develop an action plan for exports to the rest of the continent. We have done that with the auto sector. They have already begun exporting and they have got a broad approach to export what are called auto kits, which are then assembled in in other African countries. The third area is that we have worked now through the two Deputy Ministers - Deputy Minister Majola and Deputy Minister Gina, who are working with district municipalities to develop export plans for every district municipality in South Africa. It will take us a bit of time to get that completed, but it is an important part of the work we want to do.

The fourth area is we already have successful South African exporters, and we are seeing how we can assist them or help them. As I spoke earlier, hon members may recall that when I spoke of what we are doing on developing the South African economy, I mention the cooler bag example and that was in response I think to a question by hon Ngwezi. Now that same cooler bag business is run by Thami Gxowa who exports those

cooler bags now to Mozambique. So it’s not only in the South African market he has also move now to other African markets. And there is someone called Zanele Sibande. She makes these doors - you know the hollow core doors that are used as internal doors. So, she does not only supply the South African market, she also now sells those doors to Botswana. There is S’bu Maphatiane who has a foundry in Gauteng that he owns, and one of the things he does are these train brake shoes and is now selling those in Zimbabwe. There is Ntsiki Biyela is a winemaker in the Western Cape and she sells wine not only in South Africa but also in Ghana. The Moonsy family who export cutting tools to Mauritania. What all of these show are examples of us beginning to implement the opportunities on our continent, and the Continental Free Trade Area can support this further. There is also actions by the Industrial Development Corporation, IDC, and others that exports to the rest of the continent. And so South Africa is currently benefiting in that there are hundreds of thousands of South African jobs are dependent on what we export to the rest of the African continent. Thank you very much, House Chair.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Thank you, Minister. Not unless hon Ngwezi is winning in terms of this connection, we will move to the next follow-up question from hon

Moletsane. Hon Moletsane? Hon Moletsane, just right at the corner. [Interjections.] No, it’s fine. The one in front of you. It is fine.

Mr M S MOLETSANE: Thank you House Chairperson. Minister, in October 2019 you launched a digital transformation programme in partnership with Microsoft South Africa to embark on a digital transformation journey to unlock business potential, which I believe contribute to develop this country. How successful is the programme to date? Thank you, House Chair.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

very much, hon Moletsane for the question. I do want to point out that the question is obviously not connected to a question that we are currently dealing with, which is Question 79. But I have been advised that there has been quite a bit of progress with the Microsoft project, and should the hon Moletsane require more information, we can provide them. So what we did with Microsoft is that we did what is called an equity equivalent investment programme where they need to invest in the development of skills and small business support. And I am really please hon Moletsane at the interest in these kind of programmes. They are absolutely critical they are about giving opportunities to young South Africans to

enter these technology-driven part of the economy, and many of them can sustain small businesses. But more of those details can be made available if so required. Thank you very much, House Chair.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Thank you, Minister. I can also confirm hon Minister that, in terms of the Rules of the NCOP, if there’s anything that is in relation to statistics, you can also table so that as members we can go through and familiarise ourselves with a detailed response that we are carefully. The next follow-up question, hon Minister is from hon Boshoff. Hon Boshoff?

Ms H S BOSHOFF: Thank you very much, House Chair. minister. The question posed by the hon Moshodi clearly illustrates how the bar has been lowered by the ANC. We were a major role- player earlier into the democratic dispensation, but due to policy uncertainty - and I am sure the current infighting amongst the ruling party – it has driven away foreign direct investments. Therefore, Minister, what current legislation that is driving down our competitive advantage would you change to turn the tide? Thank you.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Thank you

House Chair. Hon Boshoff, you indicated that South Africa was a major role player early in the democracy. I can state quite emphatically that before 1994 under apartheid, South Africa was not a major role player. In fact, the country was isolated by the community of nations and South Africa was able to make its contribution. It is democracy that brought that opportunity for our country - for its citizens. And over the period of the democratic era South Africa has not only been able to be nominated as a member - a nonpermanent member of the United Nations Security Council. But now South Africa has been invited into the G20, which is the twenty most significant economies in the world. We are one of five members of a highly influential grouping made up of China, Russia, India, Brazil and South Africa, which is called Brics.

