**UNREVISED HANSARD**

**NATIONAL ASSEMBLY**

**THURSDAY, 3 NOVEMBER 2022**

***PROCEEDINGS OF HYBRID NATIONAL ASSEMBLY***

The House met at 14:02.

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

**QUESTIONS - PRESIDENT**

Question 19:

The PRESIDENT OF THE REPUBLIC: Hon Speaker, hon members, the debt owed to Eskom by our municipalities as well as government departments stands at more than R50 billion. We have made it clear that nonpayment for services is unacceptable and have taken a number of steps to ensure that payment of this debt is recovered. For this reason, we have established a multidisciplinary revenue committee, and Eskom is part of this committee, to address payment of the debt to the utility by municipalities and various other organs of state. To assist municipalities across the country to pay what they owe Eskom,

the Department of Public Works and Infrastructure pays the services charges and property rates for its properties on behalf of client departments. For September 2022, as an example, the department paid R575 million for property rates and municipal services and processed invoices to the value of R51 million to Eskom. Where there are disputes, as they often are, the department pays what is not disputed and engages the municipalities for amounts and accounts disputed that are disputed.

The department has made significant progress on the reconciliation, verification and settling of debts that are owed to municipalities. Because of its concurrent function, the department co-ordinates the reports from the provincial public works departments on a quarterly basis to verify if the public works sector pays its municipal debt. Where there are challenges, the department engages with established provincial fora with municipalities to resolve the disputed accounts. In conclusion, regular engagements are taking place with the relevant departments and various treasuries to resolve all outstanding debt. The Department of Co-operative Governance and the SA Local Government Association are part of these consultations that are ongoing for amounts that may be incorrectly reported. So this is an ongoing process and we are

hoping that it will continue to gain traction and result in a situation where fewer and fewer municipalities as well as government departments and entities owe less money to Eskom. Thank you, hon members.

The LEADER OF THE OPPOSITION: Thank you very much, Madame Speaker, and I'm glad that you feel that nonpayment is unacceptable, Mr President because I don't need to tell you how the public feels about the outrageous attempts by the government to expand the Ministerial Handbook to grant even more free perks to the extremely well-paid Ministers of your Cabinet, and by now, I would hope that you know just how furious South Africans are and they have every reason to be so.

Remember this gift of unlimited free electricity and water came on top of the extremely generous perks that Ministers are already pampered with including R20 million spent on vehicles during the lockdown period and R2,6 million spent on generators at Ministers’ homes so that they don't have to feel the effects of their own failed policies. Given this justified public outrage and given your insistence, and you've repeated it today, that users pay for the electricity, it’s surely right that the members of your Cabinet should pay back any

additional financial benefits they receive in the six months between April when the new handbook was snuck in, and last month when you hastily retracted it. Mr President, have you instructed your Cabinet Ministers to pay back the money?

The PRESIDENT OF THE REPUBLIC: Hon Speaker, the process of the reconciliation of all these amounts is underway, and it was also underway when we looked at the various processes or costs that have to be carried, firstly, by the state and also by individual Ministers. So this process is underway, I'm not able to say now whether it has reached conclusion, and when I withdrew the handbook, it was with the view to having this matter properly processed.

We have a situation now where the salaries of public representatives are determined by an independent body, and it occurred to me that an issue such as this one also would need, once it is properly processed, to be properly examined by an independent body because all of us who tend to determine these benefits are essentially insiders and, therefore, you need an independent body that could examine all these.

So I'm in the process of examining this and seeing how best a process can be put in place, a process that will lead to a

measure of equity and fairness, not only to the people of our country but also to the incumbents. And it is correct that that process should be undertaken as we did when we started determining the remunerations of all of us as public representatives through an independent body that is chaired by a judge. So the work is underway and once it has reached fruition, we should be able to tell you all exactly how we want it to be handled. Thank you.

Ms K D MAHLATSI: Thank you very much, Mr President, for the comprehensive response, the focus on the negative impact of load shedding has been mainly from an economic point of view without a substantial focus on some of the social implications such as how it will negatively impact learner performance during and the current examination period. How it interrupts a few food preparations while the safety of the citizen is also at high risk due to the darkness which criminals are also taking advantage of.

What mitigating interventions are in place to cushion the poor who would not have other alternative energy resources or temporary lighting and source of energy which is crucial to sustaining livelihoods during power cuts or security for learners to study during these particular interruptions? Hon

President, in your response, it'll be also important to give a message of hope to the learners who have just started their matric examinations including TVET and university students who will be soon starting their exams. Thank you very much, Mr President.

The PRESIDENT OF THE REPUBLIC: Hon Speaker, the issue of load shedding is a challenge and a problem to all of us collectively as South Africans and I would say that it isn't correct that we only focus on the economic side or businesses. We do also focus on the hardships that are imposed on the people of South Africa. And to this end, we've taken a number of measures and steps to address the challenges, for instance, that are faced by our hospitals, our health centres, who whenever there is load shedding, interrupt their work and dangerously so because sometimes it happens during operations and other various intricate processes that take place in hospitals.

When it comes to schools or centres of education, they are so widespread. We've got some 25 000 schools, universities, and a number of TVET colleges. Whilst we want Eskom to safeguard a number of places where there is a gathering of people involved in particular functions, it is difficult to say that we will

safeguard or we will come up with immediate alternative measures for each of the 25 000 schools. We continue to address the challenge of load shedding through a variety of ways, and we are hopeful that as we move on to implement the measures that I will talk about in the next question, we will be able to see some success.

We do focus on the poor of our country even during the difficult periods of load shedding, and you will all know, hon members, the extent to which the government has gone to ensure that those who are indigent are able to get some measure of assistance from the state, and to date, we've got some two million such who are assisted by the state.

When it comes to the positive message that one can give to learners, I was in the Eastern Cape and had the pleasure of seeing those young learners who are going to write their exams and I encouraged them to be focused as they go into their exams, and I said to them, they should ensure that they write as effectively as possible so that they can be successful in their exams. They were very positive. I was rather pleased that young people are going into these exams fearless hoping that they are going to succeed, and that is the positive disposition that we want to see amongst our learners. And I

would say that even at the university level, I happened to be at the University of Fort Hare and interacted with some students there who were getting ready for their exams, and the same positivity was exuded and I was rather pleased that we got a new generation of young South Africans who are looking forward to the future positively, and even as they enter a difficult period of their exams. So I encourage all the young people in our country who are currently writing exams to be positive and hope for the best results. Thank you, Madam Speaker.

Mr W W WESSELS: Hon Speaker, Mr President, the Premier of Gauteng recently tweeted that he calls on the central government to take over the outstanding debt of Soweto to Eskom. Given the dire fiscal position of the state currently, does the President agree with this stance, and if so, how will this affect our fiscal position and how will we manage this?

But also given the fact that municipal debt, not only of Soweto, is currently out of control at R35 billion, how is this situation going to be handled to balance our fiscal position, but also save Eskom and also manage the fact that municipalities and residents can't afford to pay that outstanding debt? I thank you

The PRESIDENT OF THE REPUBLIC: Hon Speaker, one can understand, where the premier is coming from. It's an aspirational wish that it would be good if that were to be done. Now, at the same time, we've got to balance this aspirational wish with other considerations. The first is that South Africans must pay for the services that they use. The user-pay principle does need to be observed by all of us largely because, as the state, the state carries quite a big burden and a heavy one.

When you look at our budget, the social support of our Budget is way over 50% but at the same time, one understands the hardships that the people, not only of Soweto but poor people around our country are going through. Prices of nearly everything have gone up, at the same time, we also have to understand Eskom’s position. Eskom is reeling under a huge burden of debt. So when one looks at all those three considerations, one needs to arrive at a balanced conclusion. Firstly, look at the burden on the state, the enormous burden that our people carry, poverty, unemployment, and in some cases hopelessness and at the same time, look at the burden that Eskom carries.

Now, with all this, I can understand where the premier comes from and we, therefore, need to have a balanced discussion to see how best these problems that, yes, our people in Soweto and a number of other places, I mean there are many municipalities that owe huge amounts of money to Eskom. That is under discussion and we seek to find ways of addressing municipal debt.

Debts can be written off, but sometimes there need to be conditions under which debts can be written off, and it happens all over the world, and in this case as well, discussions, therefore, need to be entered into to see how we balance everything. So let me say the premier is not mad and our people's needs are recognised and the burden on the state should also be recognised. So if we can take all these into consideration, I'm confident will have a very good outcome.

Thank you very much.

*Tshivenḓa*:

Vho N L S KWANKWA: Ndi masiari, Phuresidennde.

*English*:

President, yes indeed we need to bring an end to Soweto’s exceptionalism. [Interjections.]

*IsiXhosa*:

Andiziva ngoku.

*English*:

The SPEAKER: Order!

Mr N L S KWANKWA: President, I think you know when you’re talking about undertaking maintenance it’s going to solve load shedding in the short term but as your government has taken a decision to try and reform the entity to streamline its operation you said, for example, in 2019 because you are trying to address issues of energy in the country in the long term. You said separating the Eskom different divisions into separate units allows the entity to source funding on its own merits. In this regard, I think recently the entity implemented separate financial statements.

Our concern, President, is that Eskom has been able to go to the financial markets to source funding on the basis of a strong balance sheet because it was made up of consolidated financial statements. Once you break up the entity, do you not run the risk of having three entities with very weak balance sheets meaning Eskom might not be able to source funding from the financial markets and the private sector which will then

create a situation where Eskom will perpetually depend on the state for its resource needs or the taxpayer rather. Thank you, sir.

*Tshivenḓa*:

MUPHURESIDENNDE WA AFURIKA TSHIPEMBE: Ndi masiari.

*English*:

Hon Speaker, I apologise for rising before you gave me permission.

*Tshivenḓa*:

Ndi masiari, Vho Kwankwa. Ndo vha ndi sa zwi ḓivhi u ri vha a kona u amba Tshivenḓa. Ndo livhuwa nga maanḓa. Ndi ḓo vha gudisa na zwiṅwe zwa Tshivenḓa.

