**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 1**

**WEDNESDAY, 4 MAY 2022**

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***PROCEEDINGS OF THE NATIONAL ASSEMBLY***

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The House met at 15:00.

House Chairperson Mr C T Frolick took the Chair and requested

members to observe a moment of silence for prayer or

meditation.

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

Order! In the interest of safety ... Order hon members! In the

interest of safety ... Hon members, the House has started its

proceedings. It’s now time to end your bilateral discussions

and to take up your seats. Please keep your masks on and

restrict your movement as far as possible. Stay in your

designated area. You are requested to sign the attendance

slips that have been provided on the desks in front of you.

The only item on today’s Order Paper is Questions addressed to

the Ministers in Cluster 5: Economics. There are four

supplementary questions on each question and parties have



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 2**

already given an indication of which question their members

wish to pose a supplementary question on. Adequate notice was

given to parties for this purpose. This was done to facilitate

the participation of members who are connecting to the sitting

through the virtual platform. The members who will pose

supplementary questions will be recognised by the presiding

officer. In allocating opportunities for supplementary

questions, the principle of fairness, amongst others has been

applied. If a member who is supposed to ask a supplementary

question through the virtual platform is unable to do so due

to technical difficulties, a party Whip on duty will be

allowed to ask the question on behalf of their member. When

all supplementary questions have been answered by the

executive, we will proceed to the next question on the

Question Paper.

The first question has been asked by the hon Mangcu to the

Minister of Transport. I have been informed that the Minister

will be answering questions here from the Chamber. The hon

Minister? The hon Minister of Transport? May I request the

Chief Whip of the Majority Party to ascertain the movements of

the Minister because this session was set down specifically

for questions to Ministers and we expect Ministers to be

present when they indicate that they will be in the Chamber.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 3**

We cannot delay the business of the House due to the

unavailability of a Minister who is supposed to be here. I

don’t think the shadow Minister is prepared to answer the

question. {Laughter.]

An HON MEMBER: Well prepared ...

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon members, I suggest

we proceed to the next question. We proceed to the next

question and that question has been asked by the hon Cachalia

to the Minister of Public Enterprises. Is the Minister of

Public Enterprises on the platform?

The MINISTER OF PUBLIC ENTERPRISES: Yes, I am, Chairperson.

The HOUSE CHAIRPERSON (Mr C T Frolick): Thank you, hon

Minister. Hon Minister, you may proceed.

Question 288:

The MINISTER OF PUBLIC ENTERPRISES: Good afternoon Chair and

hon members. The government has not considered declaring a

state of disaster to respond to the energy challenges that we

are facing in the Republic of South Africa. For the

information of hon Cachalia, in terms of the Disaster



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 4**

Management Act, a disaster means a progressive or sudden

widespread or localised natural or human caused occurrence

which causes or threatens to cause death, injury or disease;

secondly, damage to property or the environment and

infrastructure; and thirdly, destruction of the life of a

community and the magnitude of that exceeds the ability of

those affected by the disaster to cope with its effects using

only their resources.

The facts that have emerged in the most recent report from the

commission chaired by the Chief Justice, hon Zondo, released

on Friday, 29 April 2022, states that:

The evidence proves a scheme by the Guptas to

capture Eskom, install the Gupta’s selected

officials in strategic positions within Eskom as

members of the board, the committees of the board

and the executives, and then divert Eskom’s assets

to the Gupta’s financial advantage.

Clearly the evidence before the commission further:

revealed quite clearly that part of the reason why

some of the state-owned companies have performed as



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 5**

badly as they have and why some rely on government

bailouts year in year out, is the calibre of some of

the people who are appointed as members of the

boards of these companies or who are there chief

executive officers and chief financial officers.

State capture contributed to the energy crisis, as the

commission’s evidence revealed. For example, it says that

Eskom concluded a coal supply agreement with Tegeta for the

supply of a total quantity of 13 ... almost 14 million tons

and the agreed contract price was R3,7 billion, commencing

1 April 2015 to 30 September 2025.

Executives in the boards of Eskom at that time were tirelessly

working to benefit the Guptas by providing long-term

contracts, increasing the scope and budget while completely

flouting public procurement prescripts. There was evidence

before the commission as to how this was done by various

officials and where no due diligence was actually undertaken.

Notwithstanding this, these are the various initiatives that

government has been taking for the last few years in order to

restore energy security in South Africa:



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 6**

Firstly, since March 2018, government and the Eskom board and

management have been working diligently to restore good

governance, operational stability and financial sustainability

in Eskom;

Secondly, this is in addition to the restructuring of Eskom to

meet the requirements of the new trends in the energy market;

Thirdly, the Integrated Resource Plan, IRP, 2019 was developed

by government to provide a medium-term perspective on the

energy transition that South Africa will have to undergo;

Fourthly, Eskom has made various attempts to overcome the lack

of maintenance in the past, with various philosophies and

approaches in respect of maintenance, some of which are

working and admittedly, some of which are not;

Fifthly, restoring engineering and operational discipline

which disappeared during the state capture period;

Sixthly, acting against corruption, for example against ABB

and retrieving R1,5 billion, McKinsey a billion rand, Trillian

and a R3 billion claim against ... former board and management

of Eskom as well;



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 7**

Seventhly, changing procurement practices, which is still work

in progress; and

Eighthly, completing the Medupi and Kusile build projects,

notwithstanding the various difficulties that are confronted

by Eskom.

Preparing for renewables and the just energy transition are

among some of the things that Eskom is undertaking.

There should therefore be a distinction made between a state

of disaster just for dramatic effect as compared to a power

system emergency, which falls within the purview of the

system’s operator and based on criteria determined by this

operator. At all times the main imperative is to avoid the

total collapse of the grid as has occurred in California and

more recently in Texas of the USA. There are therefore

internal plans to manage the power system that would allow the

system’s operator to implement up to stage 8 load shedding in

order to protect the grid from total collapse. Eskom manages

the stability of the grid with load shedding as a key

mechanism to mitigate against a grid collapse. At this stage

there is absolutely no requirement for Eskom or government to

declare such an emergency.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 8**

Mr G K Y CACHALIA: While President Ramaphosa vows to do

everything to make load shedding a thing of the past, and

indeed once announced that load shedding had ended, as I speak

we are currently being hit with stage 2 load shedding, an

unacceptable reality of some 15 years’ duration under the ANC,

highlighting this government’s chronic inability to keep the

lights on. Experts the world over agree that the staff

complement at Eskom is hugely bloated and that tens of

billions of billions of rand in savings from the retrenchment

of deadwood cadres is patently needed for the much-needed

maintenance and reinvestment. Moreover, the chief executive

officer, CEO, recently identified incompetent plant operators

as a major factor contributing to the current mess.

In view of this, will the Minister prioritise the future of

our electricity security, as his job demands before securing

the votes in placating unions that in any case cause the

President to unceremoniously flee their ire in a police Nyala**,**

and will he take the necessary steps to free the much-needed

financial resources by not blocking these retrenchments as

well as allowing fit for purpose employees to fill the much-

needed gaps?



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 9**

The MINISTER OF PUBLIC ENTERPRISES: Thank you Chairperson and

hon Cachalia. Clearly it is our priority as government and

certainly within my portfolio, but more importantly of the

board and the management to ensure that we prioritise

stability within the energy system. However, the reality as

has been repeated on many occasions, is that Eskom requires a

space of about 4 000 to 6 000 megawatts of additional energy

so that the necessary maintenance can be undertaken.

It is also a well-established fact and this is also in the

report of the Zondo Commission, that there has been neglect on

the maintenance side for many years, particularly during the

state capture period, in order to ensure that “the lights stay

on.” That is the legacy that we now have to overcome.

As far as the staff is concerned, there is no doubt that there

is a possibility for trimming the staff numbers, but unlike Mr

Cachalia, we have a social responsibility as government not

just to placate unions but to look after workers, to look

after their families and to look after the wellbeing of

communities as well. And, far more important than putting them

out on the streets when we have the high level of unemployment

that we do, is to attempt to retrain them, to reorientate them

towards the new developments as far as renewable energy



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 10**

investments that will be taking place all over the country,

but particularly in the near future on Eskom land as well.

So, there will be some stability in the next year or more, but

what we require is this 4 000 to 6 000 megawatts of energy

which needs to be brought online. And that is certainly our

priority.

Mr S N SWART: Thank you, House Chair. Arising from your

response, hon Minister, and in addition to your references to

the Zondo Commission, the ACDP welcomes your comments of the

weekend that all sections of society should understand the

negative and devastating impact that corruption and state

capture has had on institutions, and that the real corruptors

must be held to account. More importantly hon Minister, you

said that those who have benefitted in one way or another must

stop being treated as little heroes because they are not.

Hon Minister, when the ACDP served with you and other Members

of Parliament on the Parliamentary inquiry into Eskom we had

no idea of the exact extent of the looting and corruption

which the Zondo Commission has now quantified at a staggering

R14,7 billion.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 11**

Would you agree, hon Minister, that had this R14,7 billion not

been stolen, it would’ve gone a long way to fund much-needed

maintenance and stabilise the ... [Inaudible.] ... supply at

Eskom, and if so, that further and more urgent steps should be

taken by law enforcement agencies to recover these funds,

wherever they may be, and ensure that those implicated are put

behind bars?

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, I would

certainly agree with the hon Swart that had that ... and I’m

sure if we do a little bit more homework the amount of money

might even be more than that, hon Swart ... who played a very

important role, together with a number of members of the

Opposition and the ANC, during the Parliamentary inquiry into

Eskom in 2017.

However, hon Swart is absolutely right. That money could’ve

been used to do more maintenance, to stabilise the energy

situation in South Africa, and one can’t but absolutely agree

with him that the time has now come for the law enforcement

agencies to not only just show their teeth but to use their

teeth and ensure that that which the public of South Africa

wants, which is that these affected and listed people in these

reports to now account for the manner in which they have done



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 12**

a disservice to this country and find themselves, where

appropriate, in orange overalls as well.

On the question of funds being retrieved, that is also an

absolute priority as well, and as I said earlier on, Eskom

through its board has taken an important initiative in lodging

a claim of over R3 billion against former directors on the

Eskom board during the state capture period and the management

of that time as well. So there is absolutely no doubt that the

state capture activities had a massive and negative effect on

Eskom itself and therefore on our country and its economy, but

the key now ... as we worked together during the 2017 period,

is for us to put our collective efforts together and make sure

that a vital institution like Eskom is put on its feet again,

whilst at the same time inviting private-sector investment

into the renewable industry. Thank you.

Mr W W WESSELS: Thank you, hon Chairperson. Chair, would the

Minister agree that the crisis facing Eskom is not limited to

inefficient generation of electricity but also goes to the

incapacity of the electricity network, and that a lot of

energy is lost ... electricity that is produced ... is lost

because of the incapacity of the grid ... of the network? And,

will the Minister then make an effort to recruit people that



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 13**

were in service of Eskom that do have the expertise to assist

at this stage but who were retrenched because of various

reasons? Will he make an effort to recruit those people with

the necessary skills to assist us in this crisis?

The MINISTER OF PUBLIC ENTERPRISES: Thank you, Chairperson.

Hon Wessels, I agree that the generation side of Eskom’s

business has a huge challenge but where I beg to disagree with

you is that we have an incapacity in the transmission grid.

The transmission grid in South Africa, which is now under the

control of a separate entity, Transmission Company SA, as part

of the restructuring of Eskom, is one of the best-run grids in

the world and they operate on world-class standards. The loss

of electricity that you speak of is the normal loss that one

would see. I’m no electrical engineer but this is what I’ve

learnt. As electricity is generated at a particular wattage it

then gets reduced over long kilometres of these lines to the

appropriate voltage that is utilised in one’s home or in a

particular business. So, the grid itself and the system’s

operator that I referred to in my earlier response, operates

at world-class standards and we have no fear.

Where we do need to give further attention to is the extension

of that grid, and you’ve heard in the public domain the CEO of



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 14**

Eskom speaking of about R100 to R150 billion investment that

needs to take place in extending the grid, particularly in

parts of the Eastern Cape, Northern Cape and some other parts

of the country where renewable energy plants are being

installed and invested in, and that is work in progress in

terms of planning in that particular area.

In terms of recruitment of previous employees who have the

necessary experience, some of that is happening already and

the Eskom management and board is not shy in that particular

regard.

Mr B N HERRON: Thank you House Chair and Minister. Minister, I

think we can agree that we all understand what brought us to

the position that we are in with regard to the Eskom crisis.

So we can leave the blame game behind us and let the law

enforcement authorities deal with it. However, Minister, I

think what South Africans need right now is a stable

electricity supply, and the question really is how do we get

that immediately or as soon as possible? Do we have the

expertise in South Africa and in Eskom in order to stabilise

electricity supply and to give South Africans what they need

now, and let the law enforcement authorities deal with what

hollowed out Eskom in the past?



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 15**

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, with great

respect, I think hon Herron must distinguish between what he

calls blame game and understanding the true root causes of

some of the challenges and problems that we face today. I

think dismissing it as blame game doesn’t actually help. It’s

like going to a doctor and the doctor tells you that the cause

of your symptoms is x and you say, don’t worry about the

causes, just treat my symptoms. That is a sure way of ending

up on the wrong side of life.

As far as skills in Eskom is concerned, Eskom can ... has the

basic skills in generation distribution and transmission but

it can certainly do with a lot more skills in relation to

generation expertise and experience as well, to train the

younger generation of engineers and operators that are within

the plant at this point in time. That is a matter that the CEO

is giving attention to at the moment.