We are a member of the African Union, which was previously under apartheid were not. And we play a leading role there together with our neighbours and others. And so we do indeed enjoy a significant standing in the community of nations throughout this democratic period. As regards the issue of policy uncertainty, my responsibilities lie in respect of the laws and policies that are within the domain of the Department of Trade, Industry and Competition. And in the annual

performance plan are laid out a vision of how we are going to contribute to improving the ease of doing business by getting the public entities of the Department of Trade and Industry to review how we can ensure that. I want to give one example, the Companies and Intellectual Property Commission - the CIPC, which is an agency of the department is responsible for registering companies.

Now, five years ago, four years or three years ago it was a laborious process to register a company. People would often pay someone to go to Pretoria and go and stand in a queue and go to the CIPC office to try to register - which, as you can understand, if you live in small rural area, is costly and disruptive. So what we did was that we build an online portal so that everybody would be able to register a company online. But we said let’s in fact improve the offering - we do not only want you to be able to register online, we want you to do it quickly and get results quickly.

So, now within a few hours you can complete your registration, do not have to wait weeks or months anymore. But then we said let’s make it even easier. Don’t only provide for the right to register your company. Why do we sit down with SA Revenue Service, Sars, and say can’t that young entrepreneur also

register for tax purposes? So we put that in. Can they not register? We worked with the Department of Labour for unemployment insurance fund and WCA - we put that in. Why can’t they also registered to get the za domain name? We put that in. We also work with the banks to see is it not possible for them to put in their application to open a bank account.

Now these different value added services makes it much easier for people to work on this.

The President has put in place a reform programme on overall legislation on the ease of doing business. for example, on water use licences, the speed with which we issue that, the release of spectrum and so on. And at the investment conferences once a year the plays out the progress we have made and we have seen, even in the COVID-19 period last year that we had fresh commitments from investors, for additional investments exceeding R100**.** So we need to do even more. We need to make South Africa a very attractive place, and we must not stop until we have achieved very high levels of investment, and we are able to provide jobs to all our young people through economic activities in the private sector and through strengthening performance by the public sector. And so that remains our focus, hon Boshoff. Thank you, House Chair.

Question 71:

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon House

Chair and can I thank the hon Du Toit for the question. I would start by saying, yes, the mission of our department is to have measures in place to assist with the agriculture and manufacturing sectors to obtain key inputs that they require.

However, my yes comes with a big proviso. My proviso hon Du Toit, is that we should not simply be seeking to import parts from other parts of the world. We should not be only importing parts, machinery, equipment and chemicals. We must also look on a case by case basis. Is there a business case we can create localized production? I gave an example earlier to questions that were posed by hon members from the EFF and the ANC to point to what we have done on the production of hand sanitizers, masks, ventilators and so on. We could simply have tried to import them. However, when you make them locally you also create jobs locally.

However, at the same time we recognize that not every part for a tractor or every piece of equipment can always be made locally. So we have programmes in place to help facilitate and promote the importation of critical things where we use what are called the rebates on duties, tariff reductions

Independent Development Corporation, IDC, funding support or competitive programmes. For example, in the last two years, there have been instances where the price of wheat and sugar have come down and in other cases of course they have gone up.

We have tariff reductions in manufactured products for example tin plates used in packaging by food producers like Tiger brands, pioneer and so on where we put in place a rebate provision on them. Similarly, on aluminium in the production of cans for beverages and other products.

The IDC itself has sought to support companies with their funding including a new partnership with the Department of Agriculture, Land Reform and Rural Development to establish a R1 billion agri-industrial fund.

There is a range of competitive programmes with industries that we are working on to promote and support this.

In summary, hon Du Toit, where we can we need to find a developer business case to localise these kind of things and where we are unable to is not a compelling business that can emerge, we need to be able to see whether on a case by case we reduce the price of these inputs and is finding that careful

balance and that is the work of trade and industrial policy. I thank you, House Chair.

Mr S F DU TOIT: Hon House Chair and hon Minister, thank you for the answer. Hon Minister with regard or taking into consideration of everything that you said ...

THE HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Ntsube, can you please mute your mic. Sorry hon Du Toit, you can continue.

Mr S F DU TOIT: Hon House Chair and hon Minister, thank you for your answer, but it seems as if some of the or part of the answer that you gave speaks to the future and things that must be developed and that must be looked into instead of what is currently taking place. We all know that the agricultural sector is of utmost importance to the country with regards to job security and food security, etc.