*English*:

Hon Kwankwa, that's a very good question and I appreciated it. The process of restructuring Eskom into three entities indeed is in the end going to make the financing of Eskom a lot easier because the balance sheet, yes, will be streamlined into three entities but remember one of the proposals that we've put forward which we still need to properly synchronise with where we want to go is that Eskom Holdings will be the

holding company and its statements will consolidate the statements of the three entities. For instance, in distribution, Eskom was not going to be the sole distributor, so that'll be taken into account as well in your financials.

I do believe that various entities, the sums of the whole at the Eskom level are going to lend themselves to positioning Eskom in a more positive way rather than in a less positive way. When you disaggregate all this, you'll be able to see how the divisions are functioning and how the separate entities themselves are functioning. Others will function better than others but the consolidation is going to be quite beneficial to the whole. So whilst you may fear that it'll weaken Eskom’s position, I do believe that it'll enhance it. But in the end, what it is going to do, as we have said, is going to lighten the monopoly position that Eskom has, particularly in view of its financial challenges, much as Treasury has announced and will be setting out more clearly in February Budget how much of the debt is going to be taken up. Eskom will remain indebted, and so, therefore, we want Eskom to be stronger financially to enable it to embark on further expansion processes because Eskom in the end is going to remain the mainstay of our energy generation as well as transmission entity. So the fears you express are matters that we have to

address, and as we move forward, we'll be able in a very transparent manner, as you've already seen the statements able to put forward the various propositions as we move on. So for now, fear not. Thank you.

Question 20:

The PRESIDENT OF THE REPUBLIC: Thank you Speaker and hon members, the causes of the recent extensive load shedding that we have been experiencing, are both structural as well as operational.

Among the structural challenges are the fact that there has been insufficient investment at the Electricity Supply Commission, Eskom level in new generation capacity when it was needed two decades ago, and this has resulted in the end in a national capacity shortage of between 4,000 and 6,000 megawatts.

I have articulated this in the past, in this very House. This situation obviously was made worse by the delay in building Kusile and Medupi, the faulty designs that have accompanied that whole build, state capture and corruption, and the loss of experienced staff.

But also the hault of maintanance at Eskom, I recently heared that real serious maintance have been haulted for a quiet number of years. At an operational level, as a result of these challenges, power stations were run very hard to their maximum capacity with poor reliability on maintenance and neglect of mid life refurbishments.

Now, with respect to the position of the Group Chief Executive Officer of Eskom, the Group CEO was appointed on a five year contract in January 2020. The Group CEO reports to the Eskom Board, which conducts performance reviews against agreed targets.

The new Eskom Board was appointed as we all know, the 1st of October this year and will be given the space and should be given the space really, to assess what needs to be done to improve the efficiency of the existing plant and the effectiveness of the management and operators at all levels. And this is a process I believe that they have started to embark on or will be embarking on soon.

Now, the new board has the skills, the experience as well as the expertise to undertake a thorough assessment of the current executive leadership at Eskom and to take whatever

steps they consider necessary to address areas of weakness. And they must be given the space to do so.

As announced in the state of the nation address in February and in an address to the nation on 25 July this year, a range of initiatives are currently underway as a matter of urgency to address the load shedding that we are going through right now.

This work, which is being managed by the National Energy Crisis Committee, which is lodged in the Presidency and co-ordinates the various departments includes:

Ensuring that units at Kusile are brought into commercial operation and expediting what needs to be expedited at Medupi; the implementation of reliable maintenance through a focus on quality maintenance, but also the recruitment of experienced staff, and we did say at some stage, we are even going to bring back some of those old power station managers. Who not only know the power stations but who know the sounds of the machines that oparate at those power stations. And a number of them who have gone to various places around the world have indicated the wilingness to come back and be utilised.

And also we focusing on the use of the originally equipment manufacturers. We also focusing six priority stations where the maximum benefit can be achieved by improved performance. And these are Kendal, Majuba, Duvha, Matla, Tutuka as well as Kusile; coordinating efforts also with law enforcement agencies to address sabotage, theft and fraud that continues to disrupt the operations of power stations; a lot of progress is being made in this regard. And we are pushing back the frontiers of fraud and corruption.

The other one is addressing Eskom’s debt which we have spoken about, as well as ensuring that we implement the just energy transition. Now this work is obviously taking place along side efforts to accelerate anitiatives to add more generation capacity to the grid through gas, solar, wind and hydro. And all these is part of our mixed energy plan and we want to see all these things coming play,so that all these initiative help us to address the load shedding that we are going through right now. Thank you Speaker.

Mr J S MALEMA: Thank very much Speaker and Mr President ...

*Sepedi*:

... re tshepha gore le tsogile gabotse. Le a tseba gore ke eng mokgalabje, ga ke nyake gore re kgakgane mamohla. Gomme ge le nyaka gore re se ke ra kgakgana, le arabe dipotiiio ka mokgwa wo re le botiiiitiego ka gona. Dilo tie le di bolelago tia go ratharatha le eya kua le kua, ga se dikarabo tia dipotiiio tieo ke di botiiiitiego. Ka tlhompho ye kgolo mokgalabje, ke go botiiiitie gore monna wa lekgowa yoo o mo thwetiego wa bokhuduthamagapharephare, ga o bone wena ka mahlo a gago ge o lebeletie ditirelo tie di bego gona mo - tieo di ilego tia ba tia dira gore di go buie o be o ile dinagamabapi.

O ile wa swanelwa ke gore o kgaotie leeto la gago la dinagamabapi le la go ya go hlola mokgekolo yola a hlokofetiego kua Engelane, wa boa mo gae. Ge o boa mo gae o buiwa ke ditaba tia gore ba re go senyegile ga go sa na mabone

– ba re mo gae ke leswiswi, go ntshofetie, wa palelwa le ke go boloka mokgekolo wa geno wa lekgowa wa kua Engelane.

Bjale, rena re be re le mo leswiswing ge wena o boa o re batho bale ba ietie ka gare ga leswiswi e re ke boele morago. O ile wa palelwa ke go boloka mokgekolo wa geno gabotse. Bjale taba tieuwe di go tshwentie di ilalo, di ile tia ba tia dira gore o kgaole leeto la nagamabapi o boe. Wena monna yo wa lekgowa ga o bone gore o a palelwa naa? Ka gore monna yo o a tseba gore o

be a le khamphaning ya go dira maswana le go tsentiha dijo ka gare ga mabotlelo. O rile go palelwa ke maswana le dijo tia ka gare ga mabotlelo, a tla mo. Bjale, nke o mpotie gore naa taba ya mohuta wo ya bothatathata ya mohlagase o tlile go e kgona bjang ka gore o ietie a bontihitie gore o a palelwa monna yo. Bolela nnete! Le palelwa ... [Tsenoganong.]

*English:*

The SPEAKER: Hon Malema, just a point of privilege on my side please, technology, technicians I don’t know what’s happening, there’s no interpretation whatsoever here, will you please assist us. No ...

*IsiXhosa*:

... niyamva, kodwa ...

*English*:

... a third or a quarter of you ...

*IsiXhosa*:

... niyamva.

Mr J S MALEMA: ... I am speaking a South African language by the way.

The SPEAKER: Yes, you are right I agree but all I am saying is can you please assist us with interpretation. Thank you, hon Malema.

*Sepedi*:

Mna J S MALEMA: ke a leboga. Mopresidente, seo ke se botiiiago ke gore ... gape le se ke la ba la bolela taba ya gore lekgotla ya re se le sela – ga ke botiiie ka lekgotla.

Lekgotla le tsene, gomme lena bjale ka moswarakabelo wa mola Eskom, le na le maatla a go bolela gore monna yo ga a dire tiona. Lena mola monna yo a tieago setulo, le bona a kgotsofatia naa? Ka gore le ge motho a ka ba le kontraka ya mengwaga ye mehlano, ngwaga ka ngwaga re dira re lebelela gore kontraka yeo re mo filego yona o a o dira moiomo woo re nyakago gore a o dire naa. Monna yo ga go na le moiomo le wo motee wo re mo thwaletiego wona wo a o dirago gabotse, ntle le gore o tsene kua ... [Nako e fedile.] [Tsenoganong.]

*English:*

The SPEAKER: Hon Malema, you’ve gone way beyond your time [Interjection.] you’ve gone way beyond your time. I would like the *information and communications technology****,*** ICT people please, to sort out the issue of translation ... [Interjection.]

Mr J S MALEMA: No, you interrupted me Speaker.

Mr J S MALEMA: ... you interrupted me Speaker, can I finish my question?

The SPEAKER: ... no man ...

*Sepedi*:

Ke ile ka o tsena ganong motsotso fela hle.

The SPEAKER: ... I interrupted you just for a minute please.

Mr J S MALEMA: ... no, the last part please.

*Sepedi*:

SEPIKARA: Aowa ntate hle. Aowa ntate ...

Moh J S MALEMA: Aowa, ga o nkwe, ke ka lebaka leo o naganago gore ke tieere nako ye ... [Tsenoganong.]

SEPIKARA: Aowa, Ntate Malema, dula fase gonabjale hle.

*English:*

The SPEAKER: Honourable ... you know I don’t take kindly when people say: “please proceed, allow him to continue”. Because, I definitely know, sitting here not even 2/3 of this House understood what the hon Malema said. So, please just allow me to preside please, with all due respect. Thank you very much, now we are following up with the technology people and we are hoping that they will resolve the problem. Now, the hon, the President.

The PRESIDENT OF THE REPUBLIC: Hon Speaker ...

*Sepedi*:

... ke a go dumediia le wena, Sello Malema – Ntate Sello Malema. Ke leboga potiiio ya gago. Efela ge o be o ntheeleditie gabotse ...

*English*:

The PRESIDENT OF THE REPUBLIC: ... if you were listening very carefully, you would have heard that I did address the question. Much as you don’t want me to talk about processes, that need to be embarked upon to assess anybody’s performance, from a CEO to a manager. Their performance needs to be assessed and that assessment needs to be embarked upon by a properly constituted body.

One of the reasons we have boards is that managements of entities, be they state entities or even in the commercial world, account to boards. And in this case, it is precisely the process that has ensued. Now you may not be very pleased with that type of process but that is the fairest process to anybody indeed and that is the best process that I know, that a board that has been appoint should be the one that does that.

Now, as there’s no state entities that has had as many CEOs as Eskom. And if you start counting them, they are more 15 or even close on to 20, in the 28 years of our democracy. Now, we need to have a proper assessment of the performance of everybody at Eskom.