There is no easy and quick fix in terms of getting a stable

electricity supply but there are a lot of initiatives at the

Mineral Resources and Energy Department that Minister Mantashe

is taking in order to ensure that Bid Windows 5 and 6 are

beginning to become operational and attention is being given

to other parts of the IRP 2019 with a view to quicker



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 16**

implementation in that regard as well. Similarly, attention is

being given to the utilisation of gas as a step-down

possibility as we keep in line with the commitments that we’ve

made at the various Cop conferences that have been taking

place around the world.

So yes, there is sufficient foundation to build on but at the

same time there are new and additional things that need to be

done. Thank you.

The HOUSE CHAIRPERSON (Mr C T Frolick): Thank you, hon

Minister. Hon members, can I just request those members who

are on the virtual platform to keep their microphones muted.

It causes a disturbance to the hon Minister who is responding

and also to the members who are in the House.

I will now return to the first question on the Question Paper,

Question 246, that has been asked by the hon Mangcu to the hon

Minister of Transport. Welcome hon Minister.

Question 246:

The MINISTER OF TRANSPORT: Thank you very much, hon members.

As a policy department the Department of Transport is working

with all key stakeholders with an interest in the development



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 17**

of an efficient and competitive rail system in the country to

bring about a rail renaissance. This will position rail as a

backbone of our transport system both for passengers and

freight.

Historically, there has been significant under investment in

rail infrastructure negatively affecting the competitiveness

of rail. The White Paper on National Rail Policy presently

approved by Cabinet acknowledges the need for investment in

rail infrastructure, building on in existing programmes in

respect of both freight and passenger railway.

The life scale vandalism and theft of rail infrastructure has

undermined efforts to develop rail infrastructure but efforts

are underway to replace and rehabilitate the damaged

infrastructures.

One pursue measures in place to secure a new investment. The

work to develop rail infrastructure is ongoing and will be

given impetus by the implementation of the new policy

trajectory articulated in the White Paper on National Rail

Policy. Central to this is the establishment of a central rail

planning unit within the Department of Transport to work on

medium-term and long-term planning for the implementation of a



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 18**

number of rail intervention strategies going forward. This

will be a specialised unit with expertise to conduct research

and inform rail infrastructure development choices, amongst

others, both for passengers and freight.

The policy requires the finalisation in the publication of the

National Rail Master Plan to guide the country in terms of

rail development priorities, identifying strategic corridors

required for investment and types of rail infrastructure

development, timelines and cost.

Rail infrastructure development will be co-ordinated from the

centre and implemented simultaneously across the country in

strategic corridors as identified in the National Rail Master

Plan. However, the current efforts will continue and will be

integrated into the Master Plan. Thank you, Chair.

Mr L N MANGCU: Thank you very much, hon Chair. Minister, key

to the policy of just alluded to of moving freight from road

to rail are two entities, the Passenger Rail Agency of South

Africa, Prasa, and Transnet. How do you plan to co-operate or

make co-operation between Prasa and Transnet to make sure that

the dwindling numbers of freight being moved by rail now are

increased? And secondly, what is your plan to remove all those



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 19**

bottle mess that are causing this decline of freight movement

on trains? Thank you, hon Chair.

The MINISTER OF TRANSPORT: Thank you very much, hon member.

The long distance freight and passenger transport is primarily

on the Transnet freight rail network. Prasa is in discussion

with Trnsnet on catering for passengers in their current

access approach to market to invite third party operators.

Where access is required to freight to go through Prasa

network the agreement between the two entities will be based

on giving the priority to passenger traffic currently Prasa

and Transnet a collaborate between our trains operations

units.

Ms Y N YAKO: Minister, Jola, in 2006 the Railway Safety

Regulator released report that printed a concerning picture

about the safety of our rail infrastructure. Again, in its

2017-18 report the regulator reported a 21% increase in theft

of assets and malicious damaged to property. Railway transport

does not work to its capacity because of theft of railway

infrastructure, amongst other things. Has your government

consider reintroducing railway police to safeguard railway

infrastructure and ensure that this form of transport is

utilised optimally to ease the pressure from roads? Thank you.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 20**

The MINISTER OF TRANSPORT: Thank you, hon member. The issue of

railway police within the rail passenger network is not a

decision that we are not considering. The main question is the

question of resources. And I am going to be honest with you

because I don’t want to say something here and then tomorrow

when you go for your oversight you don’t see railway police,

you say I came to Parliament and I promised you something that

we can’t implement.

We do have 2 000 plus railway police deployed in the network

from SAPS. And we have inherited that on the past. And from

the SA Police Service, we do have guards. It is complemented

by security companies, which are being deployed as we recover

different corridors in the county.

So, to answer your question, if you go now, for instance, in

Mabopane and other corridors that we are reviving, you asking

well, I am telling you one answer is Mabopane. You go to

Mabopane ... [Interjections.] ... No everywhere else where we

are reviving the passenger rail network the strategy is, we

deploy security. So, that is happening everywhere in the

country. So, that is what I wish to answer to you but you will

see railway police, which is 2 000 plus not deployed within



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 21**

the railway network in terms of passengers and all of that,

which is quite inadequate and not enough.

South Africa still needs boots on the ground in terms of the

police and so on. And it will not be in a position today to

deploy extra police within the rail network. So, we are

complementing that the security companies and we are doing

very well at the present moment with regard to that.

Rev K R J MESHOE: Thank you, Chairperson. The government has

for years allowed people to invade land and build shacks

wherever they wanted. They did not make state land available

to needy people who needed a place they will call home. It was

therefore not surprising when some invaders started building

along railway lines as has happens in Siyahlala Informal

Settlement in Langa. By so doing, these families have

prevented Metrorail from reopening the central line beyond

Langa.

My question to the hon Minister is, why is government not

complying with the Western Cape High Court order that ruled

that families in the Siyahlala Informal Settlement should be

moved and housed on land that has basic services as that will

enable the free movement of goods and people on rail,



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 22**

particularly workers who need safer and cheaper mode of

transport? And we all know that trains are always cheaper. So,

why is the court order not implemented so that that route is

open for passengers? Thank you, Chair.

The MINISTER OF TRANSPORT: Thank you, hon Meshoe. As we are

speaking now, we are working with the Government of the

Western Cape. We are working with the Cape Town Municipality,

Human Settlements under Human Settlements Housing Development

Agency, HDA. We are also working with the Department of Public

Works.

The Department of Human Settlements has secured a piece of

land where they would be moving the people to comply with the

court order. What we are doing as the Passenger Rail

particularly Prasa is to continue with our work. If you can go

to Langa now you will see the work that we are doing to secure

the rail network. Once people are waiting to be resettled, we

believe that we must continue with our work and to secure the

network.

And I can assure you that you are going to see the line open

very soon for trains once people are resettled to a new piece

of land in the Western Cape.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 23**

Myself and the Minister of Human Settlements, we are meeting

tomorrow to finalise the preparations of land that has been

secured by government. So, we are working tirelessly. We have

been working to move people from rail tracks in the Western

Cape. And the main issue as you would know, which is an

obstacle and impediment in the Western Cape is securing land

parcels, which has been a bigger challenge here.

The Department of Public Works did give us a leap piece of

land but when we went to occupy the land, we were also met

with another court interdict, particularly from the owners of

land. So, the question of land in the Western Cape is a

question of ownership. Those who owned the land versus those

who do not have. And then the people who owned the land are

those who are very rich and wealthy. And they would not easily

agree to give us the land to be occupied by the people who

would be moving from the tracks in Langa in areas we have

actually mentioned.

But finally, we do have a piece of land and we are going to

move people. Even before we do that, the work of getting the

trains running in the central line has started. And you are

going to see the trains running, the blue trains, you are

going to see them back at the central line. And I am very



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 24**

excited about that. So, come with May as we embark on this

journey. So, I was with your people in the Western Cape

working with them, the DA government, working with your

municipality, who are very co-operative, working with me to

move people soon. So, don’t come here in Parliament and haul

because I am working with those parties to move people on the

tracks of land. Thank you very much. [Time expired.]

Mr A M SHAIK EMAM: Minister, first of all thank you. The

matter at OR Tambo Airport is resolved and all 105 ports entry

are now working at the airport. Thank you very much.

Minister, this rail network if implemented will go a long way.

First of all, less damage to the roads, less accidents and

less fatalities. So, I think there are positive side of the

story. However, my question is: have you ever made an

assessment on what then is going to happen in terms of job

losses to the long distance busses and the trucks industry and

other things? Have you done some kind of assessment though

that will see that we don’t lose jobs although there is no job

that is going to be created because they are going to be run

from depot to depot and all those kind of things? Thank you.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 25**

The MINISTER OF TRANSPORT: We do have the study of the World

Bank in relation to the rail situation particularly the

Passenger Rail in South Africa. And that the current model in

terms of financing sustainability of the rail network in South

Africa is not sustainable. And that is why in our National

White Paper Policy, we are talking about private sector

investment not privatisation. And what it will mean is that,

we are now going to attract private money to come and support

our work in the passenger rail network. And the details of

that will be unpacked when we launch the National White Paper

Policy for South Africa. It’s the first that we are launching

which has been approved by Cabinet.

We are also going to look into the branch lines, which are now

not been utilised. If you talk about areas like Botshabelo and

Thaba’nchu on the Free State and in many other areas like in

KwaZulu-Natal, Mafikeng and the Johannesburg, all those branch

lines as we look to them now they are not being utilised. So,

we are going to work with the private sector to come to the

party so that we activate those branch lines for both the

purposes of passenger rail network and freight in implementing

and bringing to realisation the policy of moving from road to

rail.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 26**

So, the White Paper in itself give us enough space to realise

the implementation of this policy. And when we launch it like

we said we are going to have a unit that is going to see its

implementation. We have costed it and most of the money is not

going to come from public purse. It will be through working

together with the private sector. The policy itself open up a

space for everybody to come to the party.

So, the future is bright from where we are now in terms of the

rail situation of South Africa. And I think you will see also

as we speak to different stakeholders in terms of the policy

already the appetite of them coming forward to participate

practically in the implementation of the policy - it is quite

encouraging. You are right, there are job losses, including

with regard to Autopax at Prasa.

And what we have said is that Autopax, it has lucrative routes

in terms of transporting people and all of that. But at the

end of the day it is a liability for us to see how we want to

deal with its sustenance and preserving jobs. Thank you,

Chair. [Time expired.]

Question 291:



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 27**

The MINISTER OF PUBLIC ENTERPRISES: Thank you, Chairperson.

The project that hon Maotwe refers to aims to develop and

support the strategy of moving towards managed third party

access, as Minister Mbalula has just been referring to on

sections of Transnet network, driving freight density,

improving profitability on the network, and supporting the

migration of traffic from road to rail.

Transnet is therefore conducting a phased project regarding

the sale of slots to enable private operators access to

sections of Transnet Freight Rail. In the case of slot sales,

the phased project is limited to the sale of operational

access privileges in the form of slots with no impact on the

rail network ownership. Transnet Freight Rail will continue to

be the network owner and the network manager in addition to

being the dominant operator with what I call “grandfather

rights to the network.” In all cases of private sector

participation, Transnet retains the ownership of the assets.

Transnet has also implemented a strategy, renewed capacity

development and efficiency improvement. The strategy

encompasses several private sector participation initiatives

in concert with Transnet’s own direct investment. This

strategy involves private partners supporting capacity



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 28**

development and operational efficiency enhancement through the

crowding in of investment in ring-fenced assets, partnered

driven investment and equipment, tools, techniques and access

to international trade and commercial networks.

Private sector participation processes is currently underway

include amongst others the Durban Container Terminal Pier2,

where a request for a quotation has been issued. Secondly, the

Ngqura Container Terminal where also issued. Thirdly, the

Ngqura and Richards Bay liquefied natural gas import terminals

in both instances request for information phases have been

completed.

Transnet is also developing and pursuing a programme of branch

line concessions in line with what Minister Mbalula has just

said. This process is at various stages of development and

implementation. The services that Transnet is selling is

access to the network rather a complete rail service. A detail

registration, capacitation, validation and certification

process has been developed to manage the process of private

sector operators being allowed to bid for slots as was

initiated on 04 April 2022.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 29**

It is important to note that the sale of slots is not a

privatisation process but is a service offering from Transnet

albeit utilisation a different operating model. Thank you,

House Chairperson.

Ms O M C MAOTWE: Thank you very much, House Chair. Minister,

you just said that part for the tracks might be out for

concession, and that on its own, is part of privatisation. I

don’t know how do you not understand that term. It is now very

clear that the ruling party has no interest or appetite to

lead industrialisation despite the high levels of high

unemployment where more than 7,9 million people who are

willing to work, willing to relocate anywhere in the country

and willing to learn in new industries cannot find work. More

than 3,8 million people have given up on finding work and even

more people are economically inactive. We know that there is a

deliberate programme to collapse state-owned enterprises,

SOEs, so that they can be sold to cronies by a fraction of

their true value. They are deliberately destroying Transnet so

that they can privatise it.

We want you Minister to confirm today whether or not you are

saying that there are no plans to privatise any of the



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 30**

Transnet industries in the medium-term? I thank you, House

Chair.

The MINISTER OF PUBLIC ENTERPRISES: Thank you, Chairperson.

privatisation is a process where, - if you have 30 000km of

rail in South Africa, you say I am putting every kilometre of

rail in South Africa on sale to the private sector. This is

not what is happening. I have just said in my initial

response, Chairperson, for all to hear, that the railway owner

remains Transnet, the principle railway operator remains

Transnet, that all that is being implemented with here is

that, if for example on a particular corridor 70 trains have

to pass in the day whereas there is a potential for 80 trains,

then the other 10 can be made available to the private sector

for a certain period of time. And this will then teach us some

lessons about how private government sector and can co-

operate. So, I don’t know whose confusion it is certainly not

mine. That this is not privatisation, this is a service

offering as my initial response said.

