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***PROCEEDINGS OF THE NATIONAL ASSEMBLY***

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The House met at 15:00.

The Acting Speaker took the Chair and requested members to

observe a moment of silence for prayer or meditation.

The MINISTER OF EMPLOYMENT AND LABOUR: Deputy Speaker, working

conditions means that there must be proper ventilation, but we

are not feeling it here.

The CHIEF WHIP OF THE MAJORITY PARTY: Deputy Speaker, On a

point of order. For the first time we see you here. You were

very busy in a very conducive place.

The DEPUTY SPEAKER: Hon Chief Whip, who gave you permission to

speak? Order! Order!

**QUESTIONS TO MINISTERS**

**CLUSTER 4 - ECONOMICS**



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Question 196:

The MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT: Thank

you very much Deputy Speaker and thank you very much to hon

Singh for the question. Hon Singh, in 2020, South Africa

submitted its law emissions development strategy to the United

Nations in terms of the Paris Agreement. In this strategy we,

in common with the overwhelming majority of countries, made an

aspirational commitment to reach next carbon zero by 2050.

This is in line with our resolve to make a fair contribution

to the global efforts to address climate change. To this end,

we have also substantially revised our nationally determined

contribution to reducing greenhouse gas emission targets for

2030. We have also submitted it to the United Nations last

year.

All countries agreed to face down coal use in Glasgow last

year at the annual climate talks. This include South Africa as

well as our major developing country allies and coal users,

India and China. Both these countries are investing trillions

of dollars in renewable energy as part of the global energy

transition.

South Africa cannot avoid this transition and we are

fortunately blessed with excellent resources. We will not



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phase out coal overnight as some have suggested. We will

ensure that the transition from coal dominated electricity

system to a low carbon energy system is just so that no one is

left behind. The pace of the transition will be determined by

the imperatives of this just transition, our international

obligations under the Paris Agreement, the availability of

international support, our need to protect communities from

air pollution and our obligations to ensure energy security

for the economy. [Time expired.]

Mr N SINGH: Thank you, Deputy Speaker and thanks to the hon

Minister for the response. I see she is ably supported by the

Deputy Minister today. The challenge that we have as those

that are involved in the environmental sector and particularly

those of us who sit in this committee, and even the Minister

herself who sits in the Cabinet, is that it is quite a

juggling act when you have to look at that. We have to protect

the environment at all costs, and that is our mandate. But yet

you get others, maybe in the trade and industry sector and

other sectors, that want to create jobs. It sometimes becomes

quite a challenge for us to be able to do both. So, we have to

do it in quite responsible way.



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Having said that, hon Minister, I just want to quote an

article published in *The Economist* on 22 January 2022, where

South Africa was referred to, I quote: “world’s coal junkie.”

It went on to state that, I quote:

We were trying to quit, but we are being held back by

again coal-depended politicians.

I don’t know who those coal-dependant politicians are, but

this is what the article says. What is also notable is that

despite our heavy reliance on coal and access to coal

reserves, we still cannot keep the lights on all the time in

South Africa. I hope the President can convince the investors

that tomorrow we are to invest in confidence and that we will

keep the lights on for them to invest. My question is, how do

you intend to pursue your colleagues in Cabinet - some of whom

remain full about coal fired express - to embrace renewable

energy, make use of the soft loans of billions of rand that we

are receiving to assist in creating an environment that is

favourable even for investors to invest in renewable energy

and not only give money to Eskom because we know what Eskom

does with the money? Thank you, Deputy Speaker.



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The MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT: Thank

you very much, hon member. I think we both agree that the

current situation of energy poverty in this country does

present us with an opportunity to increase the renewable

component of our electricity generation. There are our key 29

team which is compatible with significant increase in

renewable energy generation. With no doubt my colleague will

speak for himself in this Chamber. He has indicated to the

Climate Commission that he is open to receiving presentations

on revisions of the integrated resource plan, IRP, which

obviously could be necessary if we were to achieve the lower

limit of our nationally determined contributions.

But I think the key juggling act as you say is that we have

88 000 workers that are directly dependent on the coal value

chain in this country. If we use or multiply it by four we are

talking about half a million people indirectly dependent on

that value chain. As we transition we have to make sure that,

first of all, we repurpose power plants that are going to be

decommissioned. We have to make sure that we are ensuring that

direct jobs are saved through that repurposing and we have a

developed new value chains. In Mpumalanga, in particular, that

we take care of those who will be in the extended coal



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producing value chain. We can’t let the most vulnerable in our

society hold the highest burden of this transition.

Mr J J McGLUWA: Deputy Speaker, on a point of order. I would

like to know whether it is parliamentary to smoke a zol on a

virtual platform. The hon Nazier Paulsen is smoking a zol on

the platform.

The MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT: He is

preparing to demonstrate it at my residence and he needs an

extra courage.

The DEPUTY SPEAKER: I hope it is not true, hon members.

Ms E N NTLANGWINI: On a point of order, Deputy Speaker.

The DEPUTY SPEAKER: I think it would be unfortunate if that

would be the case. We cannot see that.

Mr M N PAULSEN: Deputy Speaker, the hon member in blue must

have his eyes checked.

The DEPUTY SPEAKER: Hon members, let’s proceed and we don’t

expect that to happen.



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Ms E N NTLANGWINI: On a point of order, Deputy Speaker. I

think what the hon Minister is doing is quite wrong, and you

are allowing it. She continuously interjects. She did it just

now when a point of order was raised in an attempt to reply.

If other members do it, you are quick to send them out of the

House. Please, let the Rules be followed to each and every

person. I can’t just press anytime. The Minister see it fit

when she wants to press it. Let’s follow the Rules of the

House, Deputy Speaker. Thank you.

The DEPUTY SPEAKER: I do appreciate the appreciation of the

Rules. They will be enforced at all times.

Mr P M P MODISE: Deputy Speaker, I am taking the question on

behalf of hon Gantsho who is not here. I was waiting for you

to give me the go ahead. Hon Minister, there is greater need

to ensure that all stakeholders are on board in ensuring that

there is a greater realisation of reduction in carbon

emissions. Are there any partnerships with private

stakeholders and other government entities and state-owned

enterprises including Eskom that the Department of Forestry,

Fisheries and Environment has entered into towards supporting

the country’s carbon reduction pledges contained in the

nationally determined contributions? If there are any, what is



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the nature of such partnerships and how are they being funded?

Secondly, what is the level of such support from business and

civic organisations? Thank you.

The MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT: Thank

you very much, hon Deputy Speaker. I think the first thing

that is important to say in this regard is that we have the

Climate Commission that was established by President Ramaphosa

last year. This commission represents the private sector,

organised labour, civil society and government and is

responsible for assisting in determining just transition

pathways and for ensuring that there is adequate research that

these just transition pathways are properly developed,

properly financed and that there is adequate support from all

stakeholders in this regard. I think that it is also important

to note that Eskom itself has been doing significant work on

understanding what it will in Mpumalanga mean to have a

decommissioning of the coal fired power stations that are due

for decommissioning by 2030.

In this regard Komati Power Station has a proof of consent

project. It is a very interesting project and I would urge hon

members to visit it if they have the opportunity. We have

raised international financing for all the research that is



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being done and Eskom itself has also raised money for the

repurposing with renewables of Komati Power Station. I think

in what we are doing there is an understanding of what a just

transition partnership will mean when it is implemented in

practice and this will guide our work going forward. Thank you

very much.

Mr D W BRYANT: Thank you, Deputy Speaker. The courts have

recently found against the Minister in a landmark judgement in

air pollution in the Highveld priority area. The judgment

singled out Eskom for its lack of transparency regarding

emissions as well as the Ministry for causing what it terms an

ordinary delay. In the light of the judgement, what steps will

you be taking to hold Eskom to account? Furthermore, does she

intend on appealing the judgement?

The MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT:

Thanks very much, hon Bryant. I think first of all I want to

say to you that one has taken the senior counsel’s advice in

this particular judgment. I am only going to get that advice

by Friday. I was correct in predicting that you will ask me

this question so I checked when will I get the advice. I think

then I will be able to indicate what my legal approach is.



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But let me say to you that in an attempt to settle this matter

before it went to court, I had offered to the nongovernment

organisations that I would draft the regulations. They

obviously had other reason why they wanted to pursue this

particular matter, and they did not agree to that settlement.

So one does not have an objection to the regulations per se. I

think what we all understand is the complex balancing act that

we face in terms of on the one hand protecting citizens from

air pollution, from preventing health complications, from air

pollution, from ensuring energy security and from making sure

that we have over all environmental protection. I think those

are complicated matters. You would know that prior to this

judgment one had asked the Climate Commission to air views

from all affected and interested parties on the question of

Eskom and civil societies to appeal on the air remissions

issues. [Time expired.]

Mr A M SHAIK EMAM: Thank you very much, Deputy Speaker.

Minister, I think you have partially responded to what I

intend asking you right now. Hon Minister, while we must agree

that coal contributes to pollution at the end and has an

adverse effect on the environment, we cannot underestimate the

value of coal given our energy crisis including the cost of

diesel. But more importantly, South Africa exports coal to



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generate revenue. What impact is this going to have on the

economy and particularly those who live around these coal

mines?

The MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT: I

think, hon member, there is no intentions to irresponsibly

phase out the use of coal fired energy generation, either from

the perspective of saying that we would want to decommission

plants without providing alternative sources of generation or

form the perspective of saying that we will just continue with

coal fired generation. We have international commitments which

we intend to honour. We also have a commitment to climate

justice. Climate justice means that those who are most

vulnerable in our society, that includes workers in the coal

value chain and citizens who live in the towns in Mpumalanga

that will be most affected by this transition, are not left

out to carry the consequences of transitioning away from coal.

That is why we are putting so much effort together with Eskom

into researching alternatives looking at viable possibilities

with regard to repurposing of power stations and working

together with other Ministers, including the Minister of

Science and technology and the Minister of Labour, to make

sure that we have proper plans for reskilling and upskilling



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workers and that no one is left behind. Thank you very much,

Deputy Speaker.

Question 180:

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank

you, hon Deputy Speaker, and thank you for the question from

hon Maneli, the reasons for the declining of the SA Post

Office, Sapo, funding by National Treasury was due to fiscal

constraints, as stated by the Minister of Finance at the 2022

Budget Speech. However, there is consensus with the Minister

of Finance on the funding of the implementation of the Sapo of

Tomorrow strategy, which is a repositioning plan commencing in

the 2022-23 financial year.

The Minister of Finance is finalising the details. This is

because Sapo is a critical agent of government to deliver

services to the rural poor and in rural areas, in particular

where government offices are not physically present. And

because Sapo has a strong or far-reaching postal network. And

if this postal network is properly harnessed, the reach of the

postal network holds great potential for the positioning of

Sapo as a strategic contributor to the goal of ensuring both

economic and digital inclusion in South Africa. And I need to

set the record straight that the Portfolio Committee on



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Communications, on 15 March, was not closed because the

department was soliciting support of the portfolio committee

for the Sapo bailout, and neither was Sapo soliciting

R9 billion in terms of a bailout, as mentioned in some

publications and what some people wanting to twist things

about it.

We requested the meeting to be closed to protect the

commercially sensitive information of Sapo. The SA Post Office

competes in a market with private players who can take that

opportunity to abuse that and move faster. So we needed that

meeting closed, as everybody would. And Sapo has requested

with the support and that is what National Treasury is

considering, R1,6 billion for funding over the two-year

period, and that is what the Minister of Finance is

considering for us.

Unlike the previous turnaround strategies, the Post Office of

Tomorrow and its implementation plan are not going to be

implemented parallel to the implementation of the corporate

plan of Sapo. There will be a corporate plan for Sapo

commencing in the 2022-23 financial year. And with the

licensing of high-demand frequency spectrum, the department is

going to ... [Inaudible.] ... Sapo, for some of the digital



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technologies that are going to be rolled out commencing from

this financial year. And some of the services include the

deployment of digital hubs and email addresses for learners

that we work with ... private ... [Inaudible.] ... where they

do not reach. And also Sapo is the custodian of the postal

network, fiscal addresses and postal addresses. We were going

to use that service to extend the Financial Intelligence Centre

Act, FICA, services where the private sector and everybody can

pay for the services.

I also wish to state that the interdependent relationship

between Sapo and the Postbank is protected by law and the two

entities are required to enter into a service agreement to

ensure that the delivery of the services of both entities is

not impacted by the separation of the two entities. Thank you,

Deputy Speaker.

Mr B M MANELI: Thank you, hon Deputy Speaker, thank you,

Minister, for your response, we have noted with concern that

many Sapo offices had to close in recent years, and this meant

that people in those communities now have to travel further to

get services. And of course, the transportation costs are also

prohibiting a number of those from accessing such services.

How is the department planning to deal with this challenge, in



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particular, the turnaround strategy for whether it speaks to

potentially reopening some of these offices, especially in the

rural spaces for people to continue to access the services?

Thank you, Deputy Speaker.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Hon

Deputy Speaker, I must indicate that the Sapo offices that are

closed are the offices that are not owned by Sapo but where

Sapo has rented from retail partners and, therefore, our

strategy and approach is that, Sapo must go back to its own

facilities. We are working between Sapo and Postbank to

refurbish the postal services that are in our communities that

are owned by Sapo. That they do not have to pay rent on but

they have to be upgraded and also the upgrading of the

network.

So that those services that are currently in malls Sapo pays

expensive rates and rentals in, they can go back to where Sapo

is in our rural areas. So we are already working on a plan to

make sure that is the case. We have indicated to the portfolio

committee that as soon as the level of detail of that plan

comes to finality; we are going to share with the portfolio

committee the extent of the reopening of the post offices that



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are owned by Sapo and not where they are paying rates to

landlords. Thank you.

Mr M S MALATSI: Deputy Speaker, Minister, noting that there is

now consensus between your department and Treasury over the

funding needs of the turnaround strategy, and given that one

of the key aspects of the turnaround strategy is the proposed

marketing budget of R250 million from 2022 to the 2024-25

financial year. Why do you think it is then justifiable to be

spending or planning to spend almost a quarter of a billion on

marketing while the post office is currently struggling to pay

its basic bills such as rental in some areas and

telecommunications needs in the form of telephones and ICT

equipment? Thank you. [Applause.]