Just as we also need to have an assessment of the efficiency of our various power stations and that process as I said is underway. Now, I would like us to allow the board embark on this process and they would be able to brief the shareholder what their own assessment is. And it then that we will see how best they propose the matter should be handled, and I hope you do find this satisfactory.

Eskom has gone through enormous challenges and difficulties and I’ve often said that ... and even as I met the many managers of the power stations and I said let us give them the support that they need so that they can do their work. Where the fail, clearly action does need to be taken but that is now a board matter. I hope ...

*Sepedi:*

... o a kweiiia. Re ka no bolela ka yona. Re kopane kua Lesotho nna le wena, efela ga se ra kgona go bolela ka yona. Nako ye nngwe ge re tlo kopana re ka kgona go bolela – re bolele ka Tshivenda le Sepedi, gomme re tla kgona go kweiiiana gabotse. Ke leboga kweiiio ya gago gape. Ke a leboga.

*English:*

Ms J TSHABALALA: Thank so much President ...

*Tshivenda*:

Ndi masiari. Ndi a fulufhela vhathu vho vuwa zwavhuḓi.

Ms J TSHABALALA: President while the question was asking about the CEO, I thought maybe is quiet important for us to say we welcome the new board as led by Mr Mpho Makwala, a man you’ve got credibility. Who has sustained South African Forestry

Company SOC Limited, SAFCOL, who has been the Board Chairperson of SAFCOL. A SAFCOL that would have received unqualified audit opinion, who would have been self- sufficient. A state entity that we are very proud of. So, we wish him luck with the entire team President, we’ve got confidence in him that he will bring back what we really need.

Hon President, that are sections of society, particularly small business and low income households that draw more dissatisfaction with the issue of loadshedding, because it affects household’s electric appliances as results a foregone revenue for small businesses among other things.

While these sections of society Mr President had hoped that the Minister of Finance in his Medium Term Budget Policy Statement, MTBPS would have announced the sustainable solution to address Eskom debt, which currently denies the utility a space to conduct its reliability maintenance to minimize loadshedding. This was not the case as was announced ... [Inaudible.] ... was ready for this solution Mr President, was postponed to next year, 2023.

Therefore, Mr President the most important question is that small business and low income households that allot some about

the issue of loadshedding would really appreciate your response to his matters Mr President, but to also say what measures are in place that the postponement of sustainable solution for investment [Interjection.] [Inaudible.] does affect the space in Eskom? Thank you so much.

The PRESIDENT OF THE REPUBLIC: Thank you Speaker, hon Tshabalala thank you for the question. Coming to the announcement that was made by the Minister of Finance, indeed the finality of everything will be properly announced in February.

The Minister has signalled government’s intentions with regards to supporting Eskom. And I do believe that, that signalling has contributed to the rerating of Eskom as an entity by the financial markets. And clearly the issue of giving support to small businesses and indeed large businesses as well, as well as our households is a matter that is of great importance. And it is type of mind to ... in the Minister’s mind as well and it’s matter obviously that needs to be looked at a broader scheme of our fiscal processes. We were not able to have it dealt with right now.

And it is a matter that in the course of our fiscal architecture in its totality should also be addressed particularly as we address and fund the restructuring and the repositioning of Eskom. Because, Eskom needs continuous funding.

During the loadshedding period, Eskom has been burning quiet a lot of money, burning diesel and which runs into billions of rands and that has to be funded. And Eskom with the debt that is carrying now, finds that burden continues to increase. And it is for this reason that government felt that we should make an intervention and support Eskom and in the end supporting Eskom would be supporting the people of South Africa as a whole. Thank you Speaker.

Ms Z MAJOZI: Speaker, we will take it from this side, he is no connected, he is having network issues. Thank you Speaker, Mr President I think my question is very relevant now, considering your response to the previous speaker. The amendment of Schedule 2 of the Electricity Regulation Act to exempt embedded generation project of up to 200 megawatts, from having to apply for license allows for more private sector investment in electricity generation capacity without

any public funding with the aim of reducing the risk of loadshedding.

Giving that according to the economist, the economy is taking a severe strain due to the worsening breakdowns at Eskom and marching the public into a technical recession. What challenges have been experienced in the private sector in generating electricity capacity? Thanks Speaker.

The PRESIDENT OF THE REPUBLIC: Thank you Speaker, the private sector has left up to the opportunity of generating electricity. Whilst at the beginning the applications seemed to be few, they have now increasing by leaps and bounds.

And we are finding that a number of companies are coming forward, from your heavy metal and mining companies to a whole range of others. So I will not say that they are experiencing challenges.

The good thing as you correctly say is that their generation is not going to be funded by the public. They are going to be funding the generation and any access will then be pumped into the grid.

And that is something we should welcome, because lightening the burden on Eskom with regards to funding further and more generation is an important one. Not that Eskom is going to stop generating electricity as other people have thought that we weakening Eskom in this regard. We actually are even strengthening Eskom. So that more electricity can be generated.

As our economy grows even at paltry level that is growing, it requires more and more generation. So, the private sector is going to be feeling in a very important gab, as far as I am concern. Thank you Speaker.

Mr A M SHAIK EMAM: Thank you Speaker, Mr President I had the opportunity the other day of watching a video of a gentleman who says he is the most skilled and expert on energy in South Africa more than anyone else. And he is of the opinion that he will not solve the problem at Eskom and even your alternative energy that you are talking about will not work. And he talks about the leadership that we have currently at Eskom, including the board. And he is of the opinion that unless you deal with the actual leadership and skill and ensure that those people at Eskom acquire those skills you are not going to solve those problem.

And the focus on alternative energy is equally not going to solve the problem of this country. Could you kindly tell us why you are convinced Mr President that the process you are now following will indeed solve Eskom’s challenges once and for all? Thank you.

The PRESIDENT OF THE REPUBLIC: Thank you Speaker, hon Emam, I’m always ready, willing and prepared to meet people who characterized themselves as the best. As the only ones who have the solutions. Those are the people that I would like to meet. Because they obviously ... I say we don’t have the monopoly. I would think that all of us sited here, we don’t have the monopoly on everything that is best to be done at any endeavour.

But, meeting somebody like that would really be, not even a blessing but it will be something that blows my mind. So, I would like to meet them.

But having said that and not seeking to be critical of the gentleman that you were talking about. I mean some of the things that the gentleman is saying are true. We need skilled people. We need people with great knowledge and expertise and obviously he has more than anyone else.

So, at Eskom we are focusing on improving skills. We are focusing on bringing the skills in-house. There were many people who were very experienced at Eskom, who left years ago. And as I said earlier we seeking to bring those back.

Now, the renewable programmes have been proven to have great efficacy in many parts of the world. I was recently in Saudi Arabia and had an opportunity also of listening to people from that part of the world, who were able to tell us or me that they are now more and more becoming reliant on this great endowment that providence has given them which is the sun.

And, it’s being utilized to great effect.

I was in the Northern Cape some two weeks or so ago and I had the opportunity of seeing – of going to a power station that uses the creative problem solving, CPS, process which is utilizing mirrors that are directed towards the sun. And the sun and beams are raised into a container that then generates steam and then turns the ... [Inaudible.] ... and the electricity available factor is 85% whereas with wind and solar we get slightly less.

So, these are technologies that are being developed all the time and a number of countries in the United States, US, in

the middle east are gravitating in that direction. So, renewable energy much as people may think does not give us base load. I found the CPS system does contribute to base load. And it’s a process that we should look at.

And if you recall our integrated resource plan says that we should have a mixed energy architecture, to be able to use wind, solar, hydro, the nuclear as well as gas and the coal that we are using now. So, it does not exclude renewables. So renewables are very much part of the whole architecture.

And I don’t think it will be wise even in the eyes of the world’s expert that you met or listened to believes that we should discard renewables. We are not ready to do that. We are committed to a particular path which gives us optionality across all sources of energy and I think we should stick to that path. Thank you very much.

The SPEAKER: Thank you, hon President, hon members I’m informed that there is interpretation on the virtual platform. There are capacity challenges, re-availability of all languages here, right now. This is caused by the fact the National Assembly and the NCOP are sitting simultaneously and

they are both on hybrid. Which means that there must four interpreters at any given time per language.

I’ve directed the administration to attend to this matter so please bear with us hon members. Thank you.

Question 21:

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker. The Infrastructure Fund is an important part of our economic stimulus and recovery plan. This is because, the substantial contribution that infrastructure investment can make to the economic growth, is quite substantial. The Infrastructure Fund provides government support for the co-financing of projects that blend private and public capital resources. This is intended to encourage greater involvement of concessional lenders in our public infrastructure effort, and build a credible pipeline of social transformation projects over the short to medium-term.

The government has committed hundred billion to the Infrastructure Fund. The fund will use government investment to leverage almost R1 trillion worth of infrastructure investment over the next 10 years through the blended finance initiatives. The fund itself aims to support projects in a

variety of sectors, in the energy, water, transport, digital and social infrastructures. The Infrastructure Fund has packaged a number of what I will call, a catalytic infrastructure projects, currently to the value of

R21 billion.

Of these, projects worth R2,6 billion have been approved by National Treasury’s Budget Facility for Infrastructure, with the remainder to be sourced from project owner’s equity and a significant component of debt. Social infrastructure projects are approved for funding, include Student Housing Infrastructure and Social Housing, as well. Phase 1 of the Olifantspoort and Ebenezer Dam Supply Project, was also approved. The Infrastructure Fund has submitted eight projects for the next window of the Budget Facility for Infrastructure.

Now, these projects are in the areas of water and sanitation, transport, mixed-use developments, as well as accommodation for students. The fund has played an important role in packaging social infrastructure projects, such as the Gauteng Schools Programme, which aims to design and construct schools in the province. The fund is collaborating with government departments and institutions, to expand the blended finance projects pipeline. Projects that could form part of this

pipeline, would stimulate socioeconomic development, through investment that will enables effective wastewater treatment plants, efficient cross border trade and movement of people.

The fund has taken some time to get going, but it is now proving to be an important driver of new investment in social infrastructure. Therefore, I do believe, as I said when I announced the foundation or the formation of this fund that, it is going to contribute greatly, and already at its beginning stages, is proving to be the case. Thank you very much, hon Speaker.