We are very aware as the government that the unemployment is a

major issue in South Africa. What is important in creating

jobs in South Africa is that we need investment and to get



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 31**

investment in South Africa we need to create a climate of

stability that welcomes investment in South Africa.

So, I think some of us, hon Chair, need to look in the mirror

and ask the question, am creating and contributing to

stability in this country and creating a climate where I can

get investment that would create jobs and therefore and

industrialisation as well?

This is an old tired rhetoric that we have heard time and

again about collapsing SOEs and selling them to somebody or

the other which requires no response whatsoever because that

is not the intention at all. Hon Maotwe knows that and this

mere political rhetoric for its own sake. Thank you, House

Chairperson.

The HOUSE CHAIRPERSON (Mr C T Frolick): Thank you, hon

Minister. Hon members, you know when you ask a question you do

it with the reason to get a response or answer to your

question. It doesn’t assist us that while the hon Minister is

replying to the follow up question that you just switch on

your mic and you interject and there is also other Ministers

in the House, who are ordinary members and who are also

responding at the same time. It doesn’t assist the process.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 32**

These are quite serious matters that we are dealing with and

let’s give each other sufficient space to respond to and deal

with the matters at hand. The next follow up question is to be

asked by hon Dlamini.

Mr N E DLAMINI: Thank you, House Chair. I think the issue of

privatisation has been well explained. In terms of the private

sector participation in the rail network, how is it going to

assist in terms of security knowing that currently we have the

spates of theft of rail and the security around the security

around the railway line. ... [Inaudible.] ... that have been

identified, are they busy now, with what?

The MINISTER OF PUBLIC ENTERPRISES: Thank you, hon Dlamini for

your question. This might not be if you like, a direct

assistance in this particular instance but this is part of the

conversation that Transnet and the interested parties from the

private sector would be having in regard to this specific

issue of the availability of slots.

However, we you look at the coal line from Ermelo to Richards

Bay, the coal industry there has played a very active part in

contributing to the security of parts of that line that needs

to be extended further to ensure that there are drones



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 33**

operated for parts of the line to ensure that there is

security deterrence for anybody who wants to interfere with

the signalling system or engage in copper theft or other

equipment theft as well. That is the kind of co-operation that

we would like to see on all the rail corridors. And I am sure

Minister Mbalula would like to see that in relation to

Passenger Rail Agency of South Africa, Prasa as well.

There is absolutely no doubt, hon Dlamini, as you pointed out

that copper theft and rail theft and other infrastructure

theft and vandalism is having a major and disastrous effect on

the efficiency of logistics in South Africa. And we are

certainly working also with the South African Police Service

to ensure that special teams are made available at appropriate

points where these vandalism projects are run in order to

ensure that we understand who is behind it.

I want to reiterate that it is my firm view that the export of

scrap metal must be banned for a start and that will ensure

that there is no market externally for those sorts of

infrastructure that are stolen or vandalised in one way or

another. Of course, this is a matter that the Department of

Trade, Industry and Competition, DTIC, is working on and the

sooner we have a strong set of measures in that particular



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 34**

regard I believe it will begin to change the face of theft of

infrastructure as well. Thank you very much.

Mr G K Y CACHALIA: Can the Minister detail the terms in

details of the discussions that have been in progress since

April 2021, and please do not recite the mantra of sensitive

commercial information the nation needs to know. Perhaps you

will tell us who is going to absorb the costs of the

dereliction of infrastructure while signing up to a two-year

contract while government retains ownership ... [Inaudible.]

...

The MINISTER OF PUBLIC ENTERPRISES: Thank you, hon

Chairperson. I didn’t hear the last sentence or two that hon

Cachalia said...

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Cachalia, don’t be

unfair. While the Minister is still trying to ask you, you

already switch on your microphone, against the rules again and

you simple carry on, that is not acceptable, sir. Will you

just repeat the last part of your question so that the

Minister can respond to you please?



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 35**

Mr G K Y CACHALIA: I am not sure where the last part begins.

But I will say perhaps he will tell us who is going to absorb

the costs of the destruction and dereliction of infrastructure

while signing up to a two-year contract while government

retains ownership thereof. And the last part that he didn’t

hear was a question, ... [Inaudible.] ...?

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Minister, I hope

you got the part that you couldn’t hear now?

The MINISTER OF PUBLIC ENTERPRISES: Yes, which I will ignore

for now. Thank you very much. I don’t have the terms and

details in front of me. But the process was initiated in April

2022, not 2021. So, it is a fairly new process. Secondly, I am

aware that Transnet has had various forms of feedback from

interested private sector parties, some of which has been

publicised in the press as well.

Thirdly, the initial proposition from Transnet was the

availability of slots, the use of equipment of the private

sector, the [Voetstoots] basis, meaning as the railway

infrastructure stands at the moment.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 36**

However, Chairperson, I think we are all aware that certainly

in KwaZulu-Natal, as a result of the recent floods and the

damage that has been caused to infrastructure generally and

the human lives as well, and in this instance, to the railway

infrastructure, the railway line between eThekwini and Cato

Ridge won’t be operational for quite a while. It is currently

undergoing serious evaluation. And various processes are in

place in order to as rapidly as possible like Transnet did on

the Bayhead Road within the Durban harbour to restore the line

to full functionality. And that answers the question about the

state of the infrastructure. I am sure that Transnet and the

interested parties would have further conversations about the

two-year contract or anything that pertains to that as well.

If Mr Cachalia has the necessity for any further information

he can put forward a written parliamentary question we will

certainly make the details available. And if there is any

commercially requirement not to pass on this information at

this stage we will let you know at that point and time. Thank

you.

Mr K P SITHOLE: Thank you, House Chairperson. Hon Minister,

considering that infrastructure is not a movable asset, what



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 37**

other benefits are being offered to attract private sector

investors? Can you please provide full details?

The HOUSE CHAIRPERSON (Mr C T Frolick): The question was asked

on behalf of hon Buthelezi. Thank you.

The MINISTER OF PUBLIC ENTERPRISES: I think it is well

accepted hon member who ask the question on behalf of hon

Buthelezi that infrastructure is not a movable asset but I

imagine that if for example there is an investor that wants to

co-invest with Transnet in the new pier that needs to be

developed in the Durban Harbour which will require deepening

of the harbour, it will require the reclamation of some of the

harbour land so to speak and it would involve a fair number of

billions of rands in order to undertake. That would provide an

additional facility for example a shipping line that wants to

move a certain type of goods or containers in and out of

Durban and utilise it as its hub as its offloading point as

well.

So, to the best of my knowledge there is a number of operators

within the maritime sector that have demonstrated interest in

that kind of a project. They will have worked out that there



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 38**

are benefits for themselves in contributing to the

infrastructure.

As many have done in other parts of Africa and other parts of

the world as well in order to create a more sophisticated port

environment both in terms of infrastructure but also in terms

of equipment like cranes, ... [Inaudible.] ... etc, which

will benefit not only the ships that end up in that particular

harbour but also the terminal operations that this particular

entity might want to conduct.

So, there are a rage of benefits from an infrastructure point

of view but also from a trade point of view and a shipping

point of view that various parties will be interested in.

Thank you.

Question 248:

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon House

Chairperson, thank you hon Tshabalala for the question. As of

the end of March 2022, the Presidential Employment Stimulus

has supported 869 942 jobs and livelihood opportunities since

the programme was launched in October 2020. The breakdown is

as follows: Jobs created are 677 675, jobs retained are 40 399

and livelihood supported are 151 868. This represents 70% of



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 39**

the total stimulus targets across the two phases, with phase

two still underway.

The Department of Public Works and Infrastructure was part of

phase one during which we created 1 886 job opportunities for

young professionals in the built environment. The Department

of Public Works and Infrastructure has also applied to the

National Skills Fund in the Department of Higher Education and

Training, and has secured funding which targets to train 8 300

Expanded Public Works Programme, EPWP, participants. So, the

breakdown for the 8 300 is artisan development programme 400,

learnerships 450, accredited skills programme 700 and capacity

building 450.

Furthermore, the Department of Public Works and Infrastructure

has partnered with the Financial Sector Conduct Authority to

capacitate EPWP participants on financial literacy matters. In

the 2022-23 financial year, a total of 4 750 participants will

be capacitated through financial education. Through the EPWP

and the infrastructure sector, we are also developing skills

by training youth in artisans trade through the National Youth

Service Programme.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 40**

In terms of entrepreneurs, the Department of Public Works and

Infrastructure we are collaborating with some public bodies

implementing the Vuk’uphile Learnership Programme which trains

contractors to implement infrastructure projects that are

labour intensive and for this year we are planning to do 70

contractors.

All of this contribute to enhancement of employment in the

construction and infrastructure delivery in the country. We

also provide non-financial support to EPWP participants that

aim to start and undertake their own businesses. This support

is through the training on a programme called Start and

Improve Your Business. In 2022-23 we plan to support 205

participants. Chairperson, through these various training

initiatives, EPWP endeavours to empower women, youth and

people living with disabilities to improve their

employability. Thank you.

The HOUSE CHAIRPERSON (Mr C T Frolick): Thank you, hon

Minister. I have been informed that hon S R van Schalkwyk will

take charge of the first parliamentary question on behalf of

the hon Tshabalala, and this is inline with Rule 137 subrule

10 paragraph A. Hon van Schalkwyk?



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 41**

Ms S R VAN SCHALKWYK: Hon House Chairperson, to the hon

Minister, thank you for your response in terms of this

question. Taking into account the current economic

environment, especially with regards to the high unemployment

rate that we have in terms of youth, women and people with

disabilities, it is encouraging that you are taking into

account those designated groups when you identify them for

employment opportunities.

We also welcome the initiative of the EPWP which is really a

welcomed relief for the needy and the poor. But, hon Minister,

we have a challenge in terms of this initiative — there is no

real transfer of skills taking place, which limits the

employability of these individuals partaking in these

programmes. So, I want to ask, hon Minister. You already

indicated the opportunities that have been created, but what

are your five-year targets that you have set and whether the

department will indeed attain those targets that have been

set? Thank you very much.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: The total

employment targets for the five-year Medium-Term Strategic

Framework, MTSF, is 5 million work opportunities. The EPWP

funding does not include training, so we apply for training



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 42**

funding from the Skills Development Fund in the Department of

Education, and then we partner with other private sector

bodies to also provide skills.

We must remember that we are also then passing on the money to

the provinces, municipalities and the non-state sector and the

non-profit organisations sector. Those sectors then develop

their own training skills within the EPWP programme.

I will agree with you that we need to begin to look at ...

because EPWP is temporary, sometimes only six months, maybe we

need to extend the period to one year to enable people to get

the transfer of skills. But then you are going to reduce the

number of opportunities for new people to come into the EPWP.

It is a concern that we need to address with the investment

that government is making into EPWP. I thank you.

Ms S J GRAHAM: House Chair, to the Minister, while it is

admirable to speak of the 186 beneficiaries of the

Presidential Stimulus Programme in the department and the

target of 5 million potential job opportunities in the

Expanded Public Works Programme, this goes a little way to

address the scourge of unemployment in this country. In fact,

7,9 million people who were unemployed by the end 2021 with



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 43**

278 000 more people joining the ranks of the unemployed in the

last quarter. The second highest job loses emanated from the

construction sector with 35 000 people losing their jobs. Job

seekers in the 15 to 24 years band sits at a staggering 66%.

Work opportunities are not jobs; they are a form of social

grant; a stipend at half the rate of the minimum wage in

return for eight days of work a month. No child grows up

dreaming of becoming an EPWP worker. We have to do more than

work opportunities.

Minister, what are you doing to create real sustainable jobs

that support people and their families as opposed to mere work

opportunities that are merely a form of poverty alleviation?

Thank you. [Applause.]

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon Graham, I

will agree with you that the intention of EPWP is to assist

with poverty relief and also government comes to the help of

the poor and the unemployed in many other ways in terms of

grants — the R350 Social Relief of Distress Grant. There are

many of these assistance to poor people.

In terms of creating sustainable jobs, it is the

responsibility of both the public sector and the private



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 44**

sector to create jobs. Therefore, government must create the

conditions conducive and the environment contusive for the

private sector to create jobs by investing in infrastructure,

and that is exactly what we are doing. We are leading by

investing in infrastructure and then getting the crowd in

effect by the private sector to create jobs.

In terms of infrastructure, government has already launched an

infrastructure investment plan. We have gazetted more than 52

investment plans. In a question, later on, I will give the

breakdown of what we have completed in terms of infrastructure

and also what is still under construction. That is the

contribution from the Department of Public Works and

Infrastructure.

Also, in terms of the Economic Reconstruction and Recovery

Plan, there again, the President has identified infrastructure

as the flywheel of the economy. So, with the partnership with

the private sector and us going though with the investment

conferences raising funding — because we can’t get all the

funding out of the fiscus for the projects — we have been

successful in June of 2020 where we were able to raise

R304 billion for infrastructure from the private sector. And



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 45**

that is the partnership that we are continuing to grow to

create more sustainable proper jobs. Thank you.