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Hon

Deputy Speaker, I am hoping the members of the DA will not

continue to be disruptive when we are responding. We must

indicate that marketing at Sapo is not an operational cost; it

is part of the services that they need to do. If they are

going to get business, they must get it to market. Like any

other business, marketing costs are a critical issue for them.



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It is not automatic that Sapo is going to get the services or

the business that it requires. It must go on intensive

marketing. So for us, marketing is not an overhead. It is part

of the critical operations that Sapo must do to attract the

services that they require in the private sector and also on

the continent, as we play a role of the e-commerce integrator

and hub for the continent of Africa. Thank you.

The DEPUTY SPEAKER: Hon Pambo?

Ms H O MKHALIPHI: Deputy Speaker, I will assist.

The DEPUTY SPEAKER: Okay! Go ahead.

Ms H O MKHALIPHI: Minister, as recently as two days ago, there

were threats by Telkom to cut off services at Sapo for an

unsettled bill of almost R300 million. The entity has a

historical debt of about R4,3 billion as well. The former CEO

of the entity Mark Barnes has been given ample time in the

media about his desire to buy the entity and to turn it

around.

During his tenure as CEO at Sapo, did he entangle Sapo in any

debt commitments that the entity is struggling with today,



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perhaps with the intention of collapsing it in order to

advocate for its privatisation?

*IsiZulu*:

USEKELA SOMLOMO: Uqedile?

*English*:

Ms H O MKHALIPHI: Yes, Deputy Speaker.

The DEPUTY SPEAKER: Thank you, hon member.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES:

Deputy Speaker, I must clarify that the Sapo debt to Telkom is

not close to R300 million. It is around R200 million,

R210 million to be specific. And we are working with Sapo on

repaying that amount. And I must indicate the second part of

the question around Mr Mark Barnes. Mr Mark Barnes was given

R3,5 billion, and as I have indicated, Sapo is only looking

for R1,6 billion.

Mr Mark Barnes was given R3,5 million to turn around Sapo. He

did not turn around Sapo and it was rich from him to say he

wants to buy Sapo. If he was serious about turning Sapo

around, we would not be sitting where we are because the



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problems of Sapo were coming even from his period. And we have

indicated we are not interested in Mr Mark Barnes’s offer. We

have a plan with the current management and the Sapo board to

reposition Sapo and turn it around, and we are confident that

we will achieve that.

I do not know, sitting here, what entanglements that Mr Mark

Barnes and any other previous CEO would have contracted Sapo

into. We are focused on the repositioning of Sapo and as work

to reposting Sapo, we will pick up whatever has been picked up

and then we will do the necessary reporting to the relevant

authorities. Thank you.

Mrs H DENNER: Deputy Speaker, hon Minister, you have mentioned

there are many plans to turn around the SA Post Office and the

modernisation of the SA Post Office is necessary to save and

turn it around in order to provide quality service to

especially rural areas in South Africa. But the post office

facilities and buildings, the basic building blocks of this

service, are in a deplorable state with the SA Post Office

owing millions of utilities to municipalities, to landlords

and buildings falling apart.



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And the staff component is also too large. What is your

department's plan to get these debts paid up to get facilities

upgraded and to streamline the staff component of the SA Post

Office before you can even look at modernisation of the post

office because the basics are not in place? Thank you, Deputy

Speaker.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Hon

Deputy Speaker, I must clarify, Sapo does not owe any

municipality utility bills except what is currently due. They

have made sure that they have paid all the municipalities what

has been due. So they do not have debts to municipalities.

They have debts to landlords, and as I indicated earlier, we

are moving out of the properties that are rented. We are going

back to facilities that are owned by Sapo. And we indicated

earlier when I was responding to the question by hon Maneli

that we are finalising a plan on the refurbishment of the Sapo

infrastructure. And I want to give an example, in Soweto’s

Jabulani Mall, Sapo renting in the mall whereas next to the

mall there is a Sapo building. It does not make sense. So we

went back to our own facilities and we are finalising a plan

for the renovations of those facilities.



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And we committed we were going to share with the portfolio

committee that gratuity of detail, including the modernisation

of the network infrastructure, to get it upgraded to work. And

part of this is part of the other plans that the department

has around SA Connect and how to use Sapo facilities to drive

SA Connect and community connectivity. Thank you, hon Deputy

Speaker.

Question 220:

Mr M S MALATSI: Deputy Speaker, I rise on a point of order.

The DEPUTY SPEAKER: What is the point of order?

Mr M S MALATSI: Can I appeal to the Minister, she is too fast

and we are struggling keep up with her response? And it’s an

injustice to us because we have asked the question. So, we

really want to hear her input. Thank you.

The DEPUTY SPEAKER: But why do it when the horse has bolted?

So to speak.

Mr D W MACPHERSON: Deputy Speaker, because you said we are

interrupting the Minister, we have actual been polite and



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waited for the Minister to speak and now we are raising the

issue with you. So, we are actually doing it the right way.

The DEPUTY SPEAKER: No, no, no. You are not doing it the right

way, hon member. If you are not hearing, you say we can’t

hear. That’s simple. Nobody will fight with you. Of course, if

you are out of order in any other manner, I will rule you out

of order. But when you are asking to hear – Hold on, Chief

Whip! If you are asking to hear there is no reason why you

shouldn’t say that, it’s a rational request. In future do it

that way and don’t insist on always being right, hon members.

Please man. I’m doing it on behalf of the Presiding Officers.

Do indicate if you can’t hear the Minister. That’s a

reasonable thing.

Mr M S MALATSI: But we gave her a fair chance because she has

other questions. We didn’t want to disrupt that.

The DEPUTY SPEAKER: Listen her! You are making excuses. Let’s

proceed hon members. The next Question will be answered by

the Minister of Finance.

The MINISTER OF FINANCE: Which question?



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The DEPUTY SPEAKER: Ah, ah, ah, ah! It’s Question 220, hon

Minister.

The MINISTER OF FINANCE: Question 220?

The DEPUTY SPEAKER: Yes.

The MINISTER OF FINANCE: I have got 184, Question 220 is from

hon George that is why I’m asking. Sorry.

The DEPUTY SPEAKER: Yes, that is where we are hon Minister.

The MINISTER OF FINANCE: I said the following in the Budget

Speech. Minister Mantashe and I have agreed that a review of

all aspect of the fuel price is needed ... [Interjections.]

AN HON MEMBER: Point of order!

The DEPUTY SPEAKER: Let’s focus on the Minister’s response.

The image and appearance will be dealt with. Please you are

wasting. Time, if that’s what you are talking about.

AN HON MEMBER: No I’m just asking him to switch off the

camera, that would be better.



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The DEPUTY SPEAKER: Hon member, please, can you focus on

listening asseblief (please). I know the aesthetics and your

artistry is your concern. Please let the Minister proceed. The

man’s induction is not complete. The Minister will get used to

the virtual platform. He will be able to appear on it properly

so don’t worry and don’t make it an issue. Hon Minister,

please proceed.

The MINISTER OF FINANCE: .... Thank you, hon Deputy Speaker

for helping me with the induction. I’m staying ... Inaudible.]

... I said the following in the Budget Speech.

Minister Mantashe and I have agreed that a review of all

aspects of the fuel price is needed. Our teams have

already begun to engage on this critical work.

Accordingly, there has been several follow up engagements

between the two Ministers and departments on this matter. Fuel

prices in South Africa are comprise of four main components.

The basic fuel price, retail, wholesale margin, taxes and

levies and storage and distribution costs.

Nearly 70% of the prices regulated by the Department of

Mineral and Energy, DMRE, and the remainder by National



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Treasury. At the time of the budget, I indicated that in order

to provide some relief to households no increases will be made

to the general fuel levy on petrol and diesel for 2022/23.

This relief amounted to R3,5billion for South Africans.

I also announced that there would be no increase in the Road

Accident Fund, RAF levy. The National Treasury has undertaken

to review this levy. The DMRE, can in the immediate indicate

changes to the basic fuel price formula informed by the

department’s review undertaken in 2018. In addition, the DMR

has agreed to the review of regulated margins determined

through regulatory accounting system.

The regulatory accounting system is the collection of systems

and procedures used by the DMRE to determine the petrol

margins for the secondary storage handling, secondary

distribution wholesale, and retail benchmark service station

activities. Thank you, Chairperson.

Dr D T GEORGE: Thank you, Deputy Speaker. Minister, the fuel

price is too high and causes poverty. Since 2018, the

restructuring of the fuel pricing methodology has been not the

agenda for action ... [Interjections.] ...



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The DEPUTY SPEAKER: Somebody hasn’t switched off something.

Dr D T GEORGE: ... Thank Deputy Speaker and thank you

Minister. The fuel price is too high and causes poverty ...

[Interjections.] ...

The DEPUTY SPEAKER: Hon Minister, please switch off your mic.

Please mute.

The DEPUTY SPEAKER: Go ahead, hon member and try using that

one. The same one.

Dr D T GEORGE: ... the fuel price is too high and causes

poverty. Since 2018, the issue of restructuring of the fuel

pricing methodology has been on the agenda for action without

any progress. Tax and levies on fuel are key elements of

government tax revenue. At approximately 6% of revenue

collected. This tax revenue’s Auditor-General and funds

government spending. If government better manage the tax that

it collected it could manage on lower revenue and lower the

tax on fuel. We pay more on fuel because government mismanages

the tax we pay for the services it doesn’t deliver.



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The Minister missed an opportunity to lower tax on fuel in

February. He can immediately reduce the cost of living for

everyone especially struggling households if he acts

decisively. What is the deadline to restructure the pricing

mechanism? By what date can we expect this to happen?

The MINISTER OF FINANCE: I said, work is being done in this

regard. What is making the decision more urgent is the impact

of the Russia-Ukraine conflict, which is moving the price of

the fuel faster than we have thought. The work that we are

doing is intended to respond to the immediate challenge that

we are facing. I think a decision is going to be announced

fairly soon. Thank you.

Inkosi E M BUTHELEZI: Thank you very much, hon Deputy Speaker.

The Minister has just spoken about the Russia inversion of

Ukraine, which is obviously going to lead to high oil prices

and grand prices globally. Which will directly push up the

price of key goods within South Africa’s customer price index

such as fuel and bread.

High commodity prices could also lead to second order

inflation effect such as public transport, - and food prices

will also increase. As the Minister has just said now, what is



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the plan to mitigate these effects of Russia invasion of

Ukraine, in the medium and long term? Specifically, on that.

The MINISTER OF FINANCE: I can’t reveal the details this

stage, we are in a sensitive discussion with the DMRE.

Clearly, there is an intension on the part of government to

make immediate step in particular for April and May. We have

to mitigate the effects of the price increases. Even as a

temporary measure during those two months. Thank you.

Mr S N SWART: Thank Deputy Speaker. Hon Minister, if one has

regard to the budget review it states that and I quote:

Research on fuel price regulation has found that a

combination of regulatory amendments can reduce the

petrol price by R103,82c per litre.

Clearly, we in the ACDP and many other people here would hope

for a larger reduction following your review, Minister.

The amendments to the international components of the basic

fuel price were proposed by the DMRE in 2018, but were sadly

never implemented. Lastly, it is a matter of great concern to

us as the ACDP that since 2012, taxes and related levies for



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fuel have on average more than doubled as a share of the total

fuel price.

Now we appreciate that this review is taking place. But is the

aspect of the international component of the basic fuel price

which was proposed and which was supported by the DMRE, not

something that can be implemented without much delay to bring

much needed relief to consumers. Thank you, Deputy Speaker.

The MINISTER OF FINANCE: Obviously, some of the questions were

phrased before my answers. Because the hon member knows that

it is almost a month ago when I made that statement. And

today, after that statement, I am saying some work is being

done to attend to this challenge particularly even if it is on

a temporary basis for the month of April and May. That means

that work is urgent from a government’s perspective with that

issue.

Parallel to that, if I may answer this question, we are

dealing with two approaches, a long approach which will take

into account the review of 2018, and make sure that over a

long term horizon, the price of fuel is made competitive.



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There is a short term intervention which must say, how do we

cushion the immediate shock. So, those are two components that

we are talking about and we are going to announce one of those

components in the next few weeks. Thank you.

Mr N L S KWANKWA: Thank you very much, Deputy Speaker. Hon

Minister, in addition to restructuring the fuel pricing

methodology, should we not also consider a more comprehensive

approach in trying to cushion members of the public especially

the poor from the negative effects of the fuel price increase,

by looking at or even considering a raft of other measures

which would include for instance, reducing the value added

tax, VAT, back to the original 14% instead of the 15%. Which

as you know, is regressive and if you were to cut it, it would

provide more protection to the poor.

So, I am saying, in addition to this, should we not consider a

more comprehensive raft of measures that would help to

mitigate the effects of the price increase or energy increase

in general on the South African economy? Thank you.

The MINISTER OF FINANCE: Deputy Speaker, when you construct a

budget there is a whole range of measures you take to cushion

the effects of the poor. Let me just say if we had to follow



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hon Kwankwa’s suggestion, a 1% reduction on VAT would amount

approximately to about R30 billion, just roughly.

That would immediately wipe off the entire R350 we are

providing for the unemployed. So, we must be careful when we

make these judgements whether the impact that we likely to

have on the already made commitments. So, we are doing that

balancing act, as I am saying trying to balance act without

looking, - We are saying how are we going to make sure that

that balancing act is effective in a long term and short term.

Thank you.

Question 194:

*IsiXhosa*:

USEKELA SOMLOMO: Musani ukwenza uqashiqashi, ayikho lento

niyithethayo. Musani ukwenza uqashiqashi. [Kwahlekwa.]

Mphathiswa ohloniphekileyo, khawuphendule abantu balindile.

*English*:

The MINISTER OF FINANCE: Oh I was not aware I am on mute! I am

sorry!

[Laughter.]



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With the situation still developing ...

The DEPUTY SPEAKER: Hon Minister!

The MINISTER OF FINANCE: Hallo!

The DEPUTY SPEAKER: The question that you must respond to is

Question 194, asked by the hon Steve Swart!