Ms M R SEMENYA: Thank you, Mr President, for the answer. Your Excellency, building a capable developmental state underpins the seven priorities of the Sixth Administration, so as to address the weaknesses of the state capital capability and corrupt practices which led to the weakness inefficiency implementing projects in infrastructure development. The success of the Infrastructure Fund is dependent on the success of the project delivery and the capability to efficiently implement projects, particularly, when finance through blended finance which includes debt contractual agreement.

My follow-up question, Mr President is, how will the government ensure that, all implementing agency has adequate capacity and technical capability to effectively manage the project circle to improve the infrastructure development through the project scope? I thank you, Mr President.

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker. Hon Semenya, very briefly. One of the areas that we focus our attention on, particularly after I appointed Prof Kgosientsho Ramokgopa who is a civil engineer is that, we should focus initially on project preparation. We found out to be a great weakness in government that, many projects are not properly packaged, and there is very little preparation. When we don’t have proper preparation that is often done by the experts, the engineers, the accountants and all those kind of skill people, you’ll find that, at the end, we will embark on the projects that are cost overruns, faulty designs and a whole range of other anomalies.

So, project preparation has been an area of focus, and I’m really pleased that we were able to find people like engineers, bring them into government in the Presidency, working together with the Ministry of Public Works and Infrastructure to focus on that, and through that, they have

been able to bring in skilled people and even train young people who are being educated in the variety of disciplines like that. So, I do believe that, we are now better prepared to embark on major infrastructure projects, because the preparatory work has been really well packaged. Thank you, hon Speaker.

The LEADER OF THE OPPOSITION: Thank you, Speaker. Mr President, talk about the new infrastructure means very little if we can’t maintain the existing infrastructure. For an example, Durban is facing an economic and environmental disaster. I visited eThekwini last week, and 17 of their 22 wasteful and their treatment plants are not working, and 80% of the sewerage pump stations are also not working. This means that, raw sewerage has to roll on into the technic rivers, into the beaches, killing ecosystem and into the sea. It is also polluting the beaches and the harbor.

Most of the main beaches in Durban are now closed, and are unlikely to open in time for the very important summer to receive, international rugby matches have to be canceled, and it is doubtful that they will be in use according to the new Mayor. Durban desperately needs the beaches in summer season, where it can make sure that its hotels and restaurants and its

economy keeps moving. But it’s effectively paralysed infection is going to prevent them.

Now, clearly eThekwini cannot fix its mess. Six months later, they are still blaming the floods and so we must still ... [Inaudible.]... Mr President. What is your government’s plan to try to prevent this environmental and economic catastrophe in Durban?

The PRESIDENT OF THE REPUBLIC: Thank you, Speaker. Thank you, hon Steenhuisen for pointing out the challenges that eThekwini is facing, specifically, Durban. But let me say that it is not only Durban, there’s a number of other places also around the country where waste water treatment plants have broken down to the point where sewerage gets into the rivers and finally, as the rivers empty into our seas and our beaches, it impacts negatively, not only on tourism, but also business generally.

The more our cities and towns are not properly maintained, the more our investors will just flee and not find our cities more attractive. Now, this challenge in Durban has been identified, and I have discussed about it quite extensively with the Mayor and the Deputy Mayor as well, as also with the Premier, and as I have said, it extends beyond Durban. The

important thing is that, the realisation is there, and the will to address it is also there.

What we need to harness and to build together is the skills that needs to be brought to bear, to address this challenge. I can also give you a good example of the other municipality which I have been given quite a lot of information on in the Free State, Matjhabeng, where their waste water treatment plants had also broken down. It is many of them, I just have forgotten the numbers, but it was well over 80%. All that the new Mayor needed to do, was to bring in skills to lay out the funding, to ensure that the funds will be used properly.

The municipality has lost skills. It no longer had its engineer, and it no longer having technically well trained people. What he has sought to do, is to employ those skills, bring them in the house and get them to focus on addressing those challenges. You will find out that, this is a common problem in many parts of our country, and this is now a reality that we have to address. The beginning part of your question is that, we have to focus on maintenance, and that is absolutely true. Even as we look into our infrastructure rebuild, we are focusing on saying, let us maintain the infrastructure that we have.

Even as we build new infrastructure, we should allocate a budget for maintenance. We have got to have a percentage that will be focusing on maintenance. So, you are absolutely right, these are the areas that we are focusing on. Like I said, not only for Durban, but we have to be focusing on them throughout the country. Thank you to be bringing this to the attention of the House as well. Thank you very much.

Ms N V MENTE: Thank you very much, Speaker. Mr President, the immediate and urgent social infrastructure development that the South Africans, especially the impoverished communities need right now is, water, electricity and sanitation infrastructure. Our people drink water with animals, they do not have affordable and dependable electricity, and their streets are aligned with raw sewerage.

I want to challenge you, Mr President, to go to Bloemhof Ward 3, Lekwa-Teemane Local Municipality in the North West, to see our people opening their doors, only to step into the raw sewerage. Their children are always sick. In fact, this is the case in all the townships and villages in this country. What is even worse, Mr President is that, regarding what you are saying about Matjhabeng Local Municipality, all municipalities

in South Africa do not have capacity to maintain or build infrastructure.

Yet, you always throw big figures of social infrastructure development. This, does not translate to any quality service to our people. Lately, Mr de Freitas confessed in Parliament that, in indigent household, not even a 50% of those that were supposed to be receiving free electricity. This is because the municipalities are not registering the indigent, so are they not providing water for free in our communities.

Now, Mr President, what must happen, in order for the municipalities to be capacitated, in ensuring that they take care of our people, and not taking care of the elite? Thank you.

The PRESIDENT OF THE REPUBLIC: Thank you, Speaker. Hon Mente, you have just really articulated precisely the issue I was seeking to address in relation to a municipality like Matjhabeng. Indeed, Lekwa-Teemane, the ward that you have mentioned, would also fall in that category. You’re also alluding to another major challenge when you find out that most of our municipalities do not register a number of our citizens who are unable to pay on the indigent register.

The Treasury has budgeted that, yes the state or government will assist those who are poor from poor households, those who are not able to pay for water and electricity and make a meaningful contribution. But I often find that, when we interact with our people, they complain about the high cost of this and that, and when you ask them, are you registered on the indigent register? We find out that they are not. Yet, it is the municipality that should make it their duty to see, which households are paying or not paying, and find out the reasons why people are not paying.

You seek to know, what are we going to do and what are we doing. Yes, we talk about all these big figures, as we’re focusing on the social infrastructure. But in the end, as I have said in answering hon Steenhuisen’s question that, it is the question of capacitating our municipalities. We’ve admitted that, one of the areas of weakness in our state infrastructure or state structure, is the local government level. Where we do not have the requisite skills, that many of our towns, and indeed, our townships that suffer the most. We do not have those skills, and developing those skills, and making sure that those skilled people do stay in those areas.

One of the problems and challenges that we have is that, some of our small towns, are not able to can afford the services of an engineer, and those who are well qualified as engineers, often wants to be near or be in big cities. So, it is a question of competing for those skills and bringing them into the small towns, but at the same time, as we address this, we also have to address another problem, which is corruption that is endemic in a number of these places.

You’ve also made mentioned of taking care of the elites. You’ll find out that, in those number of places, only a few people almost capture the municipality. They are the ones who largely benefit. But that benefit is not commensurate as service providers, with services that they provide. So, these are the problems that we are aware of. We are addressing them on an ongoing basis, and also, capacity building and capacity enablement, is one of the areas of focus. Thank you.

Mr B N HERRON: Thank you, Madam Speaker, and thank you, President. Mr President, the spatial inequality is probably one of our most visually obvious legacies of apartheid. The spatial apartheid or the spatial foundation of apartheid, segregation and oppression based on race, plays out in every aspect of our lives. It is a foundation of exclusion, of

inequality and poverty, and also, we have failed to address spatial inequality. In fact, over the last 30 years, we’ve probably perpetuated it.

Through our housing programme, we have relegated poor, mostly black South Africans, to live on the outskirts of towns and cities, in the huge suburb of poverty. The Spatial Planning

and Land *Use* Management Act, which was meant to address spatial integration, has failed. We have failed to deliver a

national, mandatory inclusion through housing policy. Mr President, obviously, we must address the lack of social

infrastructure where people are living. Where people live,

actually matters, and that is where we need to change.

Mr President, what steps will government take, in order to address the perpetuatuation of spatial inequality, and rather

move towards integration? Thank you.

The PRESIDENT OF THE REPUBLIC: Thank you, Speaker and hon Herron. Thank you very much for that question, which we will impart address in the next following question. The spatial inequality in our country is one of the horrible legacies of apartheid of our past, because it has, to a large extent, resulted in the poverty that our people face and the

inequality as well. Now, yes, you are right, when we got off the starting blocks of our democracy, and started off with providing housing to our people, we started just expanding away from our cities and towns.

Instead of densifying, bringing poor people into the cities, all over the world, in many cities where poor people live

inside of near the city, we have just exacerbated the situation by moving them on outside. You have also mentioned a

very good concept of mandatory inclusivity of *spatial planning.* That is precisely what we are now beginning to

focusing on. There is a social housing programme that we’ve

now embarked upon, where we now need to have social housing and build up, rather than continue spreading out.

It is one of those issues that we now need to address. So,

densification in the end, is the answer. In the end, the local governments are the one that usually owns the land in the

vicinity of towns, and they are the ones who are in charge of town planning. Another problem, of course, skills such as town planning are short and far in between. We have just don’t have good town planners like the Romans have. The Romans have got great town planners who were able to build cities. If you look at the development of cities or just civilisation, it was

around building of cities, that humanity was able to move forward.

Now, we need to do that by bringing people back to cities,

particularly, poor people. We need to do it through mandatory

inclusivity or inclusionary process of densification. So, on that one, you are spot on, and I don’t think that we will find

anyone who disagrees with that, because the amount of money that people spend on transport, where they spend up to 40,

sometimes 50 to 60% of their earnings on transport. But not only that, just the hours, the time that they spend in transit

to go to their workplace, and where they actually change modes

of transport up to three times before they get to work.

This is totally unacceptable, and we need to turn back this horrible apartheid legacy, and make it much more modern, and

to fit our situation and conditions, where we have to address poverty and inequality more effectively. Thank you very much.