My question is: Minister are the any plans in place to agricultural and manufacturing sector to increase exports and reduce input costs without discrimination? Thank you, Minister.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon House

Chairperson and hon Du Toit, thank you for the follow-up question. Hon Du Toit you would want to join me in congratulating South African farmers for the fact that we are now the world’s second biggest exporter of citrus fruit. We think it is not beyond our means to expand even more in the years ahead.

You would also want to join me in congratulating South African farmers for the fact that in the last quarter of last year, a very big part of the economic recovery was a result of expanded output from agriculture.

Hon Du Toit you would also like to no doubt join me in congratulating our red meat producers, because we have opened up markets for them in many new parts of the world. We now sell the red meat as those markets were previously constrained.

Now, I want to agree with you that the agricultural sector is very important. It is important for jobs, is important for food security and it is an important contributor to downstream agro processing so it create value to our gross domestic product, GDP, and so we need to do many things. So, what are

we doing there? In the poultry industry we are working closely with the poultry producers to see how we can help them to become more competitive both on the domestic market and on the export market. I mentioned earlier that South Africa is now producing a million additional chickens a week. Every week South African grown chickens that go on our plates when we eat those delicious meals made with chicken, hon Du Toit.

We also working with sugar industry to help them localise and last year there was an increase in the level of local sugar that was used because we reached agreements with the big retailers and food companies to buy more South African made sugar.

I also concluded an agreement with Coca cola just a few months ago that will see small scale farmers benefitting more from sugar production and the use of sugar in the Coca cola supply chain. The IDC I think has played an important role in supporting even large farmers as well as medium and small farmers so we tried to do all of this to make sure that small scale farming is actively promoted. However, we also recognise that these large agricultural holdings are also important earners of our foreign exchange So, we have had a balanced

programme and we now are working actively to bring more small scale farmers and black farmers into the supply chain.

In the poultry industry for example the big poultry farmers that sector is the necessary part of building the sector that they must also contribute to building the businesses of black contract farmers. So these are SA Poultry Association, Sapa, members themselves that are now doing these partnership agreements. So, out there in practice some good things are happening hon Du Toit and I want you to celebrate it and say to us well done because it is the country that benefits and it cuts across questions of political parties and identity. Thank you, hon House Chair.

Mr M S MOLETSANE: Hon House Chair and hon Minister, I have heard you when saying that the farmers are grouping themselves in order to assist each other. But now I want to check with you from the government: Is there any measures in place to assist those small black developing farmers to afford to buy agricultural equipment to be in a position to contest with their counterparts? Thank you.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon

Moletsane, it is an important question for if we are going to

unlock the real opportunity of agriculture we have to bring small scale farmers in large numbers into commercial agriculture and help them to run farms that are profitable, that employ people and that are able to contribute to our economy.

So, very recently, probably about a month and half two months ago we launched a new R1 billion fund that will be available to small scale farmers and to medium size farmers that will enable across value-chains for support to be rendered. This fund is driven by Minister Thoko Didiza and her department.It is done in partnership with the Industrial Development Corporation that falls under the DTIC. I have requested the IDC to make additional funding available from their own balance sheet to support these measures in agriculture and the IDC is now seeking to do that.

Over and above that the IDC have now and agro processing competitiveness fund that has already seen successes for smaller scale and medium size farms. That is something that we think we can stretch further.

The third thing is the state is the procurer of farming products and the state can through the preferential

procurement arrangements in our legislation help to support the entry and the financial viability of small scale farmers very much along the lines of what you said. So, I have mentioned here a few examples of what government can do and is doing now to be able to build the inclusive farming community that South Africa needs. Thank you, House Chair.

Mr W A S AUCAMP: Hon House Chair and hon Minister, the Western Cape government has taken hands with the private sector created an environment where the Western Cape government despite COVID-19, recorded highest export figures in the agricultural field. Looking at the Western Cape model: What best practices are you intending to implement to the rest of the country to achieve the same? Thank you very much.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon Oucamp, I

see today you are very busy with the supplementary questions. If I may say on the question of the Western Cape farmers.

Every Western Cape farmer is also a South African farmer and every Western Cape farming worker is also a South African worker. So, we do not distinguish and we do not see the world as here is the Western Cape and there is South Africa. That notion is not in our vocabulary.

We love it when good things happen in the Western Cape, Eastern Cape, Gauteng, Mpumalanga, North West, Free State, Limpopo, KwaZulu-Natal and in the Northern Cape for we are one country. If there are things we can learn what one farmer does or what one sector does or one province does, we help to ensure that that knowledge is a shared to the best of our ability across the country because ultimately we are one country.