Ms M E SUKERS: Chair, will the hon Minister kindly tell the

House how the crisis currently brought about by the floods in

KwaZulu-Natal would be utilised to maximise the opportunities

presented for job creation inline with government programmes

such as the EPWP programme, to put together a comprehensive

recruitment strategy to repair and rebuild the province over

the next two year period using the opportunity of

infrastructure rebuild and repair of basic services to advance

the goals of skills development by employing graduates and

unemployed youth, thereby ensuring that the disaster funds

have both short-term and long-term value aligned with the

goals of programmes to upskill and create employment of

especially young people? Thank you.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon

Chairperson, like I said that the local municipalities in

KwaZulu-Natal and the provincial government, MEC Sibiya of

Public Works and Human Settlements have designed specific

projects for the KwaZulu-Natal floods that will be driven by

the province and the municipalities to help with the clearing

of the mud and general work opportunities for EPWP.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 46**

In terms of the graduates, the Department of Public Works and

Infrastructure in terms of our Rural Bridges Programme, we

have now identified 18 for the current financial year plus

another six, and just yesterday I receive a request for

another 28 rural bridges that were destroyed in KwaZulu-Natal.

There we bring in the young professionals. The interns that we

have paid bursaries for to go to universities we take them out

to these projects of the rural bridges together with the

Department of Defence so that they can get the transfer of

skills and training on the job. There is a good co-ordination

between the eThekwini and the other municipalities. We are

providing multidisciplinary professional skills; quantity

surveyors, architects and engineers to assist the

municipalities to do the assessment of the floods in KwaZulu-

Natal and that report has been submitted.

I am going back to KwaZulu-Natal tomorrow where we are handing

over three bridges that we have completed and also to take a

look at the government buildings. Forty government buildings

were destroyed by the floods and we have done the assessment

and again that will create job opportunities. Thank you.

Mr M G E HENDRICKS: Hon House Chair, it is quite clear that

employment for the poor is in the Minister’s department. I



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 47**

would like to know from the Minister whether she has the

capacity and the energy to take responsibility for full

employment for the poor? thank you very much.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: I certainly

have the energy, hon Hendricks. I think as a collective, as

the three spheres of government, the responsibility is

enshrined in our Constitution that we all have the

responsibility to deal with socioeconomic rights of our

people. Therefore, I think if we work together and put all our

resources and manpower and energy, we will be able to make a

dent in poverty. I certainly have the energy; I can promise

you that. Thank you.

Question 267:

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Thank you,

hon Chairperson and thank you to the hon Zondo, I was in

KwaZulu-Natal two weeks ago, hon Chairperson, and we have

identified on our immovable assets register 616 parcels of

land ... [Interjections.] ...

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Hendricks, your

microphone is on. Please switch off your microphone, hon

Hendricks. Hon Minister, would you just start afresh?



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 48**

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Yes. ... We

then had to do verification and also do suitability in terms

of a criteria to see whether it is suitable to be used for

land resettlement. After we have done the desktop exercise, it

has been reduced to 258 land parcels from the Department of

Public Works and Infrastructure. The KwaZulu-Natal government

has also contributed 193 parcels of land. And then we are

still waiting on the eThekwini metropolitan to give us their

list of parcels of land from their immovable asset register.

But the criteria that we have applied to make sure that the

land is suitable and to exclude those parcels of land that are

not suitable was, whether we had dams nearby, encroachment

fences, whether it is illegally occupied, whether it was zoned

for parking, protected areas, public spaces, or for railways,

rivers, road reserves, servitudes, harbours water canals, and

especially whether it is a wetland. So, that is the criteria

that we have applied. We have also excluded pieces of land

which was earmarked for human settlements development.

And tomorrow when I go back to the province, we will be

meeting with the MEC and the Department of Human Settlements

that will be responsible for building the top structures. The

municipality will be responsible for providing the bulk

infrastructure like water, sanitation, and electricity. So it



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 49**

is a collaborative effort by all three spheres of government

to try and resettle communities as soon as possible. We are

also engaging with the communities in terms of social

facilitation to inform them about the options of resettlement.

As we know, our communities do not like to be too far away

from where they currently live and the Human Settlements

Department and the Housing Development Agency, HDA, is busy

with that process. I thank you.

Mr S ZONDO: Thanks for your response, hon Minister, as no time

should be spared in bringing immediate house relief to those

who lost their homes as a result of the recent devastating

floods in KwaZulu-Natal. Hon Minister, your department has

also identified a number of state-owned buildings that were

damaged by the floods which includes the magistrates’ courts,

police stations, a military base and museums. How soon can we

expect the repair of these buildings to be completed and what

interim measures are in place that will ensure that the

service delivery from these affected departments continues,

especially the magistrates’ courts and the police stations?

Thank you.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Thank you,

hon Zondo, yes, we have completed the assessment of all the 49



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 50**

buildings, including the KwaZulu-Natal Museum. We have

deployed 108 professionals internally and externally from the

private sector, and formed multidisciplinary teams that are

helping us to do the assessments quickly. The

multidisciplinary teams are also helping other municipalities

to do the assessments. We have started the procurement for 30

of the buildings and I will get feedback tomorrow about the

other 19 buildings. But the assessments have been done and we

are working as fast as we can follow due process, doing due

diligence, making sure that we follow all the processes of

National Treasury in proceeding with the procurement to repair

these buildings. So, I will give the hon member an update from

time to time as to where we are. We have also assisted the air

force base that was completely flooded with mud and the rain,

to get generators in for them, to help them to clean up the

air force base, and also to secure the fence of the air force

base because some of those containers were blown right over

the highway into the air force base. So it is all work in

progress. Thank you, hon member.

Ms S R VAN SHALKWYK: Minister, you have just explained to us

how many land parcels has originally been identified but that

number has now been decreased, and you are venturing now into

the local and provincial spheres to establish more land



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 51**

parcels. What other avenues are you going to use if you do not

find ... [Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Mahumapelo! Hon

Mahumapelo, your microphone is on and we can hear your

discussion. Please switch it off. Hon Van Schalkwyk, you can

continue.

Ms S R VAN SHALKWYK: Yes. Thank you, hon Chair. Can you give

us an indication of what avenues you might be using to ensure

that you did satisfy the need and will that ...

[Interjections.]

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

Order! Hon Mahumapelo, please ensure your microphone is off,

otherwise you will be removed from the platform. Continue hon

member.

Ms S R VAN SHALKWYK: Well, will it now mean, Minister, the

original timeframe that you indicated will now be amended

taking into consideration that you are struggling to secure

the relevant parcels? Thank you.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 52**

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Minister, I hope

with all these interruptions you got the gist of the question

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Yes. No, hon

Van Schalkwyk, there will be no delays. In fact, two days

after the floods, we were able to start the identification

process. What I was saying is that the national government is

contributing 258. The province is contributing 193 land

parcels. Ethekwini must still add their land parcels to it.

The process that we will follow is that once the Human

Settlements Department has identified and they have their

business plans are ready, at that stage, we will then transfer

the land gratis [without charge / free] either to the

municipalities or to the provincial government. So, no, we are

on track, and if we should run out of land parcels, I will

approach Minister Pravin Gordhan and see if the state-owned

entities do not have any land there, and also the Minister of

Transport to see if any land is available from them. Thank

you.

Mr B N HERRON: Thank you, House Chair, thank you, Minister,

public land belongs to all South Africans. It is held in

custody on our behalf by different spheres of government and

state-owned entities to be used for land reform and other land



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 53**

needs in our country. There are devastating floods in KwaZulu-

Natal but they are precarious and vulnerable communities

across our country. I think, to some extent with regards to

KwaZulu-Natal you have answered my question. But what role is

being played by the state-owned entities and other spheres of

government with regards to addressing land reform and land

needs in our country? Thank you.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Hon Herron,

hon Chairperson, the land reform agenda is based on the

Presidential Advisory Panel recommendations of which

government has accepted 85% of the recommendations. So, in

terms of that, we looked at land reform or land distribution,

land restitution, and also land tenure. And again, there is an

Inter-Ministerial Committee, chaired by the Deputy President,

where we report, on a monthly basis, about the pace of land

that must be released. I can tell you that for human

settlement since 2019, we have released it 13 185 properties;

for restitution, 204 properties. And then also another 120

properties for tenure. So, if we want to have a successful

land reform programme in our country, we cannot just rely on

the land that is owned by the national government. Minister.

Pravin Gordhan has already come to the table and said land



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 54**

parcels belonging to state-owned entities, they are willing

and able to release to form part of the land reform programme.

But we need to get into the provincial immovable asset of

every province. I am busy doing that. I know exactly what

every province has got on their asset register. We now need to

turn to all the metropolitans in the country and see what land

they are sitting with because we cannot have land reform and

at the same time municipalities are selling off well located

land to developers. So the co-ordination at the Inter-

Ministerial Committee ... I know what is available in Cape

Town ... [Interjections.] ... and you can just keep quiet.

[Interjections.]

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

members. Order! Hon Minister, let me just hear why this hon

member is rising. Will you take your seat, hon Minister? Hon

member, why are you rising?

Ms B M VAN MINNEN: On a point of order: I think the Minister

must not send direct messages.

The HOUSE CHAIRPERSON (Mr C T Frolick): No, that is not a

point of order, hon member. [Interjections.]



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 55**

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Ag shame man!

The HOUSE CHAIRPERSON (Mr C T Frolick): It is not a point of

order. [Interjections.] Order hon members! Hon Minister, you

have a few seconds left to conclude your response.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Yes. Thank

you. I am pleading, Chairperson, that all three spheres of

government must release land for land reform and do not just

point the finger at the national government. Thank you.

Mr A M SHAIK EMAM: Hon Minister, has your department done an

exercise as to exactly how much land is available in South

Africa from all spheres of government that might be suitable

for housing given the fact that, and I think you are aware of

it, that many of these municipalities, Cape Town I think has

got about 500 000; Ethekwini has got about 500 000 all on the

waiting list. And secondly, and this is a problem countrywide,

and I am asking this so that we could ensure we make land

available for housing throughout the country, instead of

allowing people to live on dangerous ground. But very

importantly, a Jackie Joseph from Tsitsikamma has been writing

to your department, land that fell under the former Prime

Minister, John Vorster, 15 hectares are standing there and he



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 56**

is looking to grow hemp. He is looking to be able to grow

wheat. He has written to your department since 2020 without

response. If you have not received that, Minister, I request

that if you can get that information and then correspond with

him. Thank you, Ma'am.

The MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE: Thank you,

hon Shaik Emam, certainly I would like to see that

correspondence and go and investigate as to what the response

was from the department. Because in terms of Government

Immovable Asset Management Act, GIAMA, there is a process to

be followed where the people have to make an application, and

then it goes through public participation and all of that. And

I will appreciate if the member can assist me with that

information.

Well two state land audits have been done and I have answered

in many parliamentary questions the details of the state land

audits. One was done in 2014 and the other in 2017. If you

look at that land audit, you will see exactly what amount of

hectares of land we will need to transform and to make sure

that we integrate our country. So, the audits are there, but

we need to now take our lead from the National Spatial

Development Framework that will be approved shortly. And that



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 57**

National Spatial Development Framework must guide us to where

we must build houses. What is zoned for agriculture? What is

zone for commercial? Because the time is long overdue, 28

years in our democracy. We must integrate this country and

especially our cities. Thank you. [Applause.]

Question 257:

The MINISTER OF PUBLIC ENTERPRISES: Thank you, Chairperson and

thanks to hon Tshabalala. The Transnet Freight Rail,

historically underinvestment in infrastructure and maintenance

backlog dating back to the 1990s, has resulted in an aged and

unreliable network that does not support the efficient

movement of trains. While this constraint impacts Transnet’s

ability to fully exploit the increasing demand for coal, the

interventions that the Transnet Freight Rail, TFR, as it is

called, has put into place to deal with the maintenance

backlog that started to show some improvements.

In recent months TRF has rammed up the corridor with up to 26

planned maintenance events per day with major maintenance and

activities conducted during the annual shut down planned for

July 2022. A significant amount of work has been undertaken

internally to improve procurement timeframes for key contracts

which has been a significant cause for delays in the past.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 58**

The finalisation of major bulk materials and on track machine

contracts has led to faster and more efficient resolutions of

historical and new maintenance issues as they arise.

Given the increase to focus and maintenance and the corridor,

TFR expects to remove 42% of the current speed restrictions by

the end of July. This will mean an additional six clocks will

be restored which will result in more volumes for both the

customer and the TFL itself.

However, to take full advantage of the opportunities that are

available and to decrease the cost of conducting business in

South Africa, we must urgently restore the network back to an

acceptable international A standard. With some 30 000 checked

kilometres this will require massive investment.

The other constraints to our performance is the unavailability

of locomotives to service the corridor. The impact of setting

aside the 1064 locomotive programme has seduced Transnet

Freight Rail’s overall system capacity for the transportation

of coal to Richards Bay coal terminal from an annual capacity

of 77 million tons to an annual capacity of 60 million tons.

Thank you, Chairperson.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 59**

Mr N E DLAMINI: House Chairperson, I am not J Tshabalala, but

I will take the question to replace her. With reference to the

government’s limited funding for the state-owned corporations,

in what ways will Transnet implement structural reforms

intended to build private sector confidence and engage in new

infrastructure investment in the context of public-private

partnership? Thanks, Chair.

The MINISTER OF PUBLIC ENTERPRISES: Thank you, hon Dlamini.

Chairperson, structural reforms is a very important part and

they talk to reforms that we require in South Africa. They are

currently monitored in the Presidency through Operation

Vulindlela. Key amongst those has been, firstly, the

establishment of the Transnet National Ports Authority, which

was done last year as an independent subsidiary of Transnet.

The ports authority plays a very important part as landlord on

the one hand, but ushering in ships and providing other

services at out ports.

The second element in this particular regard is to extend the

port facilities, for examples, at Durban, but at the other

ports as well through investments both by Transnet which has

limited finances and through private sector participation as

well. I have made reference to this earlier in the day in



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 60**

relation to the new terminal that is proposed at the Durban

Harbour, Ngqura, Richards Bay and later at the other ports as

well including East London. Those reforms will also assist

particularly exporters and importers in various parts of the

country.