Question 22:

The PRESIDENT OF THE REPUBLIC: Hon Speaker, the Presidential Climate Commission is really an essential part of our country’s response to what we have described as the existential threat to climate change. The commissioners

supported by the secretariat make recommendations to government on the implementation of a just transition for our country.

The commission recognises the high levels of poverty, inequality and unemployment in our country. They also recognise the intensity of our greenhouse emissions and our economic vulnerability to a global transition to a low carbon economy. This commission’s recommendations, to date, have therefore focused on enhancing South Africa’s commitment to lower emissions through a more ambitious nationally determined contribution and establishing a framework to guide a just transition.

The commission will now focus on developing an implementation plan for the just transition framework, together with all relevant stakeholders and institutions. This will include research work on the net-zero pathways for each sector of our economy, local government planning, climate resilient development and funding the transition journey that we have to embark on.

An immediate priority is making recommendations on the energy mix and energy governance, to achieve mid-century net-zero

emission target. These recommendations are due in the first half of 2023. The Presidential Climate Commission has a further function, which is to monitor and to evaluate government performance against the implementation of our climate commitments.

The ambitious actions that the commission has proposed, which have been developed through extensive stakeholder engagement, as well as contentious buildings, will play a significant role in enhancing the effectiveness of our country’s response to climate change and the implementation of a just transition. I think all of us look forward to those recommendations that are still in the making to ensure that we navigate our way through a just transition. Thank you.

Mr N SINGH: Thank you very much, hon Speaker. Thank you very much, hon President, for your response. Now, hon President and colleagues, as we are all aware, climate change is having a serious effect on the lives of people, not only in South Africa but around the world. We see these floods, we see earthquakes and we see all sorts of damage taking place to society.

So, we are certainly in a race to transform energy supply around the world, making it cleaner, more efficient and more reliable for everyone. But, at the same time, it must be good for our health, our climate and the economy. Most of our energy in South Africa is derived from fossil fuels, which directly increase climate change and air pollution. Reducing emissions is critical, but so is the breaking of the world’s dependence on fossil fuels.

Mr President, you are aware and we are aware that South Africa has been promised billions of rands of investment into the development of South Africa’s energy sector. This money is committed particularly to South Africa’s transition to cleaner energy sources.

Last year, this program was promised R8,5 billion. This year, Germany promised a further €301 million. The President of the Government of Spain announced that Spain will make available approximately €2,11 billion in the coming five years, to support the participation of Spanish companies in renewable energy and climate-related projects in South Africa.

Hon President, I think the question and the issues that the commission is dealing with must be dealt with as expeditiously

as possible, because there are fears amongst people that are employed in the coal mining sector and in the coal-based plants, that they will lose jobs.

What I would like to know is: Are we doing enough as government; and are we going to impose conditionalities on the private sector who want to enter the clean technology market, that there must be aggressive upskilling of those who may be found redundant in the coal-firing plants, so that they could be employed either by Eskom, as Eskom transits to cleaner energy, or employed in the private sector?

This will provide a solitary effect on the fears. We cannot have any roadblocks along the way towards cleaner energy. So I would like to know your view on that, hon President. Thank you

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker and hon Singh. What you are articulating is precisely what we are focusing our attention on. Just, so that I cannot really correct you, but just give you the real figure: It is not R8,5 billion; it is $8,5 billion. So, it may sound substantial. The $8,5 billion may sound substantial, but it is not. It is not! The World Bank has projected that we will need

a couple of trillions of rands to navigate our way through to a proper and just transition.

Now, I have been looking very closely, even at this offer that has been made. We are going to discuss it with the Presidential Climate Change Commission because we need to look at it more closely. It was a breakthrough agreement for us, as a country. Other countries are lining up. I know Indonesia is lining up, and Egypt, and a number of others, to do probably similar or maybe even better deals. So there is a race in the world to capture the funding to address what we have to address, which is our just transition. So, there is no other way than to do so.

Our coal-fired power stations - a number of them - are nearing the end of their lives. As they come to the end of their lives, there needs to be a just transition between that ending

- whether it is voluntary or forced upon them - like one of our power stations has reached the end of its life. We are now transiting to a different form of energy, which is gas.

Obviously, people will lose jobs now. Part of the just transition, which is also being championed by trade unions that represent the working people of our country, as well as

various stakeholders and civil society organisations, is that we should leave no one behind. It is for that reason we have adopted, as government, this rallying call that we should leave no one behind.

As those power stations close down, we must therefore define a pathway for our people so that there must be reskilling and upskilling. New skills must come to the fore as new sectors of the economy are then created, particularly in some of those areas.

Indeed, that is what we want to focus on as we close coal mines and as Eskom makes land available in the area for renewable energy. As new power stations are built, we want to ensure that our people get jobs in new sectors, manufacturing, installation, the steel industry, the area to construct whatever needs to be done, and a whole range of others.

In many parts of the world where they have done this, they have said it has opened up a new world. I was talking to the Prime Minister of Spain, who was telling me that they embarked on this journey. It was a scary journey initially, as people started losing jobs, but government as well as the private sector came to the fore, and new jobs were created.

Even we, cannot stand here and promise that, yes, there will be jobs for everyone. There are going to be gaps that need to be filled. This is where things, like conditionalities, that you are talking about on the key players arise, which is that the private sector should come to the fore. We need to address precisely those types of challenges.

So, it is not going to be an easy journey. I have been saying that even on the money that has been put forward: I want to see more grant funding. We need more grant funding because some of these power stations are in areas where economic activity other than the power station is passé or is not available. We need to address the needs of our people. So, grant funding is an option.

I have been talking to a few heads of states in this regard, including President Biden. When I saw him, I have been saying that we, in the main - particularly in the south and particularly in Africa -are victims of the damage that your more developed economies cost to the climate. He admits that. He says, “Yes, you are right. We are as we industrialised. We pumped manufacturing and industrialisation. We damage the environment.”

Therefore, we need to assist those countries, like many countries on our continent. In fact, all of us, including those of us who are also polluters, are depicted as the 12th polluter in the world. However, our cause of pollution is by no means near what the northern developed economies have done. So, that is why we need to have more grant funding - a good concessional funding - and the private sector needs to come to the fore.

We should welcome the position that has been taken by a number of governments, including the German Government and the Spanish Government, who are going to support some of their companies to get into our renewables. So, the conditionalities then need to come into play. I hope that answers you. Thank you.

Mr P M P MODISE: Madam Speaker, Mr President, the Presidential Climate Change Commission embraces the concept of social contact in the just energy transition. Government acts as an integrator. It also acts as a co-ordinator - a point of liaison - within social partners towards meaningful contribution, litigation and adaptation.

Mr President, on the establishment of the Presidential Climate Change Commission, and since its establishment rather: What level of successes has government managed to record in terms of ensuring that all stakeholders respond positively and in unison towards the implementation of the climate change mitigation and adaptation plans; and what will be the cost of meeting the climate change nationally determined contributions, also known as the increases. Thank you very much.

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker. Hon Modise, thank you very much for the question. You are absolutely right: What we are seeking to do to address climate change is to do it on a consensus-building basic. You are absolutely right that government has to be the co-ordinator, but we are very fortunate in that because right at the beginning, we decided to set up the commission.

The commission brings together various role players from nongovernmental organisations, government institutions, the private sector, as well as government and Ministers. So, we are all together in this commission and we exchange wonderful views. They are also scientists - people who are well versed - and some of whom could be world experts, as hon Shaik Emam was

saying. They are so knowledgeable about the sector and who are also broad in terms of the various subsectors of environmental issues and challenges.

So, all this is brought together through this commission. Its task really, is: To seek to define a pathway for us; to navigate us through the transition; to come up with very clear recommendations on what we need to do; what are the mitigation initiatives that we need to embark upon; and how do we need to adapt. All that is going to come through their recommendations. What they have done so far, is to actually define a very broad framework. They have given us a broad framework. I am glad that they are all still sitting together with government, working on all this.

What is it going to cost us? As I said, it is going to cost us quite a lot of money. If we look forward to 2050, it is going to amount to trillions of rands. What we are insisting on is that your more developed economies, in Paris, promised that they would be able to fund the transition by up to

$100 billion per year.

Now, they have not lived up to those promises. Not at all! They have come forward to say they want to reach agreements on

the funding of a number of countries. We were the first to do so to get the $8,5 trillion or the offer, because it is still an offer. We still need to number crunch and finalise it.

As it is now, we appointed former Deputy Governor of the Reserve Bank, Mr Daniel Mminele. They have crafted a business plan - a business plan that will help us to address this challenge in part. So, that will soon be made public for discussion. Even as it comes out for discussion, it is not the definitive one. It is for discussion and inputs from various stakeholders, so that people our people can make their comments, be very critical, as well as be very constructive.

In the end, we will emerge with a plan that will address our transition.

This is possible. As I said, it is existential for our nation and for our country. We, therefore, need to treat it with the seriousness that it deserves, largely because we can see the damage that climate change is causing to various parts of our country: On the east, it is floods; and on the west of our country it is drought. Both these natural occurrences are causing a lot of damage to the livelihoods of people and to our economy. It is, therefore, important.

So it is going to cost a lot of money. That is why we are going to be focused, even as we go to Cop-27 Conference in Egypt, in a few days - I believe in a week or so. When we go up to Cop-27, we will be seeking to focus on the issue of assistance, the support that we must get, the mitigation process and how we are going to adapt.

So, we are on a path that is going to give rise to a lot of angst, doubt and argument, but we have to embark on this journey together as South Africans. Thank you very much

The LEADER OF THE OPPOSITION: Thank you, Madam Speaker. Mr President, I am sure you will agree that if we want to attract this money, we need to have credibility. Credibility means not talking one thing and walking something else. It means being concerned. [Interjections.]

President, last week, your Finance Minister states that their taking over a portion of Eskom’s debt will only be on the condition that that Eskom agrees to invest in what he called the old reliables – coal, gas and nuclear. The part that I think is outrageous is that private citizens have to take on Eskom’s debt now. The statement is also very revealing because

it shows that your government is now determined to prioritise coal gas and nuclear at the expense of renewables.