The MINISTER OF FINANCE: Hon Deputy Speaker, let me just check

what that question says: It says, firstly, what does the

National Treasury envisioned the impact of Russia’s invasion

of Ukraine would be on the economic growth? Is that the

question?

I am trying to answer that question, by saying: With the

situation still developing, and so much uncertainty, at this

stage, it is relatively difficult to quantify the potential

impact with precision and confidence.

However, South Africa’s trade intensity between Russia and

Ukraine on aggregate is very small. It is less than 1% of

South Africa’s total export of goods and imports and therefore

is minimal. A similar number is reflected on import on goods



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from both these countries. However, within certain industries,

trade exposure is most significant such as exports of citrus,

apples, pears products.

There is also another question that what is difficult is going

to be with that more challenging would be an indirect impact

via the financial flows in deferent countries via the impact

as I have said on inflation. There is a positive impact via

our commodity export.

So, at this stage we cannot predict with precession. Thank

you, Deputy Speaker.

Mr S N SWART: Hon Deputy Speaker and hon Minister, arising

from your response, the Budget Review makes it clear that

elevated risks to the fiscal outlook include a global or

domestic economic slowdown.

Now, my question refereed to global and domestic and that

could result in lower revenue and greater course for fiscus

support in South Africa. In fact, the review state that and I

quote:



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There are significant risks to the global and

domestic outlook over the medium-term and that was

before the Russian invasion.

Now according to your response it seems this risks as you

correctly pointed out they are still materialising, but it

does give an indication that the fiscal risk set out in the

Budget Review and I quote:

Global growth could slow more rapidly if the supply chain

bottlenecks persist leading to sustained price pressures

and rising inflationary expectations.

Now this is what we are seeing globally. We are seeing as well

in South Africa that consumers are facing shock increases in

consumer inflation, driven by rapidly escalating food and fuel

costs arising from the disrupted global supply chains. The

electricity price is set to rise. The Reserve Bank expected to

increase the interest rates hikes and this will place further

pressure on many South African households already struggling

to make it month-to-month and with already constrained

finances.



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However, Minister, I would like to focus on the expected

commodity boom which resulted in additional review of

R182 billion being collected on the present financial year and

which is expected to continue in the short-term again

resulting in additional review.

Can the hon Minister give us an indication – and yes it could

be very early stages yet, but could temporary relief be given

to taxpayers or could there even be as a temporary suspension

of the part of a fuel taxes and levies referred to in your

earlier question, given that the revenue projection 2022-23 is

R71 billion higher than last October’s projections and that is

set to increase?

So, we are looking for a possible relief, but obviously it is

still early stages to consider that. Thank you, Deputy

Speaker.

The MINISTER OF FINANCE: I have indicated to the hon member in

answering the previous question that the issue of cushioning

the impact, particularly of the fuel price, is a matter which

is given urgent attention in government. Therefore, we will

make the necessary announcement soon. For it is our intension

that such mitigation measures must focus on April and May. I



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did indicate that to the hon member that that is what we are

working on. The announcement is going to be made soon. Thank

you.

Mr B A RADEBE: Hon Deputy Speaker, it is Radebe here, I will

take the question on behalf of the hon Abrahams.

The DEPUTY SPEAKER: Go ahead.

Mr B A RADEBE: Hon Minister, what measures are put in place by

government to make sure that the South African economy becomes

a lower cost-economy with an improved standard of living for

our people as well as the lower cost of doing business so that

more jobs can be created for millions of unemployed South

Africans? Thank you, Deputy Speaker.

The MINISTER OF FINANCE: I think the hon member is aware that

on a long-term basis government has made the decision to focus

on what is called the reconstruction and recovery plan whose

elements are to deal with the cost on the South African

economy in particular around the reducing of the costs of

doing business, intervening in the network industries to make

sure that there is competition in those sectors and therefore

reduced price. All those issues are contained in the economic



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recovery and reconstruction plan. Thank you, hon Deputy

Speaker.

Ms E N NTLANGWINI: Is the impact of Russia’s special military

organisation’s to stop North Atlantic Treaty Organisations,

Nato’s, expectation and not the invasion of Ukraine? The

response by West especially the self-serving sanctions have

once again proved that the nations sovereignty is protected,

when the state has the capacity to lead governments and the

private sector and not when the economy is entirely in the

hands of the private sector. It is the private sector that it

takes everything.

How are efforts to privatise ports, railways, water and

sanitation strategic sector such as telecommunications going

to assist in making sure that South Africa can be able to take

decisions in the future that are in the interest of its

wellbeing like Russia is doing today without fear of sanctions

or threats over debt crises, Minister. Thank you, Deputy

Speaker.

The MINISTER OF FINANCE: This government has made no

intentions or announcement to privatise ports and rail. What

this government has said, is that to increase capacity and to



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introduce capacity in those sectors. We will allow private

sector participation. That is what this government has done.

Therefore, by taking port authority which is the landlord

outside the Transnet stakeholder is to create an environment

which is competitive rather than a privatisation. The same

thing is applying in rail to introduce competition, than

privatisation. That is the strategic trust that this

government has taken. Thank you, hon Deputy Speaker.

Mr N L S KWANKWA: Hon Minister, in your response to this

question you admitted that trade between South Africa and

Russia is very miniscule. You even cited I think 1%. Given the

fact that your government has seemed to have adopted a very

ambivalent position on that war in Ukraine, in fact in the

majority of instances you either sit on the fence or favour

Russia.

Is it not logical then for you to follow China’s example since

you see nothing wrong with that conflict, to upscale trade

with Russia as a way of mitigating the impact of this?

I want to hear your clear position. For China that because

they sit on the fence on one instance, on the other instance



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they side with the people of Russia, like yourselves. Thank

you.

The MINISTER OF FINANCE: First and foremost, we do not have an

ambivalent position and we do not favour Russia. We have made

our position quite clear that we do not support any war. We

are a peace loving nation. Our support is the support for

peace and a negotiated settlement in Russia. That is our

position between Russia and Ukraine.

The trade relations are not a matter that was created by a

decree. Trade relations evolve out of the understanding out of

the market forces at play between the two countries. That

relationship over the years, has developed not by decree from

government.

For instance, a number of these products that are being

supplied to Russia by our citrus farmers were not through a

decree by government. It was through an understanding by our

private sector and an understanding of that market and managed

to supply them with citrus.



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So, it is not a decree by government. There is no way you can

say the South African government has a decree that therefore

as from today we trade more with Russia.

The second point is that there is an international effort to

isolate Russia. Whatever our position on the war on Ukraine

and Russia, we as a nation we have to say what is on the

interest of the South African nation. As a nation, we have to

selfishly guard our own interests.

All those factors were taken into account as we observe the

developments in this war. Thank you, hon Deputy Speaker.

Question 192:

*IsiZulu*:

USEKELA SOMLOMO: Sinjani isimo sezulu, sesingcono, la,

ngaphakathi?

*English*:

The MINISTER OF EMPLOYMENT AND LABOUR: At least the conditions

of work are starting to come alright. Thank you, Deputy

Chairperson and the members, the hon Shaik Imam, the focus of

the inspectorate is to enforce compliance with all the

employment laws that are regulated by the Department of



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Employment and Labour in all work places that are inspected

regardless of who owns them. Non-compliance is not racialised,

as a result the Dell doesn’t have racial breakdowns in their

reporting. So, the issue of dealing with employment of

undocumented workers is not just within the jurisdiction of

Dell. When we come across these irregularities, we pass it to

the Home Affairs. In many instances, we conduct those together

with Home Affairs and the police. They are able to take

immediate action where it is necessary and there has never

been a need to arrest or charge departmental officials for

failing to ensure compliance of the labour laws on the racial

basis. Thank you.

Mr A M SHAIK EMAM: Thank you, Deputy Speaker, hon Minister, I

think you are out of touch with the reality. I think you are

aware of political parties that also in the hospitality

industry went to restaurant. The question I want to ask: Will

you be able to consider your Labour Department inspectors and

- I’ll give you a good example is eThekwini in Durban to show

you the register of all the businesses that they are supposed

to be going and visiting regularly, - which they do and how

many of these businesses have they found in violation of the

labour laws in this country? When I am saying this, I am

saying specifically eThekwini in Durban. This happened all



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over the country, I’m talking about eThekwini. Remember there

is a register when they leave where they go, which businesses

the go and visit they do go there, they go back, of cause and

the question is why do they go back without intervening

because people in the country and foreigners are earning R60 a

day which is R300 a week and yet and yet we have a minimum of

R4000 in the country and very little or nothing is happening

about it so your response, I’m not satisfied Minister because

it is not answering to the question that I have actually

asking you. Are you now going to be willing to look into this

matter yourself to ensure that there is compliance?

The MINISTER OF EMPLOYMENT AND LABOUR: We are definitely

looking into this matter, but not at a racialised basis, as

you have asked the question. Remember that in this country, we

have approximately 4,1 million businesses and as a department,

we set our own annual targets visiting those employment places

in order to assess what is going on there. This also takes

into consideration what we would call the resources that are

at our disposal and even what we call regional spread. So, we

do it all over the country and when we are not satisfied we go

back and visit, but what we do not want is generalised

information. If there are specific areas of concern, you can

write to us and then, we will go immediately to those areas if



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there are serious violations. But, we do every day with our

inspectors. Thank you.

Mr M NONTSELE: Thank you, hon Deputy Speaker, and hon

Minister, I am not sure of the ratio of the inspector is to

business establishment. Perhaps, you may remind me of that.

But what I am sure about is that one of the hindrances of

bettering that ratio, is financial constraints. Now Minister,

don’t you think that taking the route of public employment

programmes by introducing what I may term labour inspection

aids or assistance will go a long way to mitigating some of

the challenges in the inspection and enforcement of labour

laws? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you, hon Deputy

Speaker, the Dell is a signatory to the International Labour

Organisation, ILO, in terms of the guidelines which are

provided by the ILO to member states with regards to the ratio

of inspector to employees and I can state the following: One

inspector per 10 000 employees in the industrial markets and

one inspector per 20 000 employees in the in the transitional

economies, similar to us as South Africa and one inspector per

40 000 employees in less developed countries. So, that

benchmarking of the ratio of inspectorate should be done per



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the number of employees not employers, because of the varying

number of employees that can be employed by a single employer.

Currently there are around 14,1 million people that are

employed as in November 2021 in terms of the quarterly labour

survey. The department has 1 951 inspectors. This is against a

total of 14,3 million I’m talking about, which provides a

ratio of one inspector to 7 330. Of cause, this is in line

with the industrial countries. Dell is always looking at

various means to beef up the capacity where viable. Currently,

we are looking into increasing our capacity to strengthen the

enforcement of some of our employment laws such as the

Compensation of Occupational and Injuries and Disease Act and

the Employment Equity Act. Thank you.

Dr M J CARDO: Thank you, Deputy speaker. Minister, we know

that one of the employers implicated in this question is

Huawei and that the Department of Employment and Labour found

Huawei guilty of non-compliance with employment equity

legislation. We also know that the department reached an out-

of-court settlement with Huawei earlier this month. Now

leaving aside the madness of various aspects of employment

equity provisions and the under-capacitation of the labour

inspectorate, is it true that the department took a very long



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time to finalise this matter and challenge Huawei because of

political considerations and sensitivities in that, unlike

other employers, Huawei received preferential treatment in the

out-of-court settlement?

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you, Deputy

Speaker. I’m not sure what hon Cardo is making reference to

because it’s for the first time that we are taking head on a

big company. It’s for the first time that it has happened in

South Africa and our approach has always been not punitive,

but corrective. Once people then do not listen the first time,

definitely we go for punitive measures. Remember that they had

gone to the extent of going to court, like many of the other

employers do in this particular country, where they run into

court. And once they see that in court it’s hot, they would

request for a settlement and the settlement we have reached

with Huawei we are satisfied that it’s taking us forward. They

have agreed in that technical area to train a number of young

people from the disadvantaged areas of this particular

country. I’m not sure about this selective approach. All I can

say is, for the first time, we have taken head on a very big

company like Huawei. Thank you.



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Ms C N MKHONTO: Thanks Deputy, Speaker, Minister, the

exploitation of both South African and non-South African by

industry is reaching crisis levels. In the Western Cape, most

recently, there was a fight between Lesotho and Zimbabwean

nationals on who is entitled to be employed more on these

farms. Why has your department not paid special attention to

the exploitation of black workers, particularly on the farms

of the Western Cape? Thank you, Speaker.

The MINISTER OF EMPLOYMENT AND LABOUR: We are paying attention

to the farm workers, the most exploited all over the country

not just in the Western Cape and we know that they are working

under the most difficult conditions. Even in our inspections,

we always go to farms where sometimes we are confronted by

very arrogant farmers, who do not want to open their farms and

we are forced to call the police in order to have access to

that. We are dealing with those issues.

In relation to the clashes which we have just seen between

Basotho and the Zimbabweans, the second day there was that

conflict. Our department was there to try and first mediate

those issue, but part of the problem is what we are addressing

the proposed National Labour Migration Policy. The issue of

putting in the undocumented people into this particular



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country, but when there is such violence, such clash, first

things first, is to mediate that there is no violence. there’s

peace then other issues follow like we have said we are

investigating how those employers and I think time has come

that we put the ball in the court of their employers who

deliberately want to exploit this cheap labour. In fact, we

need to come up with harsh punitive measures against the

employers who are violating the law. Thank you.

Question 182:

The DEPUTY SPEAKER: Hon Ministers, hon Malatsi requests that

you slow down your pace of responding so that he hears you

better.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES:

Deputy Speaker, unfortunately members will have to bear with

me. In terms of my own biology, my processing speed is very

fast. So, I can’t slow down when I speak. This is the pace

that I speak, its medically tested. If you want, we can get a

... [Inaudible.] ... test. I will try but it’s the processing

speed of the brain that determines the pace of how I speak.

When I joined the department there was no social compact in

place. However, we are working with both the industry, key



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role players including traditional leadership to create a

social compact towards digital inclusivity or to breach the

digital device towards us making the digital economic a

dominant economy in South Africa. In countries that are

succeeding in the implementation of digital economy, the small

and medium companies or what is known as start-ups in the ICT

sector, has been key players.