The third element is to restore, as I have just indicated, the

rail capacity and the rail efficiency to a completely new

level to an international standard. That will endure that rail

operations become truly efficient and become cost effective

for the commercial sector to utilise instead of roads as we

discussed earlier in the afternoon. That will change the

picture as far as logistics in South Africa is concerned by

moving the transportation of goods from road to rail as well.

Similarly, other structural reforms are also planned. Thank

you. [Time expired.]

Mr G K Y CACHALIA: House Chairperson, it is common course that

Transnet rail and ports woes have contributed huge losses in

potential earnings to our coal miners, even as global

constraints on supply, a surge in prices for thermal coal of

at least 46% in Asia and rocketing gas prices are the order of

the day. In belated recognition of the Public Enterprise’s

failure government is now seeking private sector involvement



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 61**

which we applaud. Will the Minister without tired references

to force majeure eventuality which we warned time and time

again, tell us by what date ... [Interjections.]

The ACTING HOUSE CHAIPERSON (Ms R M M Lesoma): Hon Cachalia,

the Table assists us. If there is anyone who switched off the

mic please just unmute him or it hurt if he does it for the

second time. Thank you very much.

Mr G K Y CACHALIA: Will the Minister, though, without tired

reference to force majeure the eventuality of which we warned

against time and time again, tell us by what date and on what

terms the much-needed private sector on boarding will take

place.

The MINISTER OF PUBLIC ENTERPRISES: Thank you Chairperson and

thanks to hon Cachalia. The fact that there is huge demand for

coal is certainly and an acknowledged fact particularly

arising from the current events in Europe, but also an

increased demand for coal in the eastern part of the world as

well. There has also been increased prospects for coal miners

as a result of the increased in coal prices as well. I have

just explained that due to limitations, firstly, on the

security front, secondly, in terms of the absence of the



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 62**

complete set of the 1064 locomotives and inefficiency within

the rail system itself including vandalism, all of these

factors conspired against Transnet rail being able to do its

best in this particular regard.

The reference to force majeure is not a tired reference. It

was, in fact, the basis upon which the coal companies and

Transnet have negotiated a new set of contracts and addendum

to contracts a status of work should have raised a point where

there is some finalisation between the two parties, but I was

not totally briefed on that at this stage.

Nobody can say exactly what date and what terms the private

sector participation will occur. The process has been

initiated. The request for information, RFI, request for

quotation, RFQ, and so on have been issued. Those need to be

properly processed. They need to be diligently examined and

finally negotiations need to take place between the chosen

parties and Transnet to the satisfaction of both. At this

point in time better say that there is a process that is in

motion and once we have created a clarity we can certainly

advise Parliament on that. Thank you.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 63**

Mr D W MACPHERSON: Chair, on a point of order, I don’t want to

disturb the Minister as he is reading very carefully, but it

is very clear that when the ANC ask a Minister a question they

have a prepared answer to read. But when a member of the

opposition asks, then they have nothing to read. It really

makes a mockery of this Questions session.

Ms J TSHABALALA: On a point of order, Chairperson of the

session. It is Judith Tshabalala on virtual.

The ACTING HOUSE CHAIPERSON (Ms R M M Lesoma): Hon J T, allow

me to handle this. Thank you very much.

Ms J TSHABALALA: He is out of order. Thanks.

The ACTING HOUSE CHAIPERSON (Ms R M M Lesoma): Hon Macpherson,

you know it very well that that is not a point of order. It is

a point of debate and your perception. Shall we proceed and

take a supplementary question. [Applause.]

Ms O M C MAOTWE: Thank you very much, Chair. The Minister has

just said that because of the decision they took of suspending

the 1064 programme, it has led to the reduction of tonnages.

No, that’s no brainer. You can do better than that. What are



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 64**

you still waiting for? Why can’t you take back some of the

locomotives in service? My question is, Minister, the Minerals

Council of South Africa reported that coal investments in the

country saw a decrease of over R2 billion between 2010 and

2018. There is also pressure from civil society organisations

who are litigating against the use of coal as well as the

global pressure to transition from coal to renewable energy.

Now, realistically speaking, what impacts do all these

attempts to limit mining cumulatively have on the ability of

Transnet to reposition itself as a global leader in rail

transportation for goods? Thank you, Chair.

The MINISTER OF PUBLIC ENTERPRISES: Thank you, Chair. With

reference to the hon member from the DA as you correctly

pointed out that it is perception but perhaps it is delusion

as well. The follow-up questions are not with prepared

answers. They are spontaneous answers just for your

information. One when you might or might not become a Minister

you will realise that.

In reference to the hon Maotwe, I am not sure what is a no

brainer. If a manufacturer or the original equipment

manufacturer, OEM, does not deliver full - as I have given

some of the details of the 1064 locomotives earlier that were



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 65**

required - and there is no delivery of some of these

locomotives and they are not efficient in one respect or

another, I am not sure what you will take back. So the fact of

the matter is that the country and the coal industry

understand that there is a shortage as far as locomotives are

concerned and that limits the capacity of the Transnet rail to

do the work that it is required to do.

As far as coal is concerned, and the just energy transition is

concerned, it is fairly clear both from the Integrated

Resource Plan IRP 19 and also discussions from the UN Climate

Change Conference, Cop26, and future discussions at future

Cops as well that coal will be part of global energy system

although on a declining basis for some times to come. Our

responsibility in South Africa is to contribute to a

decarbonisation process. If all of the other work that is

being done within Transnet in the next couple of years,

Transnet will return itself to a world-class logistics

company. And I am quite confident of that. Thank you.

Mr S S ZONDO: Chairperson, the supplementary question will be

asked by hon Zondo on behalf of hon Buthelezi. Hon Minister,

given the global debates on phasing out fossil fuel and

phasing in all emissions emitting technologies in line with



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 66**

the ultimate war of reducing emissions to reduce the global

warming and the fact that Eskom generates a bulk of its

electricity from coal fire power stations. Does the department

have plans in place to not only profit from the use of coal,

but also to invest in the technology to achieve the balance of

reducing the climate change as advised by the UN

Intergovernmental Panel on Climate Change? Please, provide

full details. Thank you.

The MINISTER OF PUBLIC ENTERPRISES: Thank you very much, hon

Zondo. Government has been indicating on various occasions and

most recently last year prior to the Cop26 event that took

place Glasgow where the President signed a statement together

with several other world leaders. Government is committed to

reducing the usage of fossil fuels.

It is true that approximately 41% of carbon emissions in South

Africa is through the production of electricity. That is why

Eskom for sometimes now has been preparing its own just energy

transition, that is, how it will decommission certain power

stations and ensure at the same time that under the umbrella

of the IRP 19 there is a replacement of the megawatts that

will be lost as a result of the decommissioning of coal power

stations. That balance and that roadmap is certainly in place.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 67**

as soon as money is available. You have heard about the

R8,5 trillion dollars that certain countries have made

available for some elements of the costs of this transition

process including retraining workers, both in coal mines and

power stations. Those are contributions towards reducing

carbon emissions in South Africa and meeting the target of 1,5

degrees that South Africa has committed itself to.

Eskom itself does not profit from the utilisation of coal, but

the coal industry certainly does profit from the selling of

coal both to Eskom and to the world as well. Thank you, Chair.

Question 277:

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

hon Macpherson, hon members, food prices have gone up sharply

both in South Africa and globally.

According to the food and agricultural organization’s

database, between February and March this year, global food

prices saw the largest single month increase in more than 30

years.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 68**

South Africa imports about R84 billion worth of agriculture

and food products annually. So, these trends affect local

consumers very substantially.

The World Bank, about nine days ago, issued a food security

brief and then identifies a number of causes driving food

prices, and it’s worth quoting, they say:

Even before COVID-19, reduced incomes and disrupted supply

chains, chronic and acute hunger were on the rise due to

various factors including conflict, socioeconomic

conditions, natural hazards, climate change and

[Inaudible.]

The impact of the war in Ukraine has risked global food

security with food prices likely to remain high for the

foreseeable future and expected to push millions of

additional people into food insecurity.

And then they go on and provide information, for example, that

as of April 2022 the agricultural price index is up 43%

compared to January 2021. Maize and wheat prices are 56% and

55% higher respectively, while rice prices are the only ones

that have come down by 17%.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 69**

They continue by saying the war in Ukraine is a major shock

for global commodity, markets affecting wheat, maize, edible

oils and fertilizers.

And then they provide information on the extend of fertilizer

price rises: 20% up since January, three times higher compared

to a year ago. These are extraordinary increases. I can add,

of course, the impact of rising oil prices that will affect

the entire food value chain.

Domestic supply chains were also affected by, amongst others,

COVID-19; and the recent floods in KwaZulu-Natal will have a

significant impact on food prices.

On the other hand, the data seems to suggest that the food

prices of locally produced products have increased at a slower

rate than a number of imported items over the last three

months. Favourable weather and good local crops for certain

products have also assisted to keep prices lower, than

otherwise it could have been ... except, of course now, with

the floods.

To address high food prices government has taken a number of

measures, I will highlight a few. First, we’ve supported



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 70**

efforts to scale up local production of food products in both

agriculture and food processing. This included the

announcement of a special fund by the Department of

Agriculture, Land Reform and Rural Development, DALRRD, and

Industrial Development Corporation, IDC, to support local

farmers, by PepsiCo to support small-scale farmers and by the

Department of Trade, Industry and Competition, DTIC, to sugar

farmers affected by the July 2021 unrest. Local retailers have

been encouraged to support local producers. The DTIC supported

the building of a new R1,3 billion edible oil refinery plant

in Richards Bay.

Second, the competition authorities have been monitoring food

markets, which included an investigation into sudden price

rises as was the case with garlic and ginger; hon members will

recall. And it’s now launched a market inquiry to fresh food

produce which will look at the structure of the market and

whether that contributes to higher food prices.

Third, the DTIC has put conditions to new tariff measures to

contain price rises. Recent tariff adjustments have sought to

peck price rises to no more than the rise in Consumer Price

Index, CPI, and/or another appropriate price index.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 71**

Fourth, National Treasury announced reduction in the general

fuel levy, which is expected to save a R120 each time a farmer

fills up a Hilux bakkie.

And finally, the DTIC and DALRRD has put industry partnerships

together in the sugar and poultry sectors and cooperated with

the citrus industry to address their concerns to expand South

African exports of citrus fruits. Thank you very much.

Mr D W MACPHERSON: Minister, I think we can all agree that

South Africans are battling and buckling under the price

increases that they are being subjected to. People are

battling to feed their families, children are going hungry,

malnutrition is on the increase and it is really difficult for

families across the length and breadth of the country.

But the government has to shoulder some blame for the

increases that we are seeing. For many, many years government

has put massive tariffs on many products into this country

with the notion of trying to create industries while locking

out imports into this country. And we have seen that with

cement, steel, poultry prices. Administered prices by

government contribute to the increase in goods and services in



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 72**

this country. Electricity increases are out of control and so

are water.

So, the government did the right thing, Minister, by relaxing

the duty on fuel; that was the correct thing to do.

Do you think that it’s not the right thing to relax the tariff

and Value Added Tax, VAT, on critical protein sources like

poultry, that feeds millions of South Africans and keeps

hunger at bay for them? Thank you very much. [Applause.]

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: Hon

Macpherson, I think you are absolutely right that ordinary

South Africans are battling to feed their families and that we

need to think of ways in which we can enhance quality of lives

and bring down the price of basic foods.

One of the challenges we face is the trade-off between jobs

and prices. And in an area like the poultry industry, as an

example, it’s a significant employee of labour. We are trying

to encourage many more small-scale black poultry farmers to

come in and supply commercial markets. So, we got to find that

right balance to ensure that South Africans also have jobs. At



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 73**

an unemployment that is really at about 40% job creation is

absolutely fundamental and we have to address that.

At the same time, I think you correctly point to a number of

challenges with tariff increases. When tariffs on imported

goods go up there is the tendency, this is how markets work,

when you create protection, in all likelihood the prices will

rise.

So, what we are seeking to do now is to mitigate that by

putting conditions for applicants, put in an application to

require them to commit not to increase prices beyond either

the Producer Price Index, PPI, or the CPI.

That is one element of it. The other part is, of course, to

increase supply. The law of demand and supply indicates that

if you can produce many, many more products and scale up the

quantities you can bring down the unit prices.

Energy remains an enormous challenge and a deep

industrialisation of the food value chain would be enhanced as

we overcome the energy blockages and Minister Gordhan is, of

course, working very closely with Eskom to see how we can fix



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 74**

the institution and help to bring down the long term energy

price path.

On the final that you’ve raised on VAT I know that Minister

Godongwana has an enormously difficult job. On the one hand

VAT generates the resources that pays, among others, for

social grants, which is a key means and I’m glad to see that

there’s cross-party support for these grants [Time expired.]

and at the same time he’s got to be able to generate the taxes

for that. Thank you very much. [Applause.]

Ms N E MOTAUNG: Minister, climate change poses a serious

threat not only to the environment but also to the livelihoods

of millions of people around the globe.

The recent floods in KwaZulu-Natal are indicative of the

extent to which livelihoods can be destroyed in a matter of

hours.

According the Pietermaritzburg Economic Justice Dignity Group,

which has indicated that the natural disaster can occur in

KwaZulu-Natal would mostly likely results in the increase in

the price of basic foodstuffs in the near future. This is a



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 75**

view also articulated by the Minister of Agriculture, Rural

Development and Land Reform.

Has the department done an analysis of the impact this will

have on households? If not, why? And if so, what measures have

the department put in place to mitigate against the further

increase in food prices as anticipated? Thank you, House

Chair.

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

I agree with the work that’s been done by the Pietermaritzburg

Economic Justice Unit that identifies the impact of the floods

on food prices.