It also makes it clear that the commitment and the talk about climate change is hot air. So, not only is the government doubling down on more expensive energy options that will not solve South Africa’s climate problems or assure short-term energy focus, is also doubling down on fossil fuel. How do you square your commitment to fossil fuel with what you have said today about tackling climate change? Thank you

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker. I would like to say to hon Steenhuisen: There is no double speak on this. We are committed. One needs to state this very clearly that we are committed to what is set out in our Integrated Resource Plan 2010-30, IRP 2010-30. Our IRP is very clear on a mixed energy trajectory for our country.

Recognising that fossil fuels are part of the challenge and the problem that is resulting in the emissions that we have. We need to be alive to that - not only from an economic point of view, but also from a social point of view and a health point of view - because that is the other huge liability that we have got to address.

So, right now, we know that our path and our journey is to transit to less emissions dispensation and fossil fuels contributes to that. However, at the same time, we are still reliant on our fossil fuels as we transit. We cannot wish that away. We cannot airbrush that out of the equation. Fossil fuels are very much and we have said it very clearly, even to those leaders that we are interacting with.

I remember talking to the then Prime Minister of the UK, Boris Johnson, and I was saying to him: Dear Prime Minister, we have just built two big coal-fired power stations. We have got others that are aging. We accept that those that are aging. In the end, will reach the end of their life cycle, and they have to be shut down. We are now in preparation for that eventuality. At the same time, we have got these others where we have poured billions of rands.

I even said to him: We spent more than R100 billion on each one of them. So, what do I do with them? Do I go and shut them down? Yes, they break down. I cannot go and shut them down.

So, our transition has to take that into account. As we now transit to new other forms of energy, which speaks to our mixed energy journey or architecture, because fossil fuels are

still very much a part of us. With time, we are going to be almost without.

Even saying so, we are going to be exiting from those fossil fuels, as we now embark on a new direction. So, what the Minister of Finance was saying is that gas is being found around our country by a number of players. One was telling me that they found gas of unimaginable quantities around our country. What do we do with it? Do we just ignore it, or do we utilise it?

As it is now, we are using partly gas to fire some of our past power stations. So, we need to utilise that. Nuclear is very much part of our energy equation, as well. Koeberg is the only nuclear sort-of generating power on the continent. Do we shut it down? No, we can’t! Do we refurbish it so that it continues a little bit more? Yes, we do and spend money to do so!

Now, that talks to the energy mix that we have got to embrace. However, all this is within the full equation of moving more and more towards lower gas emissions, getting to a point where we now have zero. If we accept that, then we do not see any contradiction with what the Minister said.

As he said it, I mean it, it didn’t collapse the financial markets. In fact, people even re-rated Eskom. Eskom as well! This is the one thing we have been saying about Eskom. Eskom needs to embark on the journey of renewables as well. We want to strengthen Eskom to be able to do that. Thank you very much.

Mr N F SHIVAMBU: Thank you very much, Speaker. So, at the end of the 2021 United Nations Climate Change Conference - the 26th Conference of the Parties, Cop-26 - in Scotland, the President of United States, Joe Biden, announced that the group of seven new colonial countries will allocate the

$8,5 billion, which is R120 billion towards the decommission of coal power stations in South Africa by 2030, which is about eight or seven years ago, because this year has come to an end already.

This is despite the fact that our country has spent northward of R350 billion constructing two major coal power stations in Medupi and Kusile, and despite the fact that 80% of our electricity in South Africa is from coal, which is the base load of our energy needs.

Does the intention to decommission all the coal-generated electricity, include decommissioning of the still incomplete Medupi and Kusile, within the next seven years?

What will be the base load once we have decommissioned all the coal power stations by 2030? That is what your President Biden said we are going to do!

Shouldn't we logically look into the clean coal technologies developed by the Council for Scientific and Industrial Research, the CSIR? The CSIR argues that there is a possibility of even having clean coal technologies, instead of air transition, which you have admittedly said today, that you cannot afford, because it is going to be worth trillions of rands, you do not have the three loans of rands because the economy is dwindling, and we have got a huge debt burden as a country.

That is basically the question: Shouldn’t we be looking into the clean coal technologies that the CSIR says could be an alternative for energy generation, instead of a misguided and directionless transition that is not going to secure our energy needs in South Africa? Thank you very much

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker. Hon Shivambu, you raised a very good and important question about the issue of clean coal technologies. The CSIR is absolutely correct, but it is a technology that needs to be looked at and possibly embarked upon. It has, it is in the process and has been looked at. It has been found, especially by Eskom, to be hugely expensive -massively expensive! At the current moment, it has to be a journey that is so expensive that we could not embark on it.

However, technologies keep improving. They are improving and we are finding that as technologies improve, they get better and better, and bring about a number of better efficiencies. Hon Shivambu, like you, I look forward to technologies that could do that, not only in cleaning coal but in generating electricity of a base load nature, which can give us electricity available factor that is very close to 85-90% at any given time.

So, I bank my hopes on new technologies. These technologies will be right across the board and will cover a number of the energy mix areas that we have, whether it is coal, the fossil fuels, hydro and wind, as well as the sun.

As I was saying earlier, I went to the Northern Cape and saw a slightly different technology. It is renewable. Yes, renewable, but at the same time it uses the sun rays or solar in a different way other than pure solar panels. So, those are new technologies that are developing on an ongoing basis. If we are able to find technologies that will make energy generation a lot better, more efficient, cheaper for us: Yes, that is the journey that we want to embark upon. Thank you very much.

Question 23:

The PRESIDENT OF THE REPUBLIC: Hon Speaker and hon members, Broad-based Black Economic Empowerment, affirmative action and other transformation policies were essentially introduced to address the imbalances that were created by years of apartheid misrule in our country. Now, while progress has been made in empowering black people and women in our economy, the benefits of this progress, truly have not yet been felt by all South Africans.

These policies are not only about justice and redressing historic injustices, they are also necessary for economic growth and for job creation because they open up the economy to black people, professionals and entrepreneurs who over the

years of apartheid were legislatively and convention wise prevented to build the capital base that they needed to participate in the economy of their own country. Unless we open the economy to all, we will never be able to realise our country’s economic potential. For we had a minority that has been so well empowered and endowed to the exclusion of the majority.

Hon Groenewald, I was saying to someone the other day, that in this generation and I want you to have it clear in your head, in this generation, I do not know many black people who have inherited wealth from their parents. Yet on the white side in this country, nearly every white person has inherited something from their parent.

Now, that already tells you the inequality that has persisted in this country. So, there has been generational poverty.

Poverty is what our people has inherited from generation to generation. That is why you have the majority of South Africans, and you see how it manifests itself. You see it by having a number of indigent families who cannot afford to pay for the services that they need like electricity and water.

Why is that so? Because they are poor. They have nothing.

Now, these policies were therefore introduced to ensure that black people do have a meaningful stake in the economy of their country and are able to pass on something other than poverty to the next generation.

So, in the end, the implementation of transformation and empowerment policies will and must continue without any doubt. For if they do not, hon Groenewald: How do we address this anomaly that exist in our country? How in the end ensure that there is inclusive economy? Talking about having an inclusive economy means that we must have as many people participating meaningfully, from a skills point of view; from a wealth creation point of view and from a job participation point of view. All South Africans must participate, remembering our past. Where do we come from?

You know I was a general secretary of the National Union of Mine Workers. Now on the mines, you had this law that said – it was in the Mines and Work Act. The law that said – only white people could become certificated miners. Black workers whom we organised – who did the rock drilling; the charging of the holes, the blasting; the cleaning of the haulages, but particularly the guys who actually charged the holes. All the white miner would do, after they have connected all these

holes; would come and have a look and press a button and it detonates. By law, that person was privileged and he earned almost 20 times more than all the others.

Now that was exclusion. That was exclusion because a particular law had been crafted in this Parliament; the Parliament of the old to advantage just white mine workers. The black mine workers who did all the work, were prevented to participate in the process. So, what happened to them, they continued to be poor.

In the rural areas of our country, and in the end they ended up with nothing, but silicosis and other diseases. White mine workers, were so privileged they lived in the suburbs, they had great salaries, cars, houses and what have you.

Now, if you look at that historic imbalance, surly everyone, must agree that we have to correct that. Surely everyone must agree.

Now, hon Groenewald, it is this that needs to be addressed. As it was addressed in the past, to empower a particular race, we need to correct that and empower those who were not given those opportunities in the past. That is just the bare

simplicity of the Broad-bases Back Economic Empowerment Act. I know that you have a particular view on this. I would really like you to sit down and consider all these things. I give you another good example. You know ownership of property was denied to black people particularly in your town areas and all that. In any event 87% of the land was just reserved for white people and 13% to black people. How do we deal with that? Do we leave it as it is or do we do something about it?

Now, by law black people were prevented from owning land. All those policies of the past have to be addressed. All we have come up with is to say: Let us transform what we had in the past, let us have a more inclusive economy and let us include every South African to participate in a meaningful way in the economy of their own country. That is just the simplicity of what Broad-bases Back Economic Empowerment is. I hope that one day you do reach a situation where you are able to understand because the laws are aimed at ensuring that black people, women, youth, people with disabilities are given an opportunity for participation in the economy of their own country.

Right now what else are we doing, we are saying in government and this is an affirmative action move, we are saying 40% of

government procurement must be set aside for women-owned and women-led businesses. When we say so, I want you to listen to this carefully, when we say so, even white women-owned companies come to the fore and say we want to participate and they will not be excluded. The majority of course are going to be black women-owned companies that must be favored.

So, it is a policy that is meant to affirm women of our country. It is meant to strengthen their participation in the economy. All those reasons and parameters are what I hope you will be able to understand and accept one day. I look forward to having a cup of tea with you so that we can discuss this in full. Thank you very much.

Dr P J GROENEWALD: Hon Speaker through you, hon President, I accept the invitation for a cup of tea. The sooner the better. For you have misperceptions as far as what I do understand when it comes to apartheid.

However, hon President, in my limited time of two minutes: Why then in your 2019 campaigning election in the Western Cape you said you wish you could tie the white young people to a tree in South Africa to prevent them – I can show it to you – to prevent them leaving the country. So, during the election time

you want them; creating the impression that you need their skills. I have heard only today many times the word skills.

Now, hon President, I have said it numerous times that when it comes to affirmative action the white people do not ask for special treatment and they do not ask for preferential treatment, they only ask for equal treatment. They do have skills to build South Africa.

Let me say this to you that people and specifically the white people ...