On our part, for the implementation of the Broadcast Digital

Migration Project, we have 886 installer companies that have

been contracted, which is an increase from 396 as of

31 January 2022. This capacity continues to be ramped up with

the project implementation. The increase of installer

companies also translates to an increase of a number of jobs

that are created through the project. In addition, through the

increase in the number of TV channels we are envisaging a boom

of the creative industry for more artists, producers and

others in the creative industry sector having more platforms

to generate income and create their own jobs.

On another programme that the department has developed is to

ensure that the country has 80% internet access in the next

three years through the SA Connect and will create more

opportunities for small and medium enterprises to create jobs



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and also to have opportunities. This project is estimated to

provide employment opportunities of more than 2696 people made

out of skilled professionals and semi-skilled labour force.

The estimated number of Small, Medium and Micro Enterprises,

SMMEs opportunities required for the programme are 75

companies for core network building access network service

providers and internet service providers or what is known as

mobile virtual network operators. Thank you, Deputy Speaker.

Ms N J KUBHEKA: House Chair, it’s a follow up question. Thank

you very much Minister for the response. I think you have

managed to cover also what I was going to ask and say; please

elaborate on your initiatives to ensure that youth is skilled

and empowered to start their own business and tap into the

opportunities that exists and those that will be provided

through Broadcast Digital Migration Project such as the

creation of 102 TV stations, as you have mentioned, hon

Minister. Thank you, House Chair.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: I

could add on the response that I have already provided.

Through the Broadcast Digital Migration Project, we had to

register indigent household to get government support. To date



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we have registered 1,4 million indigent households for that

support. But what we have learned in the process – because the

process was manual – we are going to employ data capturers to

transfer that information that is in the forms that are in SA

Post Office, SAPO, to the system of Subsidised Set-Top Boxes,

STB Registration.

We are estimating that system will be able to contract more

than 3000 data capturers immediately. They are not just going

to translate that information into an electronic version of

information, but we want to create a single view of an

indigent which will be useful for municipalities on their

system of the indigent register because we are envisaging a

future or a tomorrow that municipalities do not have to create

annual indigent registers but they can update their indigent

register. This is part of our movement towards the digital

economy to allow government to have a single view of a citizen

and give services in an integrated manner, both from national,

provincial and local government level as part of District

Development Model. Thank you, House Chair.

Ms T BODLANI: Chairperson, in light of the fact that the two

challenges facing South Africa today are low economic growth

and rising unemployment; what guarantees can the Minister give



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this House that the jobs created through the social impact

programme in her department will not be manipulated like we

have seen in the past, like the Expanded Public Works

Programme, EPWP, as well as the Personal Protective Equipment,

PPE, scandals that the country faces and that they were only

earmarked for card carrying members of the ruling party? Thank

you.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: House

Chair, I do not know what the member is talking about the

manipulation of any information, including on EPWP. The EPWP

statistics are those employed and paid through the persal

system of government so they are traceable. But what we are

doing as a department - not only for ourselves - the system

that we are talking about, we want to give traceability of

every person employed in the project, not only in the

Broadcast Digital Migration Project or data capturers, but

also in other government projects because we want to use

biometrics to make sure that a person cannot be Khumbudzo

Ntshavheni twice, but there is only one Khumbudzo Ntshavheni

with a particular ID number. Except my brother’s daughter who

is named after me who also have different biometrics profile.

Thank you, House Chair.



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Ms T BODLANI: Chairperson, for the record, ...

*Setswana*:

... ga ke a mo utlwa Tona.

Ms P MADOKWE: Chairperson, digital technology was supposed to

provide more options, lower costs and possibly free television

without the need for a new television set for South Africans.

Over the last 10 years South Africa has failed to ensure that

this transition from analogue to digital takes place. We have

observed how slowly your department has progressed in making

this transition. What effect would this transition have on

citizens who haven’t changed their television sets to digital?

And, will your department ensure small operators and

unemployed youth are involved in ensuring this transition?

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: House

Chair, obviously, myself and the hon Madokwe are living in

different countries. We have gazetted a date of the

31 March 2022 as the analogue switch off date, which means we

are going digital from the 1 April 2022 unless the court case

determines differently. But we are confident that the court

will side with us because we have done everything in our

power.



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Hon Madokwe raises a question of saying what about households

who have not applied or who do not qualify, and I am

rephrasing her question to give clarity because it’s an

important question. What about people who do not qualify for

government subsidy and cannot afford to buy new television

sets? What technology has done with the ordinary antenna,

which is called aerial in townships and rural areas, they can,

using their own TVs because we have ensured 84% Digital

Terrestrial Television, DTT coverage of the country and 16%

satellite coverage. With their own current television, with

their old antennas, they can root within 15km radius of the

tower. They can reset their television to watch digital TV.

I have responded to the question of small players

participating, when I responded to the earlier question by hon

Kubheka in terms of the numbers of installers we are using.

But also the participation of the creative industries when we

increase the number of TV channels that are available. And,

the Minister of Trade, Industry and Competition - for those

who will be replacing their TVs because the TV is not about

the number of years that you keep, the TV blows up, the TV

loses guarantee, they lose all those things and have to be

replaced - the Minister of Trade, Industry and Competition is



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working on prohibiting the importation of analogue televisions

in South Africa. Thank you, House Chair.

Ms Z MAJOZI: Hon Minister, bringing the device digital

requires that we start to integrate ICT to our communities to

... [Inaudible.] ... with level small operators and SMMEs are

the closest contact to local communities. I would like to know

whether the department has plans over the next financial year

to provide network access to rural communities and how will

schools, teachers and learners benefit from the access. If

not, why? If so, please provide an outline of your plans as a

department. Thanks.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: House

Chair, thank you for that question. We have indicated and the

President announced that we are going to roll out SA Connect

and we revised the model of SA Connect from connecting only

government institutions but also to include connecting

communities. We have indicated that over the next three years

we are going to connect 44 000 government institutions. That

means connecting schools, public clinics and hospitals,

traditional authority offices who are located in communities,

libraries and Thusong service centres that are in communities.

Over and above that we are going to connect over 33 000



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community Wi-Fi hotspots in communities across the country to

make sure that communities can have access to that.

We have indicated now when I was responding to the question of

hon Kubheka that, we are going to use the local SMMEs who are

network providers themselves, who are mobile virtual network

operators and who are internet service providers. That is what

we are going to use in those areas. Even the installers that

we are using now, some of them are going to be migrated into

that programme because some of this work include cabling and

installation of fibre technology and that’s what is going to

happen.

The necessary details, members will find in the corporate plan

our entities SENTECH, Broadband Infraco, BBI and State

Information Technology Agency, SITA. Also, we are going to

announce together with Independent Communications Authority of

South Africa, ICASA on the commitment that telcos are going to

rollout as part of the social obligations of the spectrum

rollout. We guarantee that we are going to announce the annual

implementation plan in the next 36 months. So, those are the

necessary details. Thank you.

Question 212:



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The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank

you, hon House Chair, the level of details of how the

department is going to ensure financial sustainability of the

SA Post Office are contained in the plans the SA Post Office

of Tomorrow’ strategy and the implementation plan, which was

shared with the portfolio committee whilst also protecting the

commercially sensitive information of the SA Post Office go to

market strategy.

The SA Post Office has repackaged its service offerings and

they will soon be announcing when they are ready to launch.

These areas include the SA Post Office as a business digital

hub in rural areas and townships; the SA Post Office as a

trust centre in the age of biometrics; the SA Post Office as

an e-commerce hub and integrated ... [Inaudible.] ... for

South Africa and the continent; and the SA Post Office as a

government service centre, in particular, for rural areas and

townships.

I have committed to the portfolio committee on keeping a

closed eye on the implementation of the strategy, which will

be included in the corporate strategy of the SA Post Office.

We will continuously give an update to Cabinet and the



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committee on key milestones of the SA Post Office of Tomorrow’

strategy and its implementation plan. Thank you very much.

Mr M S MALATSI: Thank you, House Chair, Minister ...

*Tshivenḓa*:

... zwino ndo vha pfa zwavhuḓi ...

*English*:

... but let’s start from the beginning. There is no doubt that

the SA Post Office is in financial distress if you look at its

liabilities, it owes Postbank R2,5 billion, it owes Telkom

R269 million, and it owes Sars R624 million. I know Minister

that the government you serve in has ideological fidelity

towards state ownership. Is it reasonable to insist on this

persistence when the SA Post Office has been unprofitable for

10 years, that even with getting the funding that you need, it

will not be profitable for the first two years? What are your

reasons for opposing pursuing the route that the government

took with Telkom, for instance, by making the space for

partial private ownership in order to revive this entity to

fulfil its basic mandate and reduce the load that it

increasingly has become dependent on bailouts for survival?



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The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank

you, hon House Chair, I think we need to go back to Ntate

Malatsi and remind him that even with the partial

privatisation of Telkom, it still took Telkom 10 years to

become financially sustainable. We are saying, as we are

today, the SA Post Office is in a position that you can say

you will successfully - unless you give it away for a rand –

get a private stake in there, because anybody else who is

coming up and asking for a private stake at the SA Post

Office, they were the ones who contributed to the crippling of

the SA Post Office.

What we are saying is that the SA Post Office is a critical

government service centre in rural areas where Mr Malatsi does

not reside, where our people must continuously go to for

services. As of now, the SA Post Office has to be turned

around and repositioned. We have not claimed that the

reposition of the SA Post Office is going to be easy. We have

indicated that we are going to work with the SA Post Office

and that’s why - hon Malatsi – we are indicating that the

turnaround plan is clear as to when we will start to achieve

financial sustainability because we have put a concrete plan.

We want to be given an opportunity to deliver that which we

have said we will deliver with the SA Post Office. We are



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confident in the leadership. We are confident not only with

the plans but the work that the SA Post Office is undertaking

with the private sector because we are talking about a

partnership with the private sector. It doesn’t mean we need

to privatise the SA Post Office. We can partner with the

private sector to add value to the SA Post Office and to grow

it. The SA Post Office is no longer going to be seen as

competition to private competitors but as a critical partner

to the delivery of their own services whilst generating its

own revenue and income for its financial sustainability. Thank

you, hon House Chair.

Ms N J KUBHEKA: Thank you, House Chair, hon Minister, as you

might be aware that there have been some individuals such as

its former chief executive, Mark Barnes, who has publicly

expressed his interest to invest in the SA Post Office through

some form of public-private partnership. Is this something

that government will be considering at all? If not, why not?

If yes, what are the relevant details? Thank you.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank

you, House Chair, for starters, Mr Mark Barnes must first come

and explain why he could not turn around the SA Post Office

with the R3,5 billion injection or bailout funds that he was



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given by National Treasury without any conditions before we

consider him eligible for a partnership, because where I am

sitting, and given the period that Mr Mark Barnes was the

chief executive officer, CEO, of the SA Post Office, I start

to wonder whether he did not cripple the SA Post Office so

that he could later come back and want to buy it. He wants 51%

of the SA Post Office in what we call in business “throwing

the javelin”. I am not comfortable talking about Mr Mark

Barnes until we understand the details of his period of tenure

and what he did with the bailout.

We have engaged with the unions at the SA Post Office and they

have indicated that the money was not used for its intended

purposes with regard to the bailout but we don’t want to go

into those details. Like I have indicated, explaining to hon

Malatsi that the SA Post Office is currently working on

partnerships with private players, and not as equity partners,

but as service partners to deliver not only its mandate but to

also help those players to participate whilst generating

revenue because the SA Post Office cannot be used to become a

horse to deliver people to the river whilst it cannot drink

the water itself. The SA Post Office is going to generate

revenue from the partnership with private players and also

with other international players in the space. They have



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already started working on those details and we will share

with the portfolio committee and Cabinet when the time is

right. Thank you.

Ms P MADOKWE: I will take the question, Chair. Minister, the

Post Office has asked for about R9 billion bailout from the

National Treasury in order to stay afloat. What scenarios have

you developed to keep the entity afloat should the National

Treasury refuse to bail you out? If they do bail you out,

please outline the specific actions you will be undertaking to

ensure that the entity never finds itself in financial

distress again? Thank you.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank

you, hon House Chair, I am going to reiterate, the SA Post

Office has not requested for requested the R9 billion from

National Treasury. I am the one who signed the letter

requesting R1,6 billion from National Treasury that is

required by the SA Post Office over the Medium-Term

Expenditure Framework, MTEF, period. There is no R9 billion

that was requested by the SA Post Office. You are maybe

referring to R9 billion that National Treasury has bailed out

the SA Post Office including the period under Mr Mark Barnes.



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Where we are, we have indicated - and the EFF was represented

in the portfolio committee – the SA Post Office of Tomorrow’

strategy and the implementation plan, which we said we are

going to continuously update the portfolio committee on key

milestones. I have earlier referred to some of the areas that

the turnaround strategy or the SA Post Office Tomorrow’

strategy covers without disclosing the commercially sensitive

information. Thank you.

Ms Z MAJOZI: Thank you, hon House Chair, hon Minister, you

have responded to part of the question that I am going to ask.

As we all know, the SA Post Office is in dire need of the real

leadership that can find a turnaround strategy whilst adapting

it to a current market development. I would like to know that

since the SA Post Office is in dept in all of its rental

agreements, how will this department implement the recent

adopted financial strategy and making sure that the SA Post

Office is also able to sustain itself going forward? Thank

you.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank

you, hon House Chair, as I have indicated earlier, the SA Post

Office of Tomorrow’ strategy was developed not by the Ministry

but by the board of the SA Post Office, the management of the



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SA Post Office, and also with the input of the Department of

Communications and Digital Technologies.

I must indicate that when I joined the department, I was told

that the SA Post Office was going to be on day zero on 30th

September, and that day zero kept on shifting and today, the

SA Post Office is not on day zero because the management and

the board of the SA Post Office have been doing their best

within their abilities to keep the SA Post Office afloat with

the support of the department.