KwaZulu-Natal is an enormous food basket for South Africa. In

2019 about ... close to a quarter of all agriculture value add

was generated in KwaZulu-Natal, it accounts, hon Motaung, for

about the third of the country’s dairy herd, probably about

10% of poultry and is a significant employer also of workers

and opportunity for small farmers.

We will see PricewaterhouseCoopers, PwC, did some work on the

likely impact and they’ve identified the number of channels



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 76**

through which se we may see price rises as a result of the

floods.

The first of this is obviously damage that the floods have

caused on agricultural lands. In the sugar industry I’ve seen

calculations by the sugar growers of damage of more than

R200 million.

The second leg of it is in logistics: port and rail line.

Minister Gordhan pointed to the rail line disruption that the

floods have caused between KwaZulu-Natal and Gauteng and, of

course, initial damage at the port that is now being largely

addressed.

The third channel is at the factory level. Both food factories

but also the suppliers of critical inputs into food like

fertilizer. There’s a very large fertilizer factory in

KwaZulu-Natal, the Foskor factory. So, all of these are likely

to have an impact.

The DTIC has worked with the KwaZulu-Natal province to do a

survey to identify the extent of damage and what it will take

to turn that around and how soon it can be done. As that

survey is completed we will have a better sense of the actual



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 77**

steps that would need to be taken. But a number of measures

are already being rolled out to try to ensure that farmers and

factory owners are able to get back to production as quickly

as possible.

Finally, on the ports and logistics side Minister Gordhan and

I went to KwaZulu-Natal recently and we did an evaluation of

the main logistics lines and what it will take to be able to

fix those much quicker than it would normally be the case.

Thank you very much.

Mr M TSHWAKU: Minister, I think this question says: What

measures are taken in terms of cushioning the food the South

African consumers who are currently experiencing the increase

in the prices of food?

So, we want to give you the answer or we want to actually give

you the suggestion.

One of the braven ways of ensuring that the country develops

internal capacity to stand on its own in the global trade is

to develop the capacity for import in substituting

industrialization. This will mean that we develop the capacity



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 78**

to produce and procure our own milk, our own chicken and other

foodstuffs.

Generally, we consume what we produce as far as practically

possible.

What steps have the department taken to ensure that we improve

the ability of the country to produce the foodstuffs that we

can produce instead of importing these from the other

countries?

I hope that from you, Minister, we’ll get a simple answer

because sometime you have a lot of [Interjections.] paragraphs

that I really don’t understand. I just joined you now and I

hope you’ll [Time expired.] give us a proper answer. Thank you

very much.

AN HON MEMBER: House Chair, on a point of order. The hon

member behind the latter speaker can she put on her mask and

stop being upset. Thank you.

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon members,

in the beginning we were urged, all of us, to put on our masks



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 79**

and we don’t need to be reminded. And I request all members to

put on their masks. Thank you very much.

Hon Minister, you may proceed.

The MINISTER OF TRADE, INDUSTRY AND COMPETITION: I agree with

the hon member that a localization programme can assist with

food security and indeed in challenging times like this it can

also help to bring down the moderate food prices.

I don’t agree with the hon member that these are simple

answers. When one finds a simplistic answer you simply

mislead.

Let me give a few examples on this. We looked at price rises

over the last three months, from January to March, and global

food prices increased by 17,5% and South African domestic food

prices went up by 1,5%. So, that would support the idea that

we’ve got to do more things locally, we’ve got to be able to

build our capability. How do we do that?

So, we’ve got a couple of examples of how we do that. Firstly,

we make available funding to small-scale farmers. We’ve

launched now, together with Minister Didiza, a special fund



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 80**

that the Industrial Development Corporation is administering

to support small-scale farmers.

Secondly, we work with companies to build factories, food

factories that would otherwise not be here. As an example, we

are working with a company to build an edible oil refinery in

Richards Bay that would be able to produce R500 million worth

of South African value as soon as that is completed.

Thirdly, we work with large companies to support procurement

from smaller companies. For example, Coca-Cola has now agreed

to take a certain portion of all the sugar that they buy in

the making of Coca-Cola and bring it from small-scale farmers

and to buy it locally.

Fourthly, we work with large retailers to get them to support

local farmers. For example, Shoprite, Pick n Pay, Woolworths

and Spar have all increased the level of local sugar that they

buy and it’s close to 100% of normal sugar if you exclude

speciality sugars.

And finally, we work with industries to see how we can improve

output from farms and from factories through competitiveness

enhancement programmes and measures like that. So, there are a



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 81**

few examples [Time expired.] obviously in the limited time I’m

not able to deal with all the things that we do, but I’ve

given five examples [Interjections.] I hope that is helpful to

the hon members [Applause.] He’s smiling wisely, he wants to

cheer and [Interjections.] [Inaudible.]

Mr M TSHWAKU: On a point of order, Chair. I wanted to ask in

terms of why are still importing chickens? [Interjections.]

The chicken we still importing [Interjections.] [Inaudible.]

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon members,

two points that I want to speak to: firstly, if you rise for

the point order be specific and be clear in terms of what

point of order and you follow the rules and shall be applied;

secondly, [Interjections.] order, hon members. Hon members,

order, please! Hon members, in the beginning we urged all of

us to put on our masks and I would say to the political party

Whips, if your members don’t want to put the masks inside the

House, can they be swopped with the members that are going to

respect the rules of the House. [Interjections.] No, hon

Maotwe, I’m making a ruling. It goes to everybody. Thank you

very much.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 82**

Mr F J MULDER: Hon House Chair, my question is very much in

the line of some of the previous speakers but with a little

different angle.

Would the hon Minister agree that in the current environment

where global supply chain backlogs are showing no signs of

easing and is further driven by conflict-related export

disruptions from the Russia-Ukraine war, that he mentioned?

It is now absolutely essential to eradicate corruption, to

create a stable state that stimulates localization to become

even more self-reliant country that is less dependent on

imports of food and goods; and by the eradication of

corruption also become a more attractive and competitive

exporter of goods. Thank you, hon House Chair.

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

think first let’s start with corruption. Corruption is

ultimately theft from the poor, corruption undermines the

economic fibre of the country, it damages the Gross Domestic

Product, GDP, and jobs.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 83**

We calculated in 2017 and we released the figures in the

public domain in the middle of 2017 the enormous negative

impact corruption has on the South African economy.

In addition to that I think, hon Mulder, your point about

building the capability of the state so that we can localize

more is one that is well-made, it’s one that this government

strongly is pursuing.

I’m really happy that both the EFF and the FF-Plus have put

questions that are essentially in support of government

policy.

On localization I would urge you to buy local, to support

local farmers and to expand demand for locally produced goods.

In these uncertain times, across the world, countries are all

saying that in the old paradigm, in the old days the only

issue was competitiveness. Now, increasingly, they are about

supply security, they are about building resilient economies

and we’ve got to be able to invest in building resilient

economies.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 84**

So, I certainly want to support hon Mulder’s call for greater

levels of localization. Thank you very much. [Applause.]

Question 255:

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much, hon House Chairperson, hon Mbuyane, the theft of scrap

metal is a major challenge to the country’s infrastructure

programme, damaging passenger rail lines, electricity supply,

freight lines and even health care facilities. It is driven,

amongst others, by a massive spike in global demand and global

prices that incentivise people to steal copper cables and

metal by the destruction of functioning infrastructure. They

sell it to middle persons. These products are then exported

mainly to the Asian continent and used in their metal

factories, foundries, steel minimills and so on.

The DTIC has taken a number of steps to address this. Firstly,

it supported the law enforcement agencies a number of years

ago through work done to support changes in the legislation to

make the criminal penalties tougher – up to 20 years in jail –

and to limit the right to bail in particular circumstances.

This was subsequently taken through Parliament. It was passed

into law and was promulgated by the President. The first few

prosecutions have started to take place under this new law.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 85**

Secondly, the DTIC introduced a price preference system,

supported by an export tax that was introduced recently that

has an effect of dampening the supply of scrap metal for

export because that’s where a huge demand exists and that’s an

engine that pulls the destruction of South Africa’s

infrastructure.

Lastly, because we recognised that these two measures are not

sufficient, the department has commissioned a research at what

further measures can be taken and is currently evaluating a

number of proposals. These will be taken through Cabinet for

consideration. Hon members will recall the President referred

to this challenge in the state of the nation address in

February, this year.

The proposals made by different stakeholders range from a

complete ban on export or sale of scrap copper cable, to

control sales in domestic markets, restrictions on the use of

cash for scrap so that an electronic proof of origin is in

place to a licencing regime to scrap metal merchants. These

are all measures that have been looked at. Each of them have

both advantages and disadvantages. These have to be evaluated

and thought through. Once Cabinet has had an opportunity to

reflect on them, we will be able to come back and indicate



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 86**

which of those elements are appropriate to deal with the

problem of theft of scrap metal. I thank you.

Mr S H MBUYANE: Thank you very much, Minister, in as much as

there is legislation with regard to regulating the trade of

second hand metals, the fact of the matter is that even the

law enforcement agencies are seemingly losing the fight

against scrap metal sales. What is your view, as the Minister,

to expand and deal with this matter because the ANC has just

proposed to call upon government to consider the total ban of

the scrap metal export? Has the department considered what

would be the impact of the total ban on the export of scrap

metal? Will the industry be sustainable on the economy or

whether the benefit of permitting the continued export of the

scrap metal overweigh the protection of public infrastructure

of government? Thank you.

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much, hon Mbuyane, I think the question points to the

complexity that we are trying to weigh out. Let’s start with

the research that we have done. We have looked at the

international experience. Are there countries that prohibit

the export of scrap metal? The answer is, yes, there are some.

We have looked at the trade regime. Are we in? Do we have



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 87**

trade agreements that would limit us? We have carefully

evaluated that. We have looked at the interests of those who

exports scrap and their legal rights for their business but we

have also looked at the enormous damage that scrap metal

exports cause to the economy.

Scrap metal is a critical input in the domestic value chain.

We need it for our steel minimals like the one in Gqeberha. We

need it for foundries like the ones in Gauteng. It is used in

the country’s infrastructure programme. There is a strong

argument to be made for some degree of restriction, which may

include some scrap metal pipes or copper cable that would be

limited for export. Late last year, we put in place export tax

on scrap metal. We have seen a number of the players in the

sector relabelling the export of scrap metal and sometimes

just doing the basic smelting of it. There is a constant

battle between the regulatory framework and those who profit

from the export.

When the research is done and when it has gone through the

system, hon Mbuyane, we will have a very explicit and clear

answer. The kind of considerations you pointed to, are exactly

what policy-makers have to take into account. I hope, hon

Mbuyane, that that goes somewhere into answering your question



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 88**

whilst we complete the research and take it through the

Cabinet process. Thank you very much.

Mr D W MACPHERSON: Thank you very much, Minister, just some

advice, if I may, any idea that the ANC gives you, you should

ignore it because it will be a bad idea. [Laughter.]

Both Minister Gordhan and My Mbuyane have said that you should

ban scrap metal sales. You should go as far away as possible

from that idea because every economic idea they come up with

leads to ruin.

The question, Minister, is: The hon Cuthbert posed a written

question to you on 22nd February, asking what quantitative and

qualitative data are you using to make these decisions and

what is exactly informing this decision around this particular

policy? He also asked: What discussions are taking place with

law enforcement to go after those that are stealing

infrastructure and selling it - that I do agree with Mr

Mbuyane on that more needs to be done – but there were no

details provided in that question – what data are you using to

make these decisions? What are the discussions with the police

about going after those that are stealing our infrastructure?

[Interjections.]



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 89**

Ms J TSHABALALA: House Chairperson, that’s another question

from the primary question. It’s up to the Minister as per the

Rules to answer that ... [Interjections.] ... You shut up.

Ms O M C MAOTWE: Who recognised Judith to speak?

Ms J TSHABALALA: Sit down, Maotwe. It’s another question from

the DA. It can’t be correct. Hon Maotwe, you are out of order

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Order. Hon

members ... [Interjections.]

Ms J TSHABALALA: Sit down, Maotwe. You are out of order,

Maotwe.

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon Tshabalala

... [Interjections.]

The MINISTER TRADE, INDUSTRY AND COMPETITION: I am quite happy

to take the question. [Interjections.]

Ms O M C MAOTWE: She is doing this for the third time. Can you

remove her from the platform? Completely out of order. We are

busy here.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 90**

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Order. Hon

members, allow me to guide the proceedings. Hon Macpherson, is

that a point of order? Before you do that. Hon members, you

must indicate even when you are on the virtual platform that

you would like to raise a point of order. The same applies in

the House. You can’t do both. You can’t raise your hand for

the point of order and engage at the same time. Hon

Macpherson, your point of order, hopefully.

Mr D W MACPHERSON: Yes, thank you, House Chair, that you have

ruled on this and we appreciate it. If members are going to

continue ... [Inaudible.] ... please throw them off. Thank

you.

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Thank you. Hon

Minister, you may respond.

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much, hon House Chair, I am pleased to advice hon Macpherson

that the data we rely on would include trade data ...

[Interjections.]



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 91**

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon Minister,

one second. Hon Judith, your hand is up from the virtual

platform. Hon Tshabalala.

Ms J TSHABALALA: It’s fine, House Chairperson, I will abide by

your ruling and your order in this instance, but I wanted to

rule the member out of order. It’s fine, the Minister is

willing to take the question. Thank you.

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon Minister,

it is your discretion whether you answer both questions or one

of them.

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much. I would start with the data question. We use a range of

data. Some of it would be trade data looking at exports both

in the scrap metal category - because there has been an

allegation that there may be evasion – and look at associated

trade categories to be able to be able to see the pattern.