The SPEAKER: Order, hon members!

Dr P J GROENEWALD: ... who live in South Africa want to build it. However, your policies do not align through it.

Hon Speaker, throughout the mid-90s FFPlus has said that affirmative action and black economic empowerment is going to destroy the economy of South Africa. What we need is skilled people who want to build South Africa. There should be only one criteria and that is merit. Forget about colour and think about merit.

Now, it took 25 years at the Zondo Commission to determine that the way you did cadre deployment under the smokes screen of affirmative action has destroyed the economy under the smokes screen of black economic empowerment to say it is unconstitutional.

Now, my follow-up question hon President, is that in March this year, Transnet announced that they will do away with BEE to ensure that they fulfill their operational requirements and can obtain their operations. Are you going to also allow it with other state-owned enterprises? Thank you. [Time expired.]

The PRESIDENT OF THE REPUBLIC: Hon Speaker, and hon Greonewald, yes, I do long and hope that we will and seriously have and opportunity and possibly when I am next in Cape Town we should be able to do so. Maybe we even have dinner or lunch and have a proper discussion on this. For I just want to correct this. Yes, I do if I had a possibility to tie white South Africans young people to a tree so that they do not leave the country. I would still repeat that statement, because we want them here as they are South Africans. That is why the policy of our country and of the organisation I lead is that South Africa belongs to all who live in it and we want them to be here as well.

Having said that, black economic empowerment, BEE, is not the enemy of meritocracy. It is not. The two are not mutually exclusive. It is important that yes, as we foster transformation and empowerment of black people and women of our country and so forth we do look at merit. However, what we need to focus on is transformation that is inclusive, that will include all the people of our country, because we come from a horrible past. However, we must admit that. A past that said a certain race cannot be included. So, we are saying include every one and yes, look at a number of factors, including merit, regions where people come from, including the gender and all that. So, all those are considerations that needs to be taken on board. However, transformation must be at the center of it all. The twin sister of brother will be the others; merit as well as ensuring that we have skilled people to do the jobs that needs to be done to push and take our economy forward.

Now in the past, even if you were a skilled black person, even if you were super skilled you were excluded by the law that was in place. Now we are saying no you cannot be excluded. You will be given consideration as part of the transformation architecture that we have in mind. So, I will have lunch with you when I next come. Thank you very much.

*Xitsonga*:

Nkul T V MASHELE: Muchaviseki Presidente, BEE xikan’we na Tirhelo ro Nyika Matimba i switirhisiwa leswi nga emavokweni ya mfumo ku tisa ni ku antswisa vutomi bya vaakatiko va Afrika-Dzonga, leswi tsariweke eka *Tsalwa ra Ntshunxeko* xikan’we na le ka tsalwa ra the *Ready to Govern* ra African National Congress. Presidente, xana mi nga hi hlamusela ndlela leyi BEE xikan’we na Tirhelo ro Nyika Matimba swi nga tirhisiwa hakona ku tisa nhluvuko ni ku antswisa vutomi bya

vaakatiko va Afrika-Dzonga, ngopfungopfu vamanana na vantshwa? Nakambe Presidente, ...

*English*:

How are we going to use these transformation policies to make sure that black people are able to access Orania that is a little in cave in South Africa?

Dr P J GROENEWALD: Hon Speaker, can I just mention and you did say ...

The SPEAKER: Hon member, is that a point of order?

Dr P J GROENEWALD: Yes. My point of order is: I just want to put this on record ...

The SPEAKER: Yes, hon member.

Dr P J GROENEWALD: [Inaudible.] ... whites. You did say that there is no translation services. I would very much like to hear what the hon member said, but I could not. So.

The SPEAKER: Order.

Mr J S MALEMA: But, we also do not hear you when you speak in Afrikaans!

The SPEAKER: Hon member, order!

The SPEAKER: Alright. Hon members please! Hon members! I understand. Can you wait for me to rule on the matter!

I gave you information earlier on which is that those of you who are on the virtual platform is easy for you to access translation even though limited. However, those who are hear in the Chamber, it is true that there is a problem. Currently there are two sittings. There is the National Council of Provinces, NCOP, and the National assembly sitting. Therefore, there are challenges in relation to our translation services. However, this is a matter which is being dealt with and

attended to. Hopefully in our next session, we will not have such a problem.

In other words, hon member Groenewald, I plead for your patience that in this instance, actually there are many of us who are now very confused about the language issue because there is very limited translation.

So, our sincere apologies, but allow the ... no, no!

Then, I will therefore allow the hon President to respond to the question asked by the hon Mashele. Thank you.

The PRESIDENT OF THE REPUBLIC: Hon Speaker, thank you. Hon Mashele, ...

*Xitsonga*:

... a ndzi ta tsakela leswaku ndzi hlamula hi Xitsonga, kambe swi tikomba onge vanhu votala a va swi twisisi hi ku hetiseka loko hi vulavula hi tindzimi ta hina hikuva onge vutoloki a byi tirhi hi mfanelo laha. Hikokwalaho-ke, ndzi ta vulavula hi Xilungu.

*English*:

Now, the process of black economic empowerment and transformation in general is so important and you asked what is it that we are doing? We embarked on a number of processes. In the economy we are focusing on yes empowering as I said you know, women to be preferred when it comes to procurement up to 40%. We have embarked on the Black Industrialist Programme that is leading to the creation of black industrialists. I have heard some people have been very critical of this, but it is a programme that apart from getting more black people to be participants at the heights of our economy there is also a job creation element that is in the process of development in that regard.

With this we are seeing a great deal of progress that will obviously will take time because apartheid and colonialism took more than 300 years to disempower our people. We must not expect that it is going to be an overnight success with these policies that we have embarked upon. Overtime we will be able to look back and see that indeed we have made great strides in the empowerment of our people. As it is now and as we see it with many black people participating in a meaningful way in the economy. That is the progress that we want to see.

You mentioned Orania. I have never been to Orania. However, I heard the hon Steenhysen expressing the wish that the DA should run Orania one day. So yes, no, no, no, we run it as the ANC, but the DA is expressing a wish that they should run it. I have never been there and maybe the hon Leader of the Opposition having been there will be able to give you insides about what happens in Orania. Thank you very much.

The LEADER OF THE OPPOSITION: Madam Speaker, I do not think that there is anybody in this House who could dispute to argue the President’s exposition of how aberrant and damaging apartheid race-based policies worked. That is not the argument today nor whatever the intentions of the BEE. However, let us look at what is practically happening on the ground.

The Zondo Commission showed that BEE has been central to corruption in South Africa. Yet the R14 billion personal protective equipment, PPE, corruption during covid or the billions stolen to Eskom. There is an example where one of his own nephew through companies scored contracts worth

R381 million from Gauteng hospital. You right that it has not been felt by the majority of South Africans, because BEE only benefits ANC connected cronies. It does so at an expense of everybody else. Particularly the 35 million black South

Africans who remain kept in poverty. They suffer shoddy service delivery because of the inflated prices government must pay to BEE middle man. The R280 000 broom at Eskom is an example.

Now last week Eskom board member Mthetho Nyathi, spoke truth to power, on *Power to Truth,* and he said that BEE will have to go if there has to be any chance of ending South Africa’s electricity crisis. Now why are you still clinging to this failing policy and not focusing on an empowerment policy that lifts people out of poverty and into opportunity that is

broad-based and that is not race-based that focuses on poverty and not making BEE fat cats, but lifting the millions of black people in this country who have no opportunity at all out of poverty and into opportunity?

The PRESIDENT OF THE REPUBLIC: Hon Speaker and hon Steenhysen concedes that indeed what happened in our past was exclusionary. It excluded black people and the policies that we have pursued in the past were damaging. Not only to the economy of our country, but to the people of our country.

What BEE seeks to do and to achieve, and let us be clear, the whole concept of BEE is enshrined in our Constitution. It is a

constitutional imperative. There is just no way, anyone of us can run away from that reality and dispute the fact that the Constitution is very clear. There was no equality in the past, the Constitution says there must be equality.

The opportunities that were there in the past were only available to a certain group and you now say cronies. I do not want to be disrespectful to the white people of our country and reduce them by any term. However, the policies of the past favoured them. It privileged to them. Many white people do concede that. They do say yes we were privileged over and above the majority of the black people in our country. So, that is a given.

Now that being a given we have to correct that. We correct it by applying the terms of our Constitution, not what is in the hon Steenhysen’s head. No and we address it by saying – you know I was asked to lead the Black Economic Empowerment Commission and we came out with a report that said you have to broaden economic empowerment. It must not be the exclusive right of certain few people.

So, that is why the Act – no you keep saying my nephew. I do not even know that gentleman. So, let us not even get there. I

do not know him. In the end the Act says Broad-based Black Economic Empowerment. It focusses on the broadness and inclusivity and where it has been used to just focus on a few that is been the wrong application. It has been the wrong application, but its intention gets its origins and its foundation from our Constitution. Our Constitution is about broadness and is about all South Africans. I must insist that let us not throw the baby out with the bath water.

Let us focus on how we apply broad-based economic empowerment, so as to achieve precisely what the hon Steenhysen is saying. Now, he wants policies that we embark upon to benefit the majority. He even says 35 million poor South Africans. It is much more than that, hon Steenhysen. We have to focus on all South Africans and make sure that our economy is so transformative as to include everyone.

If we can do that, and I would like to call upon the hon Steenhysen that we do so. You see, the implementation of our Constitution has to be a collective act by all of us. I also want to invite you to be part of the solution rather than be part of those who sit on the sidelines and criticize. So, I invite you and I do not know what I invite you to, maybe half

a tea or maybe to a drink. Let us have a drink together then we can discuss this. Thank you very much.

The SPEAKER: Order, order!

Mr N L S KWANKWA: Hon Speaker and hon President, wouldn’t you say that to a large extent the part of a problem is that we have been sold a superficial notion of reconciliation without marrying it with transformation. Now that we are trying to implement transformation, people want to remind us that all that we should do is to be content with filling all warm, cozy and *kumbaya* without doing anything about the material conditions of our people.

President Lyndon Johnson, in 1965, President once said, talking about the importance of affirmative action policies as they were necessary to achieve true equality in America, he said but freedom is not enough. You do not wipe away scars of centuries by saying now you are free to go where you want, do as you desire, chose the leaders you think, not take a person who for years has been hobbled by chains and liberate him bring him up to the starting line of a race and the say, you are free to compete with all others and still justly believe that you have been completely fair.