We continue to work with them including the implementation of

these services that we are contracting the SA Post Office to

render on behalf government because they have demonstrated in

terms of the plans that they are submitting to us that they

can have the capacity to implement. We have engaged with

labour, directly with representatives of the dominant unions

within the SA Post Office and management has also engaged with

labour. We have the full support of the stakeholders, both

employees of the SA Post Office who are unionised and the

nonunionised to make sure that their implementation of their

strategy is successful. For that reason, we have agreed with

the board of the SA Post Office that their strategy is going

to be converted into the corporate plan of the SA Post Office



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from 2022-23 financial year for the outer period of three

years. Thank you, hon House Chair.

Question 223:

The MINISTER OF FINANCE: Chair, I thought Question 223 is to

the Minister of Finance.

The HOUSE CHAIRPERSON (Mr M L D Ntombela): What I have here is

Question 223 ... let me have a look at this. It is the hon ...

yes, it says N F Shivambu to ask the Minister of Finance. What

I have here in front of me is different. Okay, hon Minister of

Finance, you are welcome.

The MINISTER OF FINANCE: South Africa currently has a number

of state banks, including the Development Bank of Southern

Africa, the Industrial Development Corporation, IDC, Land Bank

and many other development finance institutions. The

Department of Communications and Digital Technologies is also

in the process of finalising legislative amendment to the

South African Post Bank Act so that the Post Bank can be in a

position to finalise its application for a banking license

from the Prudential Authority of the South African Reserve

Bank.



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The key question to consider with regard to state owned banks

is whether current state banks are performing as expected to

meet the mandates expected of them. It is also important to

determine what market failure and gaps are existing state

banks seeking to address, and what remaining gaps or problems

we are trying to solve before coming up with solutions. We

also need to consider the rationalisation and consolidation of

some existing state finance institutions where overlapping

mandates exist.

In identifying the market failure and gaps to be addressed, it

is necessary to establish the structure, funding model,

feasibility and ultimate sustainability of any state bank.

Each state bank needs to determine its own business model, and

whether it can also service a market that may not be adequate

to be serviced by existing banks. This means that there needs

to be a clear balance between providing — that is market

failure — and pricing in of risk to ensure sustainability.

It is even more important to do so in the current climate

where we face such significant fiscal challenges outlined in

the 2022 Budget Speech. It is imperative that no state bank

puts their burden on the fiscus and that all state banks must

be able to generate sufficient own revenue to fund their



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operations. The country does not have the funds to inject

equity into any state bank, even as we face challenges to some

existing state banks.

The country also needs to learn the lessons from the recent

bank failures in South Africa. All banks need to be managed

prudently at all stages with the highest regard for sound

corporate governance practices and ethical conduct.

Banking is a risky and complicated business based on trust

with no guarantee of success. That is why they are regulated

so intrusively and intensively. If any bank lends recklessly

or is managed poorly and fraudulently by its board and

management, such bank will fail and face the prospect of

closure as was the case with the African Bank in 2014 and VBS

in 2014.

In conclusion, as noted in above, the process going forward is

to determine whether current state banks are performing as

expected to meet the mandates expected of them, and whether

government would need to consider the rationalisation and

consolidation of some existing state finance institutions

where overlapping mandates exist. Thank you, Chair.



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Ms E N NTLANGWINI: Hon House Chair, I will take it on behalf

of hon Shivambu.

The HOUSE CHAIRPERSON (Mr M L D Ntombela): Go ahead, hon

Natasha.

Ms E N NTLANGWINI: Thank you very much. Minister, I think your

government doesn’t have the appetite or the political will to

truly invest on a state-owned bank. For years now you have

been sitting on research; research this and research that. So,

I just think that there is no political will from the

government’s side.

On 1 June 2021 the SA Reserve Bank announced that it will

start a process to dispose of 50% shareholding and African

Bank holdings limited given the conflict of, as the regulator,

the significant shareholder and the lender of the last report.

Yesterday, sir, the Reserve Bank just announced that none of

the parties that have shown interest were suitable, and now

they want to follow the initial public offering route.

Shouldn’t African Bank holdings limited form the basis of

creation of a state bank and stop this thing of research this

and that? Give us a concrete answer why your government is

just gasping from pillar to post and not starting a state



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bank. Not this research. It has been years of this government,

finance Minister in and out, telling us research this and

that. Give us a concreate answer. What is the real reason you

are not starting a state-owned bank? Thank you.

The MINISTER OF FINANCE: Maybe the hon member did not listen

carefully. I said that we do have existing state banks. They

perform different mandates and different functions. For

instance, the Post Bank is a deposit taking bank and other

banks are lending which are functions of what a bank would do.

We then made a second point that says that we will thus

rationalise and consolidate where overlap is necessary.

Thirdly, if we are going to put money into the African Bank

should we not close the Post bank? So, those are the choices

this government must make. Our view is that we have the banks

and the institutions which are necessary to perform all these

functions.

In so far as the Post Bank is concerned, we are putting money

into it. All we need is to finalise legislative changes to the

Post Bank Act, whereas, if they want us to go to a private

bank, we will have to raise money and I have said there is no

money for that, but we have banks.



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Ms N G ADOONS: House Chair, I will be taking the supplementary

question. Thank you, Minister, for the response. Given that

the creation of a state bank is a resolution that comes from

the 52nd Conference of the ANC that was held in 2007, what

have been the stumbling blocks that have delayed its

implementation that your department has been seeking to

resolve? How will the mandate of a state bank be different to

those of the existing privately owned banks? Thank you, Chair.

The MINISTER OF FINANCE: I said we have a number of banks

which provide lending into the market. A number of them. Most

of them do not have deposit taking mandates and only the Post

Bank has that. There is legislation, therefore, in Parliament

to amend the Post Bank Act to allow the Post Bank to be able

to apply and extend its scope. It is basically a legislative

arrangement. Once we finish that legislation, the Post Bank

will exist as a state bank and a deposit taking institution

and it will co-operate and work with existing different

finance institutions to broaden the lending base of the state.

I do not think that there is much a problem in this

arrangement. Once the legislation is through, which is

amending the Post Bank Act, we will be rolling.



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Mr A M SHAIK EMAM: House Chairperson, to the Minister, I think

the point we are trying to make is that there is a need for a

fully-fledged state bank, like the big four or five that you

have, providing all the facilities that the big four or five

banks offer. Now, you cannot deny this, Minister, that there

is a monopoly by the financial institutions in this country.

You saw the collusion and how they closed the bank accounts of

the Sekunjalo Group. Of course, the court has now asked them

to reopen the accounts.

What is your department going to do about protecting these

businesses who create hundreds of thousands of jobs in this

country and ensure that a state bank is created so that there

could be more competition and the cost of doing businesses in

terms of getting loans and the interests you pay and the

competition is good for business?

The MINISTER OF FINANCE: I suspect he is already going into

Question 193 which is his question. I am not going to answer

that; I will answer that there. The main issue here is that if

you want any state institution to get a loan from any

institution, there is a myriad of these institutions. We have

the Land Bank, the Development Bank, IDC, Small Enterprise

Finance Agency, SEFA, National Empowerment Fund, NEF, and



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Public Investment Corporation, PIC. The only limitation that

all of these institutions do not have is deposit taking. We

are putting a legislation in Parliament which will allow the

only deposit taking institution to expand its scope to be a

fully-fledged bank, which is the Post Bank.

Now, I do not know why there is resistance and people want to

push us to new things when we want to utilise the existing

things we have and have an obligation to them. The Minister of

Communication and Digital Technologies has already said that

they are putting a request to the National Treasury of

R1,6 billion in order to assist the Post Bank and its

subsidiaries. If we are going to be putting money into the

Post Bank and also put money into creating a new one, I don’t

think we would be using the taxpayer’s money in a more

efficient and effective way. Thank you, Chairperson.

The HOUSE CHAIRPERSON (Mr M L D Ntombela): Thank you, hon

Minister. [Interjections.]

The MINISTER OF FINANCE: Let me make one more point,

Chairperson. The notion that a state bank will not be

regulated like all other banks is misplaced. The state bank

will be regulated and will fall under the same regulations



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that are applicable to all banks. Therefore, any bank or

clients of a state bank will conform with the same regulatory

framework. We must make that clear.

Mr M G E HENDRICKS: Hon House Chair, five years ago the ANC

had a position paper on creating a state bank and adopted the

resolution and that formed part of their manifesto. In fact,

Al Jama-ah contributed to the position because we had an

expert that would assist the state bank to be interest free.

Has the Minister looked at the position paper and the

deliberations at that conference five years ago? And why is

government not implementing a resolution of the governing

party?

The MINISTER OF FINANCE: The resolution of the governing party

talks about a state bank and we are implementing that

resolution by making the Post Office, and changing legislation

is to giving effect to that resolution to making sure that the

Post Bank becomes a fully-fledged state bank. We are in

keeping with that resolution. Thank you, Chair.

Question 183:

The MINISTER OF FINANCE: Thank you, House Chair. First, the

government cannot force any company to invest in our economy.



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The best way to encourage such investments is to create an

attractive climate for investment in our country. Key factor

to facilitate investment include the construction and

maintenance of infrastructure, access to markets, political

and policy certainty, access to skilled labour. Attracting

investment in our economy requires a package of measures that

consist of both tax and nontax that is structural alongside

the rate reduction in corporate income tax.

National Treasury and the Presidency, through Operation

Vulindlela are supporting the implementation of key structural

reforms to promote economic recovery and growth. The envisaged

economic reforms are designed to support rapid and inclusive

growth by reforming network industry to modernise and

transform the economy, lower barriers to make it easier for

business to start growing and compete, create greater levels

of economic inclusion and address high levels of economic

concentration, resulting in high levels of employment as

growth accelerates.

Restructuring the corporate income tax regime is an important

complement to this endeavour and it is aimed at enhancing

equity and efficiency. Research done by the Organisation for

Economic Co-operation and Development, OECD, and the Davis Tax



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Committee show that an increase in corporate income tax rate

has the largest negative impact on economic growth compared to

other types of tax increases. Higher corporate income tax

rates reduce the incentives for companies to invest in the

economy. Capital is mobile and many corporates operate on a

global scale which allows them the advantage to choose where

they want to look at their business.

As a result, governments around the world continue to compete

for investment by making their countries an attractive

investment destination. While there has been a global downward

trend in corporate tax rates, South Africa corporate income

tax rate has remained unchanged since 2008, with many of our

trading and investment partners reducing their rates. This has

led to the growing gap in the tax rate differential, reducing

the competiveness of South Africa as an investment

destination, and providing a strong incentive for companies to

shift profits out of South Africa. Lowering the corporate

income tax rate will reduce ... [Inaudible.] ... and create a

more conducive environment for corporates to invest in our

economy.

In addition to reducing the corporate income tax rate by 1

percentage point, the corporate income tax package introduced



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two measures that widen the tax base. One of these measures

include countering tax base erosion and profit shifting by

strengthening the rules that restricts multinational companies

from using excessive interest deduction to minimise taxable

profits in South Africa. While some companies will pay more

corporate income tax as a result of these measures, all

companies in South Africa will benefit from the reduced rate.

In this way, equity between smaller stand-alone companies and

multinational companies with operations in South Africa will

be improved as purely domestic companies do not have global

links, and that enable them to avoid profit shifting. South

Africa has also introduced a number of measures over the past

two decades to try and restrict profit shifting and base

erosion. Besides domestic measures, South Africa is party to

multinational tax processes and agreements that ... [Time

expired.] Thank you, House Chair.

The HOUSE CHAIRPERSON (Mr M L D Ntombela): The first

supplementary question will be asked by the hon Qayiso.

Mr X S QAYISO: Thank you very much, House Chair. Minister,

thank you very much for responding on the question asked

above. I just want to make a follow-up question. Given what



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some sectors of the society such as the organised working

class have termed an “investment strike” by Corporate SA and

the fact that previous government incentive schemes to

encourage companies that pay high dividends to their wealthy

shareholders to reinvest in the South African economy have

been lees successful. Now, my question is: “Is government

considering measures such wealth tax on the 354 000 wealthiest

individuals which could raise at least R143 billion as argued

by the Southern Centre for Inequality Studies based at Wits

University, if not, why not, if yes, what are the relevant

details?” Thank you very much, House Chair.

The MINISTER OF FINANCE: The hon member will know that in the

Budget Speech and Budget Review we have not made any reference

to the wealth tax. We are not necessarily saying that we will

not consider it if conditions permit. As things stand, we do

not know how many are these people and what is the extent of

their wealth. What we have introduces, which was not contained

in the Budget Speech, which you may find in the Budget Review

which is public, is some disclosure requirements which are

going to be required for people wealth above R50 million.

You made reference to 354 000 wealthiest individuals. I don’t

know how many people are candidates for wealth tax if we were



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to consider it. I don’t have the figures. But what we have

started doing is to introduce a disclosure requirement which

will help us to understand what is the extent of wealth, if

any, in this economy.

Dr D T GEORGE: Thank you, House Chair. As President Ramaphosa

correctly identified in his state of the nation address, the

business sector is the job creator in our economy, especially

small, medium and micro enterprises. The 1% reduction in the

corporate tax rate is a welcome step in the right direction.

It is hopelessly inadequate. Business, either local or foreign

will not invest in our economy unless it is attractive enough

to unlock the available cash reserves.

We agree with the Minister that an environment conducive to

business needs to be created. Has the Minister considered

involving a more attractive business ecosystem in South Africa

such as tax holidays and tax exemptions for business that

invest in economic enablers, such as infrastructure, energy,

water and education and dismantling tax barriers to domestic

savings outside of pension funds, and removing remaining

exchange controls? Thank you.



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The MINISTER OF FINANCE: All policy proposals to attract

investment in this economy are on the table. We are prepared

to consider a variety of those policy proposals. For instance,

gaiting government is making proposals for some incentives for

investing in the townships as part of their township economy

strategy. So, what I am trying to say is that all policy

proposals are on the table and are under consideration. I

can’t say no or yes to anyone. It is going to depend on a

number of issues. What impact it will make on the economy, and

what impact it will have on the fiscal framework, and so on.

However, I must add that the investment is a function of a

number of factors as I have said in my first paragraph in

answering this question. It is not only tax holidays alone, a

number of things are critical to infrastructure as part of

that, access to markets is part of that, skilled labour is

part of that. So, as part of promoting investment in this

economy, we are working on a variety of things and

instruments, including removing barriers and red tape as the

President has said. Thank you.