We compile data from state-owned companies, for example,

Transet make available to us data on the damage caused by

scrap metal theft or copper cable theft on their operations.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 92**

Hon Macpherson would be delighted to know that the Western

Cape government has publicly indicated the deep challenges

that are caused by theft of copper cable from the Metrorail

system.

The damage is enormous. We would also take examples of the

output of the mining industry on copper. We look at what is

South Africa’s copper output and compare that with South

Africa’s copper export to be able to see the difference

between these two because that would be made up either by

misclassification or by scrap copper. Most scrap copper

appears to be taken illegally from the country’s networks and

systems.

On the question of law enforcement, we work closely with them.

Minister Cele and his team are very seized on this matter. We

also work closely with ... at the time when a Bill was

introduced to Parliament that provided for stiffer sentence on

this and other measures to make it easier for the law

enforcement agencies to crack down.

Having said that, it is an enormous challenge for the police

to try to monitor every possible site where copper cable may

be taken right across the country, 24 hours a day, 365 days a



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 93**

year. Even though the law enforcement agencies have some

successes, it is not sufficient to be able to protect the

country’s infrastructure. For that reason, we need these new

measures. I look forward to hon Macpherson also supporting us

as we take these efforts. He would then be delighted to know

that he would also be supporting the ANC in this position. In

that way, helping to build South Africa. Thank you very much.

[Applause.]

Mr F J MULDER: Thank you, hon House Chair, can the Minister

tell the House if the introduction of the export duty in the

Customs and Excise Act as such has contributed to a decline of

illegal export of scrap metal and more effective control of

corruption and whether the officials at the South African

trade ports and corruption at the trade ports has been

eradicated? Thank you, House Chair.

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much, hon House Chair, I am very popular with hon Mulder

today. On the question of the measures that have been taken,

initially the price preference system and now the export tax,

it would be too early to make a definitive judgement on the

export tax. On the price preference system, in the first

period when it was introduced ... essentially what it entails



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 94**

... Let me just explain the price preference system. It

requires scrap merchants when they collect scrap to sell it to

domestic users. Only when domestics users are not able to take

it up at a price discount can they export it.

We saw initially a decline in the export of scrap metal in the

main category, but we subsequently saw a rise in associated

categories which is evasion. Hon Mulder, very interestingly,

that would be fraudulent misrepresentation by people in the

private sector, the persons who will in the forms around the

export. Some years ago, we worked with a private sector player

to try to track examples of illegal actions in the export of

scrap metal and the police have acted against the individuals

concerned.

It is absolutely clear that we need to have not only very

tight controls at ports of entry to be able to monitor the

effectiveness of the measures we bring into place but also to

have tough prosecution of individuals, whether they are public

officials or individuals in the private sector. This is

causing serious and deep damage to the economy and to society.

Sometimes when South Africans have no lights or electricity,

is not always Eskom’s load shedding. In a number of cases, it



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 95**

is the damage to public infrastructure, and that, we must act

against. Thank you very much.

Mr M TSHWAKU: Thank you very much, House Chair, Minister, the

recent estimates of metal theft indicate that it is costing

Eskom, Transnet and Telkom about R7 billion on an annual

basis. These scrap metals find their way into the export

market because you are saying you have considered the banning

of the exportation of scrap metals. What have you done ...

what impact would such a step have on the livelihoods that

sustains people who does the recycling of scrap metals?

You have been running after these people saying they are

taking ... [Time expired.] ... have you gone to the source,

the people who are buying, which is mostly white people?

[Interjections.]

Ms B M VAN MINNEN: I think the member is out of order to point

at one of our members, saying that member is white. That’s

classification. [Interjections.]

An HON MEMBER: Chair, it was in the direction of the people.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 96**

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon members,

may we have order. We can do better than this. May we allow

the Minister to respond?

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much, the first part that I would like to say is illegality

and theft, those kinds of actions know no colour. We have seen

people of different colours taking part in this activity, and

the law need to be absolutely ...

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon Minister,

my apologies. You know, the hon member from the second row of

the DA and also on the same row, the EFF member, if you don’t

feel like putting the masks, please swap with your hon member

from outside. Everybody shall put the mask while inside.

Proceed, hon Minister.

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much, House Chairperson, we have done a quantification

exercise on the cost of theft to South Africa. The work has

not been completed. We have looked not only on the loss of

Transnet and Prasa, we have also looked at the impact that

this has on the economy, for example, when mines can’t operate

because the energy system has been disabled because of the



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 97**

theft of copper cables or metals, when factories can’t

operate; we have looked, amongst others, at things like the –

that would be the gross revenue that is forgone, the money

that otherwise would have been earned that is forgone – we

have looked at the additional cost of security that’s been

imposed as a result of this because a lot more people now need

to monitor this. It is a provisional figure. It’s not a figure

that we would yet say it’s our final figure, but our initial

estimate is that the damage that is caused could be as high as

R46 billion. Potentially, if we do a further modelling

exercise on the knock on effect, it is likely to be even

higher.

On the question of the livelihoods of people who are

collecting the scrap metals, there is a legitimate and legal

trade, which is to collect real scrap metals lying there

somewhere and sell it to a local foundry or a local minimill.

We want to be able to protect that.

Then there is another business. A business that goes about

digging up pavements and digging out the copper cable and

using sophisticated equipment to cut it. People come with

bakkies late at night. They would have five or six vehicles

casing the place, making sure that the police don’t come. All



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 98**

those things, it is organised syndicates. We have absolutely

no sympathy there. The law must act without any fear or favour

and crack those syndicates.

The jobs of many South Africans are affected. Every time that

Metrorail in Cape Town is unable to operate, thousands of

workers are late for work, those factories have additional

costs, they lose production. In fact, it is in the country’s

interests that we act on these things ... [Time expired.] ...

Thank you very much.

Question 244:

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much hon Herron for the question. The question relates to the

confectionery industry. Sweets and confectionery industry is

an important industry and part of the key value chain that

starts from the growing of sugar right through to the

production of all the things we like, chocolates, candies, and

so on. The sector, of course, the candy producing sector

expressed its concern about the cost of raw and refined sugar

inputs.

The confectionery industry itself has some protection from

imported products through tariffs that range from 37% for



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 99**

sugar confectioneries to 20% for chocolates. Most products are

either at or close to the ... [Inaudible.] ... of bound or

maximum rates with the exception, hon Herron, of chewing gum,

which has a duty of 25% against ... [Inaudible.] ... of

maximum rate of 37%.

The department also seeks to open markets for products from

the South African confectionary industry. They have access to

Southern African Development Community, SADC, markets and to

the four other countries in the Southern African Customs Union

and to the European Union, EU, and US markets through our

trade facilitation arrangements. Now we are building this

African Continental Free Trade Area which will create an

additional market that at its peak, will be as big as

1,2 billion persons.

The industry has access to raw materials currently from

Eswatini on a duty-free basis, and it has quotas specific

access to the EU and UK markets. This is now the raw sugar. In

addition, sugar is accessed from different parts of the world,

including Brazil. Coming to the key part in the question,

removing duties from raw sugar, hon Herron, is not government

policy, given the very large number of farmers and workers who

are employed in sugar cane production, KwaZulu-Natal,



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 100**

Mpumalanga and other parts of the country. Very often, people

who have a precarious livelihood really struggle to put food

on the table. So, instead of trying to take away the little

bit of protection that upstream producers have, we are working

with the industry to promote greater local consumption of

sugar and confectionery and to identify measures to improve

the diversification and the competitiveness of local sugar

producers. Thank you.

Mr B HERRON: Thank you House Chair and thank you Minister for

the answer. Clearly, the balancing act from the sugar cane

farmers through to the mills and then the converters being the

confectionery sector is an important balancing act for the

contribution to our economy - but also the growth of jobs and

job opportunities. Africa is apparently showing the largest

growth of consumption of confectionery products in the world

and far outstripping the rest of the world. So, there is great

export opportunities for South Africa and South African jobs

will be created in the confectionery sector – if we can get

this balancing act right.

I hope the Minister will agree that there is an absurdity in

the current situation, where iconic South African are Chappies

Bubblegum which was launched in South Africa in the 1940s. It



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 101**

is now manufactured in Pakistan and Eswatini because it is

more cost-effective to manufacture it there and bring it back

into South Africa. The Cadbury Flake which has a flake which

we call the Flaky is being manufactured in Egypt and being

reimported back into South Africa. It is an iconic South

African product. So, there is something broken in the sugar

tariff regime that I think we need to fix. I hope that the

Minister will address that in the Sugar Masterplan.

Whilst trying to protect the jobs that are in the farming

sector, well, we do understand that there are jobs to be

created and there are jobs that are being exported as these

products are being manufactured outside of South Africa when

they used to be manufactured here. We have a more urgent

crisis right now which is the flooding in KwaZulu-Natal and it

has caused a shortage of sugar for the confectionary sector.

They are just simply not able to access the raw material. Can

the Minister consider as part of the flood relief regime a

temporary tariff relief for importing sugar for the

confectionery sector? Thank you, House Chair.

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much, hon Herron, for putting a more balanced view on the

challenges on both sides of the equation. Let me start by



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 102**

saying that the opportunities to grow on the African continent

is fast. Africa is a young population, rapidly urbanising, and

there is a growing middle class and food consumption of the

continent is going up. In addition to that, South Africa’s

confectionery suppliers and access to a range of sources for

raw sugar are not confined only to South African sugar.

I would advocate and recommend that they use South Africa

sugar but they are able to bring sugar from Eswatini - which

is a very significant sugar producer free of any duties. So,

there is zero duties on sugar coming across the border from

Eswatini. In addition to that, they can bring sugar in from

other SADC countries regulated by quota, which is also

available to them at prices that they otherwise will not be

able to afford. We have a bit of flexibility in our system. On

the question of Chappies Bubblegum, the sugar that Chappies

uses in producing the bubblegum in Eswatini, that same sugar

can be landed in South Africa free of duty.

So, clearly in that example, the price of sugar is not a

fundamental constraint. There may be other constraint, but it

is not the price of sugar because a factory in Eswatini will

get the sugar at the same price as a factory in South Africa

because of the agreement we have in the Southern Africa



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 103**

Customs Union, Sacu. But I think you made a good point that we

need to find ways in which we can localise even more of the

sweets that South Africa produces.

A recent example has been measures taken by National Treasury

to try a careful balance between the sugar levy – the Health

Promotion Levy, and the need to protect jobs. Minister

Godongwana has tried to find that balance to ensure that South

Africa remains a producer of sugar products. We are looking at

how to improve the competitiveness part of it so that is at

the level of the ... [Inaudible.]. ... [Inaudible.] ... play

quite a key role because they are the collectors of raw sugar

and they move the sugar in refined from to other value chains.

One element of it is to diversify sugar by considering a

biofuel strategy that will use South African produced sugar

which may then both create greater economies of scale - you

can produce more or you can bring the price down, but you

would also have greater scope for imports. We are looking very

carefully at the impact of the floods on the sugar industry.

As I indicated in an earlier reply, the damage has been

estimated to be more than R200 million. KwaZulu-Natal

represents that careful balancing act. On the one hand, the



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 104**

industry in KwaZulu-Natal has been very badly affected. Some

farmers have been absolutely devastated. We have to be able to

find a way in which we can sponsor them as rapidly as

possible, as soon as the new sugar crops come on stream. At

the same time, we need to be able to ensure access to sugar

supplies. So, we are looking at it very carefully. Thank you

very much.

Ms R M MOATSHE: Thank you very much, hon Chair. I will take

it. I’m hon Moatshe. Hon Minister, South Africa and other

member states of the Southern African Development Community

have placed industrial development at the core of the regions

integrated development agenda with agro-processing,

specifically in the sugar confectionery value chain being an

important area in which industrial development can be pursued.

Hon Minister, are there any collaborative efforts in place to

achieve this integration? How is the production and

distribution of the sugar confectionery value chain organised

in terms of interfirm linkages, governance and regional

logistics? Thank you very much, hon Chair.

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

hon Moatshe for that question. So, within the southern African

region - if I go beyond Sacu, let me just start with Sacu



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 105**

which is as smallest as five countries. Eswatini is the major

supplier of raw sugar, some of which goes to South African

mills, and some of which are milled in Eswatini. Then, if we

look more widely in southern Africa, there is a confectionery

industry that is growing. There are users of sugar elsewhere

in the continent, Botswana and Namibia for example, who have

indicated their desire to be growing their production of food

products that uses sugar. That is one part of the value chain.

Coming to the question on the logistics system, of course

sugar is largely moved globally by ship. Brazil in fact has

even an expression for it, which it calls High Seas Sugar to

distinguish it from sugar that we get from neighbouring

countries. So, on the African continent, we use a range of

means like rail, road and so on to move sugar. But the

competitive advantage that we will get is if we are able to

invest more on sugar logistics. If you go to the Port of

Durban, you will see an entire terminal which is a sugar

terminal, given the importance both of importing and exporting

of sugar. Bringing together both the integrated supply chain

between all of these elements and other advantages that the

African continent has, can catapult industrial development on

the continent.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 106**

Consider for example, Africa is a massive producer of raw

cocoa. We export that cocoa to Belgium, France and to many

other parts of the world. It is made into chocolate there and

it is exported back to the African continent. But we have all

the elements. We have the cocoa; we’ve got the milk; we’ve got

the sugar. It is about organising these different inputs to be

able to produce these sweeter products that all of us like.

That constitutes the opportunity for the African continent.

Thank you very much.