I think it is a limiting vision that constantly say we are the best in this province what are you going to do about it. Let us rather embrace South Africa’s successes. When we do well in citrus farming it is as a result of the efforts citrus farmers in the Western Cape and I love the citrus of the Western Cape. I am born in the Cape and I know that the West Coast area and those citrus farms, but is also as the result of the work those citrus farmers in the Eastern Cape and they produce absolutely wonderful citrus fruits. Limpopo which is the food basket which is increasingly becoming the food basket of South Africa. So I look at all of that.

When the Western Cape exports for example at Woolworths you see those really delicious citrus fruits which are quite pricy now I must say that company which is the major exporter and it

has come out of a type of citrus fruits it is particularly tangy. It is a very, very interesting taste. That company had support from the Industrial Development Corporation which is a national agency. The company is called Clermont Gold and it happens to have an operation in the Western Cape, but they get support from the national government.

So, hon Aucamp, can I urge you to reframe how you look at the world. Look at the world as a proud South African in which everything that happens in South Africa that is good for South Africa is good for all of us and that includes the Western Cape. Everything bad that happens in South Africa is bad for all of us. That includes the Western Cape. When I as a Capetonian who is committed to that city my forebears come from that city a long, long, long time I can say when I look at the crime rate, when I look at people without sanitation, I am ashamed that we are not doing more there. In the same way when I go to the Eastern Cape or I go to the Northern Cape, when I see problems of our people, I feel we should be doing even more and try more. So both the gains and the loses and the good points and the challenges let us embrace them as South African. Thank you very much. [Applause.]

The CHIEF WHIP OF THE NCOP: The Western Cape not a volkstad! Correct, hon Minister!

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hhey Chief Whip! Thank you. Thank you, hon Minister. The last follow-up question comes from the hon Rayi. Hon Rayi.

Mr M I RAYI: Hon House Chair and hon Minister once more thank you for the response. My question is whether government has considered supporting local business in this regard to capacity with a view to reducing the rate at which we are dependent on foreign economies? Thank you, hon House Chair and hon Minister.

THE MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon

Chairperson, through you thank you very much, hon Rayi. Hon Rayi your question goes to the heart of what our growth plan is. South Africa is importing too much as a percentage of our GDP. I looked at our results recently of South Africa’s imports as a percentage of GDP and I compared it with the United States, the European Union, India, Brazil and China and all of those show we import too much as a percentage of our GDP.

So. We now are taking some steps to support local manufacturing. There is a range of programmes in the DTIC and the master plan programmes. We designate certain products that the state must buy from local players and we have a partnership with the private sector now where we are working together on six key valued-chains that we want to localize.

Through the Chair, if I may just in responding to the hon Rayi’s question identify what those six valued-chains are. They are in agro processing. That includes things like poultry, sugar, oil grains and juice concentrates and dairy products. They are the health valued-chains, covering pharmaceutical products, Personal Protective Equipment, PPEs, medical equipment, like ventilators. They are in basic consumer goods like clothing and footwear, home textiles, electronic goods, washing machines, those kind of things.

Capital goods, like equipment and industrial inputs used in the mining sector and in agriculture and in the green economy. They are in construction driven value-chain such as cement and steel and piping and they are in transport through the rolling stock, cars, trains and trucks. All of these represents that vision of what we the private sector and the labour movement the trade unions have agreed we will work on.

Over the next number of years, we hope we can get great successes in many of these areas. No doubt there will be challenges and setbacks, but we must get up and dust ourselves off and increase the pace of localization. At the end of the day, every billion rand of goods that are made locally, creates a vast number of jobs for South Africans, for young people, the entrepreneurial opportunities for women, they provide tax revenue for government that pays for the goods that South Africans need for the pensions and the grants. They provide education and the health care facilities so localisation is *lekker* and is necessary. Hon Rayi, this is a very big part of our work to reduce dependence on foreign produced goods. Thank you very much, House Chairperson.

THE HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Minister, hon Rayi was the last in terms of follow-up questions. Hon delegates, I would like to thank the Minister of Trade, Industry and Competition, the hon Patel, for availing himself to answer questions in the NCOP. I am reliably informed that those that are in Cape Town after we adjourn busses will be leaving in the next 30 minutes and it means at around two o’clock. Hon Delegates, that concludes the business of the day and the House is adjourned. Thank you.



The Council adjourned at 13:31.