The HOUSE CHAIRPERSON (Mr M L D Ntombela): Who is taking the

third supplementary question from the hon Shivambu?



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Ms E N NTLANGWINI: It’s me again, hon House Chair.

The HOUSE CHAIRPERSON (Mr M L D Ntombela): Go ahead, hon

Ntlangwini.

Ms E N NTLANGWINI: Thank you. Minister, the EFF raised the

issue of aggressive tax avoidance, tax base erosion and profit

shifting in 2014. We made submissions to the Davis Tax

Committee, to the SA Revenue Service, Sars, and we even led

parliament to seriously engage base erosion and profit

shifting. We were hopeful when government took our

recommendations to establish a central agency that would co-

ordinate the work of Sars, the Reserve Bank, the Police, the

Financial Intelligence Centre and Home Affairs as far as the

border control is concerned. But it is clear that there is no

intention to deal with the multinational companies which are

all engaged in some form of aggressive tax avoidance and

illicit financial flows.

Is it not time, Minister, to move way from Sars voluntary

basis, and start prosecuting these companies involved in wrong

doing. We can’t be coming here year in and year out, talking

about this. It is time for action and it is time to prosecute



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all of these multinational companies that are just taking the

ship, and taking a plane with all of our monies. Please act.

The MINISTER OF FINANCE: Hon House Chair, I can say in brief,

as outlined in this presentation. I ran out of time when I was

on base erosion aspect, trying to clarify what actions we are

taking, together with international bodies such as the OECD

and we are party to those agreements. That is broader work

that we are doing in the legislative, I think we will be

coming back to Parliament on the legislative side if the hon

member will be pleased to know that. Lastly, I think that if

any evidence exists and it be submitted to Sars, I would

imagine Sars would move with speed in prosecuting such

companies. Thank you.

The HOUSE CHAIRPERSON (Mr M L D Ntombela): The last

supplementary question is from the hon Buthelezi.

[Interjections.]

Inkosi E M BUTHELEZI: Can I proceed? [Interjections.] Can I

proceed? [Interjections.]

The HOUSE CHAIRPERSON (Mr M L D Ntombela): Baba Shenge,

qhubeka [continue].



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Inkosi E M BUTHELEZI: Thank you very much. Minister, the

motive for the reduction in the corporate income tax was to

support economic growth and these changes are to be

implemented in a fiscally neutral manner through the

introduction of measures to broaden the tax base. Can the

Minister share details of these planned measures to broaden

the tax base over and above the obvious hope that the lower

tax will encourage additional investment. Thank you.

The MINISTER OF FINANCE: Sorry hon House Chairperson, I was on

mute. I said that in addition to reducing the corporate income

tax rate, we are introducing two other measures with the

increased tax base. One of these measures we said include

countering base erosion and profit shifting by strengthening

the rules and restrict multinational companies from using

excessive interest debt reduction to minimise taxable profit.

That is one instrument in that you therefore ... all of these

rules we are broadening the tax base and domestic companies

are not likely to pay more but multinational ones, precisely

because of what we introduced are likely to pay more.

So, all of that has broadened that base and ensure that there

is no tax avoidance. There are instruments which we have put

in place, which the hon member will soon get to know. We will



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outline that in detail in my reply which I am going to furnish

to the member as I have to stop because of time.

Question 184:

The MINISTER OF MINERAL RESOURCES AND ENERGY: House Chair,

strategic stocks are by their nature an insurance that the

country has to take in order to be able to respond to

catastrophic levels of petroleum sector.

In our view the current conflict in Europe and the impact in

the crude oil is likely to lead to such a catastrophe if

conflict doesn’t end soon. That’s why in the discussion with

the Minister of Finance one of the things we did was to give a

disclosure that [Inaudible.] 10 million barrels of oil in

strategic stock. So, whatever interventions are concluded they

will take into account that strategic stock.

The department believes that it is better to have a balance

between crude oil stocks and finished product stocks.

Unfortunately, at this point in time we are sitting with the

strategic stock of crude oil, we don’t have finished products.

And the shift towards refined products is more appropriate

given the change in the operating strategies in many refining

companies.



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The planned repurposing of one of the refineries as well as

the two refineries that are still out of commission has

exacerbated the need to move to refined products.

The Strategic Fuel Fund is tasked with investigating workable

modalities that will minimize the need for fiscal involvement

in such a transition to refine products in the short term.

Currently the plan involves using existing crude oil stocks

and exchange some of these into refined petroleum products. In

order to achieve this, the Strategic Fuel Fund will have to

acquire position existing storage terminals to allow for

rotation of refined products.

So, in brief, the strategic fuel stock is actually part of the

envisaged mitigation against high prices of petrol. Thank you,

House Chair.

Mr S LUZIPO: Hon Minister, considering that the duration of

the conflict is likely to have upside risk to the food price

inflation and high public transport cost, further eroding the

disposable incomes of the poor households.



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What is the department’s plan in the interim to find a

solution in the rise of oil prices? I thank you very much,

House Chairperson.

The MINISTER OF MINERAL RESOURCES AND ENERGY: House Chair, the

Minister of Finance raised the issue that in our discussion;

we are putting together a plan that is targeting April and

May. The reason for that is that it is anticipated that the

price of petroleum in April will go up by up to R2 and more.

So, the intervention is intended to mitigate the impact of

that increase. And May is the second month and hopefully by

the end of two months there will be direction taken in the

conflict itself; hopefully a solution being found in the

conflict.

What we are avoiding at the same time is to avoid creating an

impression that we can give up a lot of things and derail the

fiscal framework that was announced in Parliament. We don’t

want to do that. We want to intervene, mitigate against the

impact of the high petroleum price. Hopefully when there is

peace, prices will systematically come down. Then we can look

into other staggered interventions; they said strategic petrol

stock is one of that and many other interventions.



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But it is a plan that is short term in nature because we don’t

want people to have an issue when there’s that intervention.

As it is a culture in South Africa, you give a short-term

intervention then society demands that it should be permanent

and it can actually cause a lot of conflict in society.

I think the Minister of Finance estimated that if, for

example, we temper with taxes and levies it means R7,5 billion

per month and if we take if for two months it may be

R15 billon. And if it is extended beyond that it will begin to

temper with the fiscal framework as determined and presented

to Parliament. Thank you, House Chair.

Mr K J MILEHAM: Minister, amongst the things you are avoiding

is calling the situation in the Ukraine a war of Russian

aggression, but we’ll leave that aside for the moment.

Minister, this government has known about an impending fuel

crisis since at least 2007. In that year the Moerane

Commission issued a report which recommended, amongst other

things, the creation of a strategic fuel reserve of refined

petroleum products.



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Will you enlighten this House as to exactly how many days

cover of refined petroleum products we have if supply was

disrupted?

Why the recommendations of the Moerane Commission have not

been implemented?

And why South Africa has no strategic fuel reserve of refined

fuel products? Thank you, House Chair. [Applause.]

The MINISTER OF MINERAL RESOURCES AND ENERGY: House Chair

[Interjections.] because I’m ... [Inaudible.] ... I’m very

allergic to howling and my mother taught me if you shout at me

you make me stupid; so, I’m avoiding that.

Firstly, it’s quite a good question Mr Mileham, except that

you asked that question at the wrong time when there’s a

crisis facing the country now because of the Russian-Ukrainian

conflict. Now, we are applying our minds to deal with

solutions in respect of the short-term crisis that we are

facing, then the other policy solutions will be attended in

due course.



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Secondly, the Moerane Commission report will be looked into

and be followed. But at this point in ... now, wait, wait,

lower your hands, lower your hands ... it will be followed and

looked into if it is still applicable.

What is important now is to deal with the question of sharp

increases in petroleum price because when people go to petrol

stations, that is what they understand, is the price of

petrol.

So, we are working on mitigating implementation formula in the

short-term then we’ll apply our mind to policy. Minister of

Finance talked about looking into the formula of calculating

the petrol price. It’s there, we are looking into it but it’s

a long-term solution, it’s not mitigating the crisis that is

confronting the country today. We are applying our minds to

deal with the crisis confronting the country today then apply

our minds to long-term issues. Thank you, House Chair.

[Applause.]

Mr K J MILEHAM: House Chair, our question was not answered.

[Interjections.] My question was: How many days cover of

refined fuel products do we have in South Africa?

[Interjections.] I didn’t ask anything about fuel prices.



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The HOUSE CHAIRPERSON (Mr M L D Ntombela): Hon Mileham, the

Minister has answered to your question. If you are not happy

with the answer you know what the processes to follow.

Shall we continue? Hon Madokwe, you are next!

Ms P MADOKWE: Minister, shortly after the conflict in Russia

and Ukraine escalated, government scrapped around to respond

to the looming fuel crisis. The reality is South Africa is

still sitting with an elephant in the room, the aftermath

resulting from the sale of the strategic fuel stock, with no

one held accountable to date, rundown facilities, the closure

of refineries which are crucial to the country right now and

we simply increase the price of fuel to the detriment of our

people.

How, in addition to the commitment of the 10 million barrels,

does your department intend to ensure adequate supply of fuel

for South Africans should the conflict take longer than the

projected two or three months? And do these plans include

actions around Project Mthombo?

The MINISTER OF MINERAL RESOURCES AND ENERGY: House Chair, I

love Mr Mileham because he has a thin skin, he jumps around



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and complain all the time, raised hands, which doesn’t add

value to any discussion of policy. It doesn’t add any value.

You can jump and ... leave the days. [Interjections.]

Firstly, what is important is that strategic fuel has been

recovered, we are having our 10 million barrels of crude oil

back in our control.

Secondly, the fact that at this point in time we don’t have

stock of remind petroleum in the strategic fuel is a different

matter that we’ll look into moving forward.

Strategic stock is not a supply of petroleum; it is an

emergency stock that should be used when there is a crisis and

we are looking into it now because there is a crisis.

So, that’s why we say if we want to intervene effectively

we’ll have to take that strategic stock to identified

refineries to refine it and get it into the market. Thank you,

House Chair.

Dr W J BOSHOFF: Hon House Chair, the cost of South Africa

being without petroleum was calculated in 2010 at being about

R1 billion per day, which is probably the best argument for a



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strategic stock reserve only to be released in case of a

disaster declared by the Minister. Now, that’s just a little

bit shaky because this government tends to call things

disasters which don’t seem like disasters for everyone. But

let’s agree that the war by Russia in Ukraine is a disaster to

be dealt with.

Now, the ... [Inaudible.] ... levy on the retail fuel price

and there are growing indicators that green hydrogen can,

within the next few years, become competitive with fossil

fuels and that is the reason why Cabinet approved the hydrogen

society roadmap. However, the whole ... [Inaudible.] ...

programme of the Department of Science and Innovation dealing

with energy and hydrogen has to get along with the budget of

less than R200 million per annum.

We did not benefit the goal of the strategic stock reserve, to

set aside one of those cents per litre to finance a more

aggressive pursuit of hydrogen power [Time expired.]

The MINISTER OF MINERAL RESOURCES AND ENERGY: House Chair, I’m

not sure if I have the authority to declare disasters, doesn’t

fall in my portfolio. [Laughter.]



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Firstly, we are dealing with a disaster that we are

confronting because the market behaves in a particular way.

When there’s a conflict between Russia and Ukraine it impacts

on the overall market and that market impacts on our situation

and we have a responsibility to deal with that disaster; not

declared by me but as the consequence in the Russia-Ukrainian

conflict. So, to say it is a disaster declared by Minister I

think it’s a misnomer.

Secondly, all the other interventions like your green hydrogen

and many other interventions in the energy space are part of

the policy that is unfolding. That’s why you’ll find out that

there is a green hydrogen project that is underway. For

example, Industrial Development Corporation, IDC, and Sasol

are having a massive programme in that regard. Anglo Platinum

is involved in that programme. There are quite a number of

initiatives. But those initiatives are not going to resolve

the crisis we are facing today. We must deal with this crisis

as we unfold our new policy options to deal with our energy

situation as a country. Thank you, House Chair. [Applause.]

Question 185:

The MINISTER OF MINERAL RESOURCES AND ENERGY: Thank you, hon

House Chairperson. The department believes that a burning



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diesel to generate electricity is not sustainable – generally.

We have, as government, invested in gas infrastructure

together with Mozambican government. For example, we are today

jointly 80% shareholder of the Republic of Mozambique Pipeline

Company, Rompco, pipeline from Mozambique to South African. We

have increased our stake in the Rompco pipeline to bring gas

from Mozambique to Mpumalanga and our own shares is 40%,

another 40% is held by Mozambican government. This will enable

any company that wants to bring gas into the country to do so

using existing infrastructure. In addition, the government

through the Central Energy Fund, CEF, has issued a request for

proposal for the gas aggregator which will partner with CEF to

procure gas for the Coega liquefied natural gas, LNG,

terminal. This will ensure that molecules of gas are available

use in Coega area.

SFS has applied for section 79 in terms of the Ports Act. This

will enable SFS to be an anchor for any LNG infrastructure

that is constructed in the Coega special economic zone, SEZ.

We also intend to finalise discussion with Total energy to

unlock the gas that has been found in Southern Cape. The

discussions are at an advanced stage and when finalised could

see gas flowing into the Mossel Bay area to enable Gourikwa

gas plant and the Petroleum Oil and Gas Corporation of South



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Africa, PetroSA, gas-to-liquids, GTL, plant and any other new

power plants in the area before the end of the decade.

Therefore, is a medium long-term plan. However, we are working

on that plan. That’s where we are.

Mr M J WOLMARANS: Thank you, House Chairperson and thank you,

hon Minister, for the response. However, given that the gas

industry is yet to be fully implemented and subsequently also

accelerated and the fact that the drastic increases in the oil

prices would likely to expose Eskom to unprecedented load

shedding which has impacted negatively already on the

households and businesses. To what extent with what

consequences will the renewable energies provide a buffer

energy against the possible load shedding, taking into account

the uncertainty of the duration of the conflict we are seeing

now?