Mr D W MACPHERSON: Minister, with the Sugar Masterplan, there

is a lot of moving components in the plan, of which

confectionery and end use one part of the plan. Another part

of the plan and an important part of the plan is around

diversification of sugar cane and the use of ethanol. For many

years this issue has been discussed by your committee, your

predecessor discussed it and you discussed it, and there seems

to be very little movement on the diversification into

ethanol, which is a pity because if we went further down the

road on that, we will be having greater access to synthetic

fuels, which will alleviate many motorists be spared from

inflation. By when can we expect a finalisation and concrete

plan on the diversification into ethanol and an announcement

in that regard. Thank you very much.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 107**

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much for that question, hon Macpherson. The strategy in the

Sugar Masterplan has two elements of diversification. The

first is to try to work with farmers to diversify the crops

that they produce. So, they are not as reliant on sugar

production, some will be nuts or essential oils. There is a

range of alternative crops that are pioneered already by

farmers. There tend to be larger farmers that have the know-

how to be able to do that. So, we still have to make sure that

small scale farmers are not left out in the diversification of

crops.

The second element is industrial use. Confectionaries are one

element as the hon Herron pointed, and so is the use of sugar

in things like beverages, for example the colas, and sugar

that we use in our teas. A third element of it is the

diversification into synthetic fuels, and the final one is

into the production of other products for example, if you

check in the supermarkets, some bottles have a small picture

of a green plant on the side, that means a portion of that

bottle has been produces with renewable resources.

The Department of Mineral Resources and Energy is responsible

for the biofuel strategy of South Africa. They have gazetted a



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 108**

first set of comments on that. As the Department of Trade,

Industry and Competition we support them, we work with them

and we encourage them to move with dual speed.

One of the challenges has been the challenge of the subsidy

that would be required in order to be able to support the

production of biofuels. When the fuel price is high as it is

at the moment, no subsidy is required. When the fuel price

drops substantially as it did in early 2020, but even prior to

that, then all of those businesses will be unable to operate.

Investors in this area have proposed that government should

have a default subsidy arrangement in place.

National Treasury is under a little bit of work just as the

Industrial Development Corporation, IDC, and it is because of

the costs attached to it that we have to be fairly circumspect

at times when the fiscus has been quite constrained. I am

still encouraging my colleagues who work on this in other

department to see what they can do to get this done as quickly

as possible, because this can also increase employment over

and above what we have at the moment. Thank you very much.

Mr F J MULDER: Thank you ... I couldn’t hear you clearly. Will

the hon Minister agree that the introduction of the so-called



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 109**

sugar tax by the Department of Health in 2018 as a health tax

and the recent neglect of the Department of Trade, Industry

and Competition to implement the correct formula for import

tax on sugar for 34 weeks in 2021 could have negative impact

on the confectionery manufacturing industry in South Africa?

Thank you, Chair.

The MINISTER TRADE, INDUSTRY AND COMPETITION: Thank you very

much, hon Mulder. I think I heard most of the question and to

the extent that I have heard it correctly, it talks about the

health protection levy and the potential increase on that levy

and the impact that it would have on confections on industrial

uses of sugar. If I understood that question correctly, with

any tax of whatever nature, there is always careful ...

[Inaudible.]. There are winners and losers in them. And

economics is one of those dismal sciences where there are not

too many instances where you have a complete win-win in these

things.

So, on the one hand we need to protect the health of

populations. World Health Organization has lobbied that

governments needs to take steps to try to find public health

measures. In the case of diabetes, things like the price of

sugar beverages will be cited. On the other hand, in a country



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 110**

like South Africa, with enormous unemployment challenges, the

challenges of rural poverty and of the difficulty that small-

scale farmers have to shift from one type of production to

another type of production, we have to take into account how

price increases on the final product depresses consumer demand

and in that way, damages jobs. And this balancing act has to

be carefully looked at. So, that is what National Treasury has

to balance most recently in looking at the health predictions.

Thank you very much.

Question 258:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Acting House

Chairperson, good afternoon members of the House. To respond

to hon Myeni for the question he had asked and of course we do

understand the concern that the hon member is raising in

relation to the number of our offices as related to our

agencies. Whether we talk about the rural or the townships, as

things stand Small Enterprise Finance Agency, Sefa has only 10

regional offices throughout the country and we are also

sharing with the Small Enterprise Development Agency, Seda

which has 54 branches throughout the country.

As I indicated earlier, this is not enough. We have got so

many townships and rural areas that need access to these



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 111**

services that we render at Sefa and Seda. That is a reason we

have taken a cautious decision that we are going to be working

with Local Economic Development, LED offices in all local

municipalities and we will beef up the capability. The fact

that there are LED officials it does not mean that they

understand the services that we are offering. Therefore, we

are looking for unemployed graduates that will be placed in

those LED offices to assist all the small businesses that are

in those areas with the services that we render at Sefa and

Seda.

I want to emphasise that at the centre of this, we are also

introducing a hybrid model as we have seen during the Covid-19

period that people need not to go to the offices physically.

Others will be able to ensure that they participate using

their cellphones whether it is applications or other things.

That is why we are busy developing a digital platform that

must also give access to those that are digitally literate

whilst we appreciate that we still have a high rate of digital

illiteracy. At the centre of that is the cost of data which

people are complaining about and we are also looking at that.

Thank you Acting House Chairperson.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 112**

Mr E T MYENI: Hon Acting House Chairperson, hon Minister what

are the reasons that some enterprises go through the Seda

applications successfully yet fail to be financed by your

entity, Sefa?

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Acting House

Chairperson, as we have been embarking on a number of

roadshows and indeed this has exposed the limited information

or us being unable to raise awareness in terms of the services

that we are offering. Seda, by its nature and mandate

according to the legislation is responsible for business

development support and as part of doing that they do consult

with the consultants that develop business plans.

No consultant can come up with the business plan that they

believe is not bankable. But, when you cross the floor to the

offices of Sefa which is responsible for the financing of the

business plans, there is a lot of things that they have to

look at. These are guided by all the legalities in terms of

the provincial authority and the Public Finance Management

Act, PFMA in ensuring that they undergo due diligence of each

and every business plan. When it comes to that you will find

out that although you have a great business plan but when you

go directly to the person, applying for funding, you do not



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 113**

meet particular criteria and others go to an extent of not

submitting all the reasonable information that is required by

Sefa.

Our responsibility as the department is to make sure that we

give access to all small businesses. Access to funding whilst

we facilitate, through partnerships, access to markets. At the

centre of that is to enhance the capability of the

constituency that we are responsible for as we make them

understand the business component in terms of the requirements

that are put in place by all those funding institutions. We

also have a responsibility not to just decline from the Sefa

perspective and say you have not met a, b, c and d but refer

the applicant to Seda. Then Seda will assist the applicant

with the relative things that were raised by Sefa.

In summary, Sefa will recap that the applicant has applied but

does not have relative requirements and therefore the

application is not approved. The applicant will then take the

relative requirements to Seda where assistance will be

rendered and after intervention by Seda, the applicant can

then come back to Sefa and apply for funding. This is the

resolution that we have taken to be the only way to enable

maximum participation by small businesses in all the supply



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 114**

and value chain that we are talking about. Thank you, hon

Acting House Chairperson.

Mr J N DE VILLIERS: Hon Minister, exactly as you explained

that one of the problems with the agencies between Seda and

Sefa is that people get moved from pillar to post. They are

send back to Seda and then send again to Sefa. There is

something that we can all agree on, that the merger of these

two entities is the priority to help small businesses. Now,

this has been called for as early as 2015 by the DA and six

years later, last year 2021, this was actually approved by the

Cabinet for the first time.

In the six years that have lapsed there has been a lot of

uncertainty. Key leadership positions in Seda and Sefa led to

instability and bad service to small businesses. Hon Minister,

my question is, can you commit to a deadline to set time and

date where the merger of Seda and Sefa would be accomplished?

Thank you, hon Acting House Chairperson.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Acting House

Chairperson, let me thank hon De Villiers for that correct

question. Indeed, the reason we have started right now before

we undertake the legislative processes that will lead to the



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 115**

merger of both agencies we said, it is important for them to

come up with integrated systems. It is important that they

start collaborating.

The first thing is to agree on what methods must be used on

those that are applying for business development support that

must also talk to the financial side. That is the first thing,

whilst we are taking the processes of the legislative

amendments because the merger means that these companies are

scheduled differently according to the PFMA. That is a need

for us to go back to the Seda Act which incorporates Sefa and

make amendments in terms of accommodating the functions that

are being brought by Sefa whilst we are doing away with Sefa.

We have asked the Cabinet to give us 20 months, we have

started of course this month, May and you can count and I

think it ends it 2024 January. Because of the period that we

undertake when we do legislation, we are hopeful that the high

level panel will also have an appreciation of that urgency of

one agency that must be able to resolve the issues that are

faced by small businesses.

We are trying to stabilise within this 20 months’ period as

you are aware that in the six years you are talking about,



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 116**

there was a moratorium that was put in place because we were

pushing for the merger. We are lifting the merger and we have

appointed an interim board that must make sure that whilst we

are busy ensuring that the agencies that are developing the

current mandate but there is a transitional period that is

undertaken so that by the time we finalise the process, things

run smoothly and that the work is continuing.

We will come back of course during the Budget Votes on 10 May

to give details and go back to the portfolio committee in

terms of the project plan. We have committed to Cabinet that

every six months we will be going back to give progress so

that there is certainty in terms of what and how is the work

we are undertaking. This will be to ensure that we indeed have

one Small Business Development Agency. Thank you so much.

Ms B MATHULELWA: Hon Acting House Chairperson, Minister, the

informal sector is said to contribute about 17% of the

country’s employment but yet it is the most under supported in

the country. The absence of your offices in the townships is

evidence of the negligence of township entrepreneurs. What

have you done to change the perception that you do not care

about township businesses? What steps have you taken to



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 117**

protect township businesses from protection extortion which

endanger the security of township business?

*IsiXhosa:*

Asinakulala sidle ezi ziphakamiso zonqwanqwado zingasisi

ndawo. Vulani iPalamente ngokupheleleyo nina qha niyeke ukuba

ngoozungul’ichele bezifonyo apha.

*English:*

The ACTING HOUSE CHAIPRERSON (Ms R M M Lesoma): Order hon

members, just one second hon Minister. Hon members, you are

consuming time and we do not have enough time left for the

questions. I will request that we familiarise ourselves with

Rule 84 so that we are not, from time to time, called in

order. By the way, you will be called in order. Your

unbecoming gesture and utterances, Rule 84 speaks to that.

Ms J TSHABALALA: Hon Acting House Chairperson, on a point of

order: I have raised my hand because the hon member from the

EFF has asked a question that is not related to the principal

question. According to the rules, it is up to the Minister to

answer that question but it has got nothing to do with the

principal question.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 118**

The ACTING HOUSE CHAIPRERSON (Ms R M M Lesoma): Thank you, hon

Tshabalala. Hon members, there are rules in the House and when

the House Chairperson made a Ruling, it was to conscientise

you about not wearing a mask. Rule 84 applies to unbecoming

gestures and utterances. If you do not listen hon members, we

will follow the due processes and we will do the correct thing

to be done. You may proceed hon Minister.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Acting House

Chairperson, thank you very much.

*IsiXhosa*:

Mathulele ohloniphekileyo, ayinyanisekanga into yokuba

asincedisani nooosmashishini basezilokishini. Xa ungena apha

eKhayelitsha, besiphaya kule veki iphelileyo sinikezela

ngezixhobo zokusebenza.

*English*:

That was the second time this year. I am talking about the

Western Cape. We have been to the Eastern Cape and we are

doing it throughout the country. This is the programme that

seeks to provide dignity to all the informal businesses but

not only to provide them with dignity but to ensure that we

give them access towards the proper value chain to make sure



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 119**

that we are responsible, not only as government but together

with the private sector.

The first thing that we do is to provide them with the

equipment in terms of support. I am sure you know that on

daily basis the municipalities, again through the LED offices,

are inundated with request from the informal businesses from

the beauty industry and all other informal businesses. They go

and make requests of the equipment that they need and indeed

it has been provided. We are working with associations that

are responsible for informal business support. As we do that,

because we understand that as the government or as the

department alone, we really cannot hit the nerve where it

matters. It requires us to collaborate with other

stakeholders.

The ecosystem that we are responsible for is very big and it

does not matter whether you talk about the transport sector.

We have the taxis sector, whether you talk about Uber or any

other business. Those are the stakeholders in the department

that are not formalised. Ours, is to engage with them in terms

of finding how do we compliment the work that is being done by

the different sector departments whilst we agree that those

who want to be formalised are assisted by us with the process.



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 120**

Once more, this is a programme that is targeting townships and

rural enterprises. To top it, as we grew up from being very

small or micro we offer them the support that we give from

R50 000 to R1 million through the townships and rural

enterprise. Again that is the programme which has gained my

support and many businesses have tapped into it.

I think what we all should do hon members now, is to make sure

that we participate in our constituency offices to make sure

that the legislative environment beginning from local provides

a conducive environment for the informal traders. As we talk

about them being chased away forever or their security that

cannot be done by the department. The solution is required

from all of us to say what is it that we want for South

Africa.

We must leave aside the politicking because we are talking

about the contribution towards unemployment and the growing of

the economy and that needs no politicking. This is a matter

that we have all committed to in the National Development

Plan, NDP Vision 2030. Come 2030, we are going to create

11 million jobs and the NDP says:



**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**WEDNESDAY, 4 MAY 2022**

**Page: 121**

Out of the 11 million jobs, nine million jobs must come

from small businesses.

Now, any responsible lawmaker here is supposed to understand

all those clauses in the NDP Vision 2030 and therefore

identifies how he/she is going to contribute to ensure that

South Africa can grow and reduce unemployment. Thank you very

much. [Applause.]

The House adjourned at 18:03