The MINISTER OF MINERAL RESOURCES AND ENERGY: Thank you, House

Chairperson. Gas industry is unfolding. We swam against the

stream of people who does declared the war on anything that

looks like fossil fuel, and therefore declared their interests

in destroying gas industry. Now, I’m sure many of those and

now disappointed that Europe has labelled gas and nuclear as

part of the green transition, because that opens that space to



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appreciate that transition is not an event, but a journey that

we must navigate through as a country. Therefore, the gas

industry will be with us in the transition in a big way. The

renewable energy I’m sure when we are answering questions,

during the state of the nation address, we explained that with

all the other interventions that we have made, we have just

approved a bid window 5, which is 2 600 megawatts.

We are now putting out a request for proposal for bid window 6

which is another 2 600. Before the end of this year we will

put a third bid, bid window 7, which is another 2 600. If you

calculate, it doesn’t need mathematics, it just needs

arithmetic, and it will give you a total of 7 800 megawatts in

the pipeline. That is what we are doing and that is

acceleration of the implementation of the renewable energy

programme. However, what we are not closing our eyes to is

that the renewable energy must be supplemented by other

technologies and we are actually actively managing that ...

[Inaudible.]

Mr K J MILEHAM: Thank you, House Chair. Minister, the real

challenge of converting to a gas to power solution are there

as a transitional technology or as a long-term source of the

electricity, lies in our ability to source store transport and



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utilise gas resources. Now, given that South Africa currently

has very limited proven gas resources and our major sources

supply Mozambique, there gas resources are currently in an

area of conflict and dispute. Where will we get this gas from

in the short-term? How will it be delivered and stored in

South Africa, and what have you done to secure the necessary

environmental and put authorisations to make gas to power a

reality? Thank you.

The HOUSE CHAIRPERSON (Ms M G Boroto): May I remind members

that according to Rule 142 you know that you can’t ask more

than one supplementary question. You may proceed the hon

Minister.

The MINISTER OF MINERAL RESOURCES AND ENERGY: Gas

infrastructure is being developed. Now, I always remind my

friend there, Mr Mileham, that when we introduced renewables

here we had no infrastructure. That’s why it was so costly.

Bid window 1 costs us R5,24 a unit; bid window 2, R2,94 a

unit; bid window 3, R1,74 a unit; and bid window 4, R1,07 a

unit. We are not complaining about that because it was a

premium that we had to pay to bring a technology into the

economy. Therefore, another technology will have invest in the

infrastructure, and I’m sure you listened very carefully when



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I talked about LNG infrastructure in Coega. We are working on

that and there is private LNG infrastructure in Richards Bay.

We have just introduced a mini LNG structure in Saldanha.

Therefore, that infrastructure will facilitate development of

the gas sector as an economic sector, and we are quite

enthused about it because it is quite important to have that

infrastructure, because if we don’t have that infrastructure

we will have to import the infrastructure. That’s why even

the issue of the SA Petroleum Refineries, Sapref, is subjected

to a discussion that is very involved today and say we can’t

collapse Sapref at this point in time because we need internal

refining capacity in addition to our ability to import refined

products. Therefore, the point I make here is that

infrastructure is developed, infrastructure doesn’t fall from

the sky, and you will have to invest in it and develop it.

[Applause.]

Ms P MADOKWE: Thank you very much, House Chairperson.

Minister, the recent discoveries of gas around South Africa if

properly managed would be highly beneficial for South Africa

which is currently highly reliant on imported oil and gas.

Multinational co-operations that have created their nation’s

wealth by looting African resources are the main players in



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this conversation and stand to benefit most from the scourge.

What are you doing in your department to protect our natural

resources and guarantee that every drop benefits our people

and our country, and that gas infrastructure and technologies

is locally produced? It cannot be right that foreigners can

grab our resources simply because they discovered them.

The MINISTER OF MINERAL RESOURCES AND ENERGY: One of the

issues that enthuse me is the discovery of gas in our shores,

whether it is in Southern Cape, whether it is in the Karoo in

the form of shale gas, and whether it is prospects of

discovering in the West Coast or Wild Coast, all that

encourages me because I think it will save us from importing

all the basic input to the economy. Now, I’m not one of those

people who see foreign investment as an enemy of the country.

I don’t see that. I want investment in the country, direct

foreign investment is part of the necessary elements of

increasing investment in the economy. Once there is investment

in the economy then you are having space to have a number of

options that you can follow.

Therefore, the reason that I’m not an enemy of foreign direct

investment is because all my working life I worked for

companies that are regarded as foreign. Your Anglo American



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though it was formed by South African mining, it is seen as

foreign because it is seen as white monopoly capital. I don’t

see that and I see it as the necessary company that should be

here and that must stay here. I see companies needing to

invest in our economy for our economy to grow. In this day and

age equity holding have no home because you list a company in

the stock exchange and many shareholders from various

countries buy the shares. So, it’s quite a strange philosophy

that foreign direct investment is the enemy, is not the enemy

it must be attracted and we must encourage our own people to

invest in companies that are active in our economy more and

more. Thank you.

Mr N SINGH: Thank you very much, hon House Chairperson. Hon

Minister, you are quite enthusing today. Therefore, I think we

all feel very enthused, and you used the word twice, when we

can move from the ratio of using coal to provide energy which

is 89% compared to gas which is 3%. Now, hon Minister, you’ve

spoken about the importing of gas and our shareholding in the

Mozambique pipeline. What I like to know the direct question

is of the R8,5 billion soft loan that was granted by rich

countries at the Conference of the Parties, Cop 26, in

Scotland. Has there been any thought amongst the Ministers who

are dealing with these funds to utilise part of that funds to



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further develop gas pipelines and use gas as a source of

providing energy? Thank you.

The MINISTER OF MINERAL RESOURCES AND ENERGY: I’m sure hon

Singh knows that I’m not one of the people who think that coal

must disappear yesterday. I know that it is here and it will

be here for a long time with us. I’m a believer that

transition must be managed systematically. That’s why one of

the correct outcomes of Cop 26 is phasing down rather than

phasing out. Therefore, that tells us that we must be

systematic and be step-by-step - I believe that in coal. That

as a reminder you know I don’t know if you know that the

R8,5 billion was R131 billion at the time it is, this week is

about R128 billion – this week in terms of the exchange rate.

Coal in 2021, had a turnover of R130 billion. So, is not a

mickey mouse sector, it is a big sector, it makes money, it

generates income, and it sustain the number of people.

Therefore, I don’t want to get into the argument about the

money because it’s not in my portfolio. My understanding is

that that is in the portfolio of the Minister in the

Presidency - that’s where Mr Mminele is. Mr Mminele who is

heading that is working in the Ministry or in the Presidency.

Therefore, I don’t want to temper with it because tempering



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and stampede on activities totally disorganise activities. So,

we allow it to happen and we must be consulted from time to

time, but appreciate that the responsibility is in the

Minister in the Presidency. [Applause.]

Question 207:

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you, hon

Chairperson. My reply to hon Cardo is as follows; the list of

people who were involved in the development of the Draft

Labour Migration Policy is very long. I don’t think it will do

justice in mentioning every individual who participated in the

process.

The Draft National Labour Migration Policy is a product of

extensive consultations among the senior management of the

Department of Employment and Labour, the Employment Services

Board, the Director-General Technical Committee, the Inter-

Ministerial Committee on Migration covering 12 departments

that was appointed by the President and co-chaired by myself

and the Minister of Home Affairs. The International Labour

Organisation, ILO; expert based locally and in Geneva; the

technical support that was provided by the department in the

form of Professor Marius Olivier; and Professor Paul Benjamin

from Cheadle Thompson & Haysom Inc.



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The draft policy was subjected to the socioeconomic impact

assessment system. The Director-General’s Economic Employment

and Infrastructure social cluster, the Cabinet Committee on

Economic Employment and Infrastructure, and the Cabinet as a

whole. So, we do not have the records of the proportions of

the salaries that each individual who participated at

different stages of drafting the policy would have earned

during this time or they spent in those sessions. The cost of

the provision of the special assistance to them was a private

and confidential matter between the International Labour

Organisation, ILO, and Professor Olivier after we submitted

our request. The Cheadle Thompson & Haysom attorneys were

appointed by Dell at the cost of R2,7 million spread over 18

months on this particular project. Thank you.

Dr M J CARDO: Thank you, House Chair. Minister, one of the

recommendations contained in the National Labour Migration

Policy is the introduction of employment quotas for foreign

nationals in certain sectors of the economy. Now, the correct

term for this practice is job reservation, an old apartheid

era practice that was tossed into the dustbin of history in

1979, long before apartheid itself was toppled. Minister, do

you support a return to apartheid era job reservation? If not,

why does the National Labour Migration Policy advocates



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employment quotas for foreign nationals in certain sectors of

the economy?

The MINISTER OF EMPLOYMENT AND LABOUR: It might sound so but

it’s not. The apartheid policy was racial this is not racial.

This is about protecting the interest of the South Africans. I

know the reason why you are coming up with this matter, it is

because most of the employers who want to exploit cheap labour

are the ones who want this particular practice to continue.

That’s the issue and the reality is that we cannot be mum and

not respond to the complaint of our people in the country.

However, what we will not do is to deal with this matter in a

reckless way. We have to deal with this matter in a proper way

by respecting the human rights for all. For that particular

matter, this is happening in many countries in this particular

continent. Thank you.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, if you can

listen to yourselves we can’t even hear the Minister very

well. We have said it many times that those who don’t come to

the House, please, know this House is small for you to be

shouting at each other. We proceed.



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Ms A S ZUMA: Thank you, Chairperson. I will take on behalf of

hon Dunjwa. Notwithstanding that the National Labour Migration

Policy is still being processed out there, but the question

has been asked on it here, interestingly only just money,

nothing else. Minister, I am interested on key features of the

National Labour Migration Policy and the challenges that they

are trying to solve. What are they? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you Chairperson

and thanks to this follow-up question on the key features. The

proposed draft National Labour Migration Policy and proposed

Employment Services Amendment Bill are part of this

government’s Medium-Term Strategic Framework interventions,

that are central to realising the growth objectives. They also

contribute to other objectives relating to relations with the

neighbouring countries, the region and the world National

cohesion, social and economic stability and trade relations.

We are not an island. So, we are part of this global system.

So, this draft Labour Migration Policy, firstly, fulfils South

Africa’s commitment made at the level of Southern African

Development Community, SADC, the Southern African Development

Community, SADC, employment and labour sector to develop in

the adopt Labour Migration Policies by the end of 2019.



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Secondly, there is a need to provide guidance to the

Department of Employment and Labour, the Department of Home

Affairs and other government departments on the desire to

policy framework applicable to labour migration in South

Africa. Thirdly, it provides evidence-based labour migration

approach in a range of related areas; recruitment, data

requirements and labour migration to and from South Africa,

which has been either insufficient or absent.

Fourthly and lastly, it provides guidance on the appropriate

legislative framework to accompany the policy. In the fifth

and the sixth instances, it provides for improved labour and

social protection of migrant workers to and fro South Africa.

You must not think that it’s only people, it is inward

migration. We have a lot of South Africans who go into other

countries who also must be protected. It provides the clear

policy direction on the regulatory provisions, the

operationalisation and the framework for South Africa’s

responses to the African Union, AU, and Southern African

Development Community, SADC, regional instruments in the

making and recently adopted ... [Time expired.] ... Thank you.

Ms C N MKHONTO: Thank you, Chair. Minister, firstly, is the

department under any pressure to develop this policy as a



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result of the growing xenophobic sentiments in the country and

is your development of this policy not an encouragement to the

xenophobia out there? Secondly, why have you not seen it fit

to develop internal capacity within your department to write

policies of this nature instead of outsourcing it to private

individuals? Thank you, House Chair.

The MINISTER OF EMPLOYMENT AND LABOUR: If the hon member

listened carefully the people whom I have listed here, 95% if

not 98% are in the departments, different departments.

However, the reality was that this is a complex legal and

constitutional matter. We’ve had to consult with the

constitutional experts and the legal experts in labour

relations on this matter. The only person who came from

outside and not even paid by us who’s an expert in this

particular field, I’ve told you that it is Professor Olivier

who was also sponsored by the International Labour

Organisation, ILO. So, there is no question of consultant

here. This process was led by the deputy director-general,

DDG, in the department.

To say are we under pressure? We have to respond to the

expectations of our people in the midst of high unemployment.

We can’t just keep quiet when many sectors call it



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agriculture, security, retail and many sectors, when you find

that in some of them 90% of the people they are employing are

the people who are coming from outside. For that matter, they

are distorting the labour market by not sticking to the

agreements and including the basic conditions of employment.

And, we can just keep quiet, we have to respond. So, that’s

why we are responding to those issues. In fact, by coming up

with this approach we are trying to regulate it so that we

deal with the xenophobia. We are trying to stop xenophobia and

come up with a regulated approach. Thank you.

Mr N SINGH: Thank you very much, hon House Chairperson. I have

a question here from hon Nqcobo who sits on this committee,

but I am going to put that aside and ask my own question. Hon

Minister, you are aware that the IFP has got a Private

Members’ Bill on the Table, where we also are proposing that

in areas where South Africans can perform certain functions

truck drivers, restaurant workers, etc. menial jobs that the

larger majority and percentage of those jobs should go to

South Africans.

Now, we don’t find that happening. If you go to the Western

Cape and many of us, if we have a chance to go to the

restaurants, we find that many of the people employed there



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are foreign people, doing jobs which I think South Africans

could do. So, do you agree that there needs to be this kind of

regulation so that we can protect the interests of South

Africans and reduce unemployment? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Definitely, hon Singh,

we will listen and interact with the Private Members’ Bill

what it proposes. However, also we must be very careful,

looking at the Constitution where we cannot ban people. There

are refugees who would be here legally and in terms of the

international protocols, which we have signed as a country,

they have a right to look for economic activity in order to

sustain themselves. So, we can’t ban them but we can be able

to regulate that.

I think many countries are following what you are proposing.

It’s something which we will have to analyse but we know that

there are constitutional implications. That’s why I said we

had to consult the constitutional and labour experts in order

to ensure that we do not violate our own Constitution and they

warned us about that. You can regulate it and put quotas but

you can’t ban it. However, very interesting, the point you are

emphasising is the practice of the Western Cape which always



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portrays itself as a good province when it is living on

expectation. Thank you.

Question 231:

The MINISTER OF MINERAL RESOURCES AND ENERGY: Hon Chairperson,

the question is multifaceted in that it talks about continued

use of fossil fuel for energy generation; and then it talks

about Western environmental consciousness of convenience with

genuine climate change concerns and the government’s

commitments at the conference. In other words, it says fossil

fuels are used in developed economies but we are told to leave

them yesterday. The reality of the matter is that the matter

referred to in the question should be addressed to the

Department of Forestry and Fisheries and Environmental

Affairs. I am referring it to Minister Creecy right here. The

department is better placed to provide leadership in

environmental management ... [Interjections.]

Ms E N NTLANGWINI: On a point of order, House Chair. On a

point of order, House Chair.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini.



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Ms E N NTLANGWINI: This question was placed long ago on the

Question Paper. For the Minister to even come here to this

House and say it must be referred to another department and

even make a joke about it ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini.

[Interjections.]

Ms E N NTLANGWINI: ... is really ridiculous. We can’t be

sitting here until six ό clock ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini.

[Interjections.]

Ms E N NTLANGWINI: ... for a man to come and just stand up and

say it’s going to be referred.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini.

[Interjections.]

Ms E N NTLANGWINI: No, man. No, man! Come on!

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini, we

don’t want that argument. The hon Minister is still on the



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floor. Allow the Minister to give the response. Proceed, hon

Minister.

The MINISTER OF MINERAL RESOURCES AND ENERGY: You know,

superiority complex gives you a right that you don’t have that

there’s a monopoly of wisdom, and therefore stop everybody

else who doesn’t say what you want to hear. It is quite a

terrible disease which requires to be treated seriously.

[Interjections.]

Ms E N NTLANGWINI: Easy now, tiger.

The MINISTER OF MINERAL RESOURCES AND ENERGY: The department

is better placed to provide that leadership there. But what is

important is that we take an active interest in the unfolding

developments and discussions on just transition which are

beginning to take good shape for us to manage the transition

systematically and proactively. We are part of that and we

agree with it. Developments in the EU confirm that the need

for being systematic is to get a nuclear now and be labelled

as part of the green transition. They were regarded as fossil

fuel that must not be touched. They were not even accepting

nuclear as being part of the green transition. Now, that is

changing.



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I think the pressure from the Russian/Ukrainian conflict is

actually putting new pressures in a sense that the demand for

coal has increased particularly from the EU and from us.

Therefore, that demand tells that we must be more systematic

in managing the transition and not be fashionable. That is

where we are but I think the bigger part of the question

should go to my colleague there. She is accepting that. Thank

you very much.

Ms P MADOKWE: House Chair, the ֆ8,5 billion pledged in

response to South Africa’s commitment to move away from coal

only covers a portion that we will need to fully transition.

Despite the fact that there are actual climate change problems

that must be addressed, the reality is that this agreement is

imperialist in character since it requires developing nations

to suffer expenditures by transitioning in a short space of

time, thus trapping them in a cycle of poverty and reliance on

foreign aid. What factors influenced South Africa’s decision

to enter into such a ludicrous agreement that will cost the

country more money and strangle the coal industry? And where

is a plan to raise the money to satisfy this obligation when

it can barely find enough money to fund basic service delivery

commitments it made years ago?



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The MINISTER OF MINERAL RESOURCES AND ENERGY: The follow-up

question confirms my submission for which I was shouted, that

a person who can deal with this issue competently is the

Ministry in the Presidency. Now, I’m shifting it from the

Minister of Forestry and Fisheries and Environmental Affairs

because the person employed to deal with financing transition

is located in the Ministry in the Presidency. But I think the

content of what should be debated here is still in the

Department of Forestry and Fisheries and Environmental

Affairs. I am making that submission.

It is helpful sometimes to be humble enough to know what is

not in your portfolio and not pretend as if everything is in

your portfolio. It is not in my portfolio. But the reality of

the matter is that coal must be phased down. It must be

managed carefully. It must continue fulfilling the market

demands and in terms of the International Association for the

Evaluation of Educational Achievement, IEA Research, coal

demand will be growing up to 2024. Our coal miners must

actually exploit that opportunity fully and not be engaged in

a premature destruction of an industry that is actually a

healthy industry. That is our submission in this regard.

Mr T M LANGA: That guy is not responding to questions.



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The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Langa, do you want

assistance?

Mr S LUZIPHO: Thank you, hon Minister. In view of South

Africa’s commitment to the Paris Agreement on Climate Change,

what plans does the department have in place to strike a

balance between tackling emissions to help the country to

transition in a flexible manner towards a low-carbon

situation, being cognisant of the fact that the coal industry

remains one of the mainstays of South Africa’s energy basket

as well as a strategic centre, as far as job creation and job

security are concerned? Thank you very much, House

Chairperson.

The MINISTER OF MINERAL RESOURCES AND ENERGY: South Africa is

a signatory to the Paris Agreement. It is not portions of

southern governments that are signatories. It is the South

African government that is signatory to the Paris Agreement.

Moving from high-carbon emission to low-carbon emission is a

commitment that is undertaken by the country – everybody. We

are part of that but the reality of the matter is that we must

manage that transition carefully, and be pragmatic in managing

it. That’s our argument. Coal is around and it will be phased

down.



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The reason that we invested in the Rompco pipeline and

continue to want to invest in gas is that, we think that, if

Rompco pipeline is used optimally, repurposing some of the

coal fire power station to gas power station and therefore

replace coal turbines with gas turbines, will be a

contribution in managing that transition. There are quite a

number of transitional interventions that are necessary.

However, one of the issues when people talk about close coal

now, I always invite them to visit with me and we just travel

from Wilma to Delmas, Belfast to Delmas, and see the real

impact of coal mining and coal-generated power in a stretch -

one stretch from Belfast to Delmas. Many people don’t care

about that and they talk about numbers. I am saying, let’s

talk about people and communities.

Mr K J MILEHAM: Minister, I saw how adeptly you dodged my

previous two questions. Hopefully, I can get a straight answer

from you this time and it does fall directly in your

portfolio. Given that we have a crisis of electricity supply;

the fact that we have committed to the Paris Agreement; and

that we have submitted our own nationally-determined

contributions to the United Nations Framework Convention on

Climate Change; and given that Bid Window 5 was massively



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oversubscribed – there were 102 bidders offering 9 600

megawatts of electricity of which government procured 2 583

megawatts from 25 bidders at a price well below what Eskom is

offering, my question to you is very simple, Minister. Will

you raise or remove the curb on renewable energy in the

Integrated Resource Plan, IRP? Currently, it sits at 1 000

megawatts for solar and 1 600 megawatts of wind per annum.

Will you raise or remove that curb in order to speed up our

transition and bring new generation capacity on line? And if

not, why not? Thank you, Chairperson.

The MINISTER OF MINERAL RESOURCES AND ENERGY: Any government

that has no policy framework will do trial and error. But when

there is a policy framework, you execute to implement that

policy framework. That’s why implementing the Bid Windows

religiously is about execution and compliance with the

framework that is determined and tested. It is assumed that,

if you remove them, there will be oversubscription.

You know, this time last year, Mr Mileham - I want to remind

you - you were all on our case that, if you deregulate

embedded generation from one megawatt to 100 megawatts, there

will be a flood of applications. A year later, we have not

registered a single application - not one. We are encouraging



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companies particularly mining companies to do apply and use

that opportunity.

So, sometimes this assumption that, when you make a policy

amendment, there’s going to be a flood, it doesn’t work in

real life. If you have ever managed anything, you will know

that. That stream – you will know that. You will need to

actually manage that. What is nice about Bid Windows being

implemented is that they constitute contracts and commitments.

They are not like free deregulated space in energy. Once you

supply there, you are committing and therefore we monitor you.

We can be ensured that you do implement what you committed to

... [Inaudible.] ... to it.

Therefore, removing the gap maybe is necessary but from where

I’m seated, I want to see that 7 800 megawatts being

implemented. Then, I will know that we are making progress

because 7 800 megawatts are about the size of actually two and

half power stations currently. If we can build those in the

framework that we have set, we will be making progress because

...

*IsiXhosa*:

... awekho amandla angoko nangoko. Amandla ...



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*English:*

... once you approve a framework, they build infrastructure,

they generate, and they connect to a transition. So, sometimes

this thing of imagined instant energy doesn’t work in real

life. [Applause.]

Mr N SINGH: Hon Minister, I agree with you that the money that

is going to be made available resides within the Ministry in

the Presidency. But there is no doubt that Cluster of

Ministers who sit here will to a large extent influence how

that money is going to be spent. I think we have to take that

into account as well. It has also been said, hon Minister. I

read somewhere that somebody said the energy sector is

dominated by the use of coal because it is plentiful and

cheap. It may be plentiful and cheap but cheap for whom? Cheap

for the people who are producing energy but costly to those

people who are living in Mpumalanga and other areas, who are

affected by these obnoxious gases all the time. My question to

you, hon Minister, is: Has there been a study done that, as

you manage this transition and phase away your coal mines,

those workers who are employed in that industry be trained to

do something else within the renewable energy sector; and

those who cannot be trained, there should be a safety net

provided for them in terms of income by government? Has there



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been that thought amongst that Cluster of Ministers? Thank you

very much, Chair.

The MINISTER OF MINERAL RESOURCES AND ENERGY: I am one of the

victims of having been a coal miner. As a coal miner, I am

still guilty that I was a coal miner. I think I made a

contribution. Energy dominated by coal is not an accident of

history that we need to wipe out as quickly as we can.

We developed Eskom in 1923. It has been the primary and only

energy supplier entity in the country for almost a century. To

move from that to a new design of energy supply, must be

managed properly. So, we don’t have coal that is dominating by

accident or is an accident of history. It was built in 1923

and continued to supply energy in the 1990s.

Not many centuries ago, that entity called Eskom was supplying

one of the three lowest-cost energies in the world. So,

sometimes when you want to change the direction of history, we

have this thing of wanting to curse what has carried us over a

long period of time. We can’t curse coal because it carried

us. Now, there’s pressure to move from high-carbon emission to

low-carbon emission. We must commit to that and implement



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programmes that will do that. There are workers and

communities there.

That’s why I am saying, in actually phasing down coal use, we

must repurpose some of the power stations. I am saying gas is

such an alternative. Renewables are such an alternative and in

the process, workers should be absorbed in those. But it

should go beyond that and develop an alternative economic

framework for the area because, in the area where I stayed for

a number of years, the Delmas to Belfast area is much bigger

than what you see in the Newcastle-Vryheid area. It’s massive

and we must apply our minds in absorbing those workers and

those communities. Protect them.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, the time

... [Interjections.]

Ms J TSHABALALA: Hon House Chair ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Okay. Can you ...

Minister, can you switch off your mic, please? Is there

something?



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Ms J TSHABALALA: Yes. Hon House Chair, I rise on Rule 64 on a

point of order. I don’t know if you want to conclude or you

would allow me to raise it.

The HOUSE CHAIRPERSON (Ms M G Boroto): Okay. Please do before.

Ms J TSHABALALA: Thank you so much. House Chair, I rise on

Rule 64 like I said, on conduct of members. Conduct of members

is explicitly clear that members must at all times accord the

Presiding Officer of the National Assembly and members with

due respect and conduct themselves with dignity with decorum

of the House and are required to enter and leave the House

with decorum. I’m just quoting point one. The reason why I am

rising is that, when we started, hon MacGluwa did raise a

point of order around hon Paulsen who had switched on his

video on virtual and was smoking some substance. Hon Deputy

Speaker could not rule on it because he was not aware of what

was happening on virtual. There is a video trending as

evidence on social media. Parliament also utilises social

media as formal communication. We have a country and an

obligation that is following us. So, we want to raise it and I

want to raise it with you that, as a presiding officer, Madam

Chair, can you go back and look at that video, and also

subject this member to the Ethics Committee? You need to come



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to this House and rule on it because you need to rule and make

sure that we adhere to the conduct and decorum of the House.

[Applause.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Okay. Thank you.

Ms E N NTLANGWINI: On a point of order, House Chair.

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

Ms E N NTLANGWINI: On a point of order, House Chair.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini, may I

respond to the hon member first.

Ms E N NTLANGWINI: Okay.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, you are

aware that at the time, as the hon member is saying, there was

the Deputy Speaker on this chair and there was a point of

order. Now, you have evidence of what you are talking about. I

cannot rule and I cannot take it to the Ethics Committee but I

will refer and take it back to the Deputy Speaker who will

decide on the matter.



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Mr M N PAULSEN: Chairperson.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini. Hon

Ntlangwini first, hon Paulsen. If you can allow her unless she

gives you the opportunity. But on this matter, I have ruled. I

am not going to entertain anything on this matter. Hon

Ntlangwini, may I hear what you want to say.

Ms E N NTLANGWINI: Thank you very much, House Chair. I wanted

to speak before you make the ruling. House Chair, there have

been many other members doing ... and I am not condoning what

the hon Nazier has done but ...

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

[Interjections.]

Ms E N NTLANGWINI: Wait. Here me out.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini, may I

stop you just there. [Interjections.]

Ms E N NTLANGWINI: I am not condoning what he was doing. It’s

very wrong. However, ...



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The HOUSE CHAIRPERSON (Ms M G Boroto): I am not ruling.

[Interjections.]

Ms E N NTLANGWINI: She must go and fetch all those people who

have been seen even naked on videos here.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini, will

you please stop! [Interjections.]

Ms E N NTLANGWINI: Stop being a hypocrite!

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini, please

stop!

Ms E N NTLANGWINI: Stop being a hypocrite!

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Ntlangwini, please

stop! On this matter, I have ruled and that is what I have

said now. I will take it back to the Deputy Speaker. I am not

going to allow anything on this matter. Hon members ...

[Interjections.]

Ms E N NTLANGWINI: We want all of them who have been at ...

[Inaudible.] ... and naked to go to the Committee.



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The HOUSE CHAIRPERSON (Ms M G Boroto): Outstanding replies

received will be printed on Hansard. Thank you. The House is

adjourned.

AN HON MEMBER: Chairperson.

AN HON MEMBER: Long live, madam!

The House adjourned at 18:12.