Hon President, to quote him again that thus it is not enough to open gates of opportunity all our citizens must have the ability to those gates.

I like the last part where he said we seek not just not legal equity, but human ability. Not just equality as a right and theory as my colleagues are saying and suggesting here, but equality as a fact and equality as a result. That is what South Africa requires.

Perhaps hon President what you should be addressing is exactly the gaps in implementation which have given a wrong perception to what was a well-intentioned policy to make sure that it is broad-based.

However, also as we talk about driving this transformative agenda perhaps what we should say, is to call to order all the black people who are hypocritical, who have been empowered by these policies now that they are empowered they think they have the right to tell us not to empower those who were previously disadvantaged. It is the first thing we must say.

The last point hon President, you know I like affirmative action in Afrikaans is called [*Regstellende aksie*.] Pardon my

pronunciation, I am Xhosa, but it is corrective action in English if you do direct translation. So, what we are doing is corrective action, correcting what was wrong! We must remember that if not the only country and one of the few countries in the world, which have had to adopt policies to affirm the majority is usually the opposite. Countries adopt affirmative action policies to affirm the minority. Now the minority are saying, do not affirm your people. Leave them to fend for themselves! It cannot be.

*IsiZulu*:

Mnu J S MALEMA: Bazwile!

*English*:

The PRESIDENT OF THE REPUBLIC: Hon Speaker, the hon Kwankwa did not raise a question. I agree with him. Thank you.

Question 24:

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker, the impact of travel restrictions and lockdown measures in nearly every region of the world has led to a significant drop in airline activities and revenues. As the industry recovers, the African Continental Free Trade Area presents enormous opportunities for access to new markets in Africa for goods

and services that originate from our own country. Much of this increased commerce between African countries in the end will depend on air travel.

To strategically position South Africa to reap the potential benefits of the African Continental Free Trade Area, the Department of Transport has commissioned the development of the Air Freight Strategy for South Africa. During the COVID-19 pandemic, the air freight market surpassed the passenger market. We were transporting more goods than we were transporting people. By so doing, this offered much-needed revenue that effectively cushioned the domestic aviation sector from collapse.

At the end and at the heart of this proposed strategy is the quest to find ways of being able to harness the growth of air freight to enable aviation entities such as the Airports Company South Africa, Air Traffic Navigation Services and the South African Civil Aviation Authority to expand their footprint.

South Africa is a signatory to the Single African Air Transport Market, which is a flagship project of the African Union, particularly in relation to Agenda 2063. South Africa

is among the 35 AU Member States that have subscribed to the Solemn Commitment to unconditionally implement the Yamoussoukro Declaration on the liberalisation of air services and the Single African Air Transport Market.

Now, full implementation of the Single African Air Transport Market across the continent will provide a great opportunity for our country, particularly airlines, including South African Airways, to expand regional linkages and to contribute to our goal of an integrated and prosperous continent. I thank you.

*Tshivenḓa*:

Muf C M PHIRI: Ndi a livhuwa Mulangadzulo, nṋe ndi muvenḓa, ndi khou ya Tshipembe. Nda ndi khou humbela uri ndi sa rwiwe nga matombo.

Ndi a vha resha Muhulisei, Singo ḽa ha Ramabulana, mukololo. Ndo livhuwa phindulo yavho. Mukololo, nda ndi khou ri saizwi vhunzhi ha mabufho apo a tshi khou aluwa, ri tshi sedza kha sia ḽashu ḽa Africa Tshipembe na madzhango oṱhe ane ra vha na vhuledzani nao, zwi nga konadzea naa u tsitsa mitengo? Mabufho a khou bvela phanḓa u aluwa kana hu khou vha na mitengo ine ya khou kona u swikelelea nga vhathu vhashu. Mbudziso yanga

Muhulisei ndi ya uri: ya u thoma, ndi afhio maga a re hone kha muvhuso ane a ḓo sedza kana u konisa uri ri tsitse mbadelo dza nṱhesa? Tshavhuvhili, muvhuso u khou ita mini u vhona uri mitengo ya nṱha ya mabufho ine ya khou bvela phanḓa u gonya u ḓo a itisa hani saizwi ikonomi yashu i tshi khou tea u aluwa ngauri mitengo ya nṱhesa i kandeledza vhane vha khou lingedza u aluwa na riṋe na vha mabindu maṱuku? Ndi khou livhuwa mukololo. Aa.

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker, ...

*Tshivenḓa*:

... ndi a livhuwa khaladzi mbudziso ye vha vhudzisa. Ndi mbudziso ya ndeme nga maanḓa. Fhedziha, ndi ḓo fhindula nga Luisimani u itela uri vhathu vhanzhi vha kone u pfesesa zwavhuḓi uri ri khou amba nga mini.

*English*:

You raised an important question and the question that is affecting many other people around the world. As I was saying earlier, prices of nearly everything have gone up, including air travel prices. We are finding that it has become extremely expensive to travel from place to place. The air ticket prices have gone up astronomically and they are largely driven by the

rise in prices of jet fuel, a rise in prices of logistics, as all these products have to be transported from one place to another and rise in prices also of refinement of all these products. So, the whole world is facing great difficulty and it also leads to the rise and fall of airline companies around the world, airlines companies get formed and overtime they collapse. They collapse under the heavy burden of rising jet fuel prices and other operating costs as well.

Now you ask a question: what is government doing in this regard? Of course, we want as government prices to be normalised and to be stabilised and we don’t want our people to be subjected to continued rising prices. It was to this end also that government has pumped closer to R40 billion in our own national airline which has faced enormous challenges and difficulties over a number of years, to a point where it was brought to near collapse, total collapse and we had to salvage that through bringing in as the deal is now being consummated or being finalised a strategic equity partner. The support has been there, but there’s always been a complaint that we really are supporting an elite that travels by air.

However, the foundation of your question also focused on freight. Freight is one area where we have seen enormous

growth. That is why my initial input to your question focused on the opportunities that lie ahead for freight transportation on our continent. I find it very interesting that a number of our provinces are positioning themselves to be the freight hubs in our country. I went to the Free State and they want to see themselves as a freight hub. In Limpopo as well, they want to see themselves as a freight hub because the opportunities that back on with the African Continental Free trade area are quite ginormous if one can use that term. They are enormous and we need to capture them. As our manufacturers, manufacture goods here, they need to be transported and I do believe that through that we may well see prices of freight transportation coming down. When the Prime Minister of Spain was here, he said they received 87 million tourists – there was a time when two or one years ago and I just said if they could transfer a quarter of those to our country would be very delighted. So with more air travel and I think it could lead to some reduction of prices as we get more and more volume. As our country becomes more and more attractive to tourists’ travel, we should be able to get to that point. I hope that is satisfactory to you.

*Tshivenda*:

Ndi a livhuwa.

The LEADER OF THE OPPOSITION: Thank you, Madam Speaker, Mr President, you said be part of the solution and on my first question you responded by saying you wanted an independent commission to look at developing ministerial handbook. So, I am very proud to deliver to you a Private Members Bill that was tabled in Parliament two days ago by Dr Schreiber which does precisely that. We know you are going to be very busy the next month, so the work’s been done for you – there it is. Mr President, it’s indeed important for domestic airline to expand regionally because not all of us can hop onto a helicopter and attend branch meetings. But domestic airlines are crucial way to a mode of public transport and that mode of transport is in crisis. One of the reasons is South African Airways put the private Comair out of business because it didn’t pay them R790 million that it owed them. So my question to you is simple: Do you think it’s fair that a government airline that survives on taxpayer bailouts should be allowed to destroy a private sector airline and then receive further bailouts from government. Thank you.

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker, hon Steenhuisen, I must confess that I’m not aware of a national airline seeking to destroy a private airline and then rely on bailouts from the state. The airline market is quite

competitive. It is very, very competitive and that is why in my initial answer, I said airlines get off the ground, they fly and then you often hear that they have gone bust. Not only in this kind ..., well, some crash. Not only in this country, in the United States as well, which you would say has more airlines than possibly any other country. Nigeria is one other country – each time one lands in Nigeria you see a number of airlines and next time you come, you hear that some of them have gone bust. So, the airline business in my book, it’s a very high risky business and it leads to boom and bust. I would not know the details of what you are talking about Comair having been destroyed by SAA. I doubt if the SAA would ever have had the intention. I think there was cross sort of loans or debts or whatever between airlines that is the matter that they should resolve. I mean the courts are there to deal with that and there are a number of other avenues that should deal with that. So, I’m not really au fait with what has happened there, but I doubt that a national airline would have such an intention in a very competitive market like the airline business. Even now I mean it’s a joy to see that there’s a quite a number of airlines that have mushroomed in our own country, you often hear one was being launched the other day or will belong soon the other one was launched a few months ago and they will boom and then they will face

challenges and difficulties that are often not their own faults, but that are the vagaries of the market because it is a very difficult market. I am sorry, I couldn’t be more helpful to you. Thank you very much.

Mr S TAMBO: Thank you very much, Speaker, President the basis of regional and continental integration must be premised on the capacity to build transportation infrastructure that connects countries in the region and across the continent.

There must also be a reliable means of transportation by road, rail, and by air. South Africa has completely collapsed the rail system underadministration and it is also your administration that oversaw a rapid destruction of many airlines, including SAA and Express Airways. How do you plan for South Africa to participate fully in regional and continental developmental initiatives when we have no capacity to transport goods by rail, when the road network is decaying and when new administration has killed a dependable state airline in South African Airways? Thank you very much.

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker and hon Tambo as you heard me say the airline business is a risky business and I know of no government that would intentionally destroy its own airline. That to me just boggles the mind,

because it’s not what has been in our objectives. But then again, you are absolutely correct that our rail has faced challenges. It hasn’t really collapsed as you assume it has. It is facing challenges and these are challenges that we are alive to. On the passenger rail side, the Minister of Transport is in the process of addressing those challenges. We know what Prasa was exposed to and through the state capture, yes, the rail passenger line industry was negatively impacted. As regards rail generally, Transnet has great capacity and obviously with further investments we will be able to reposition Transnet.

On the roads, we still have good roads in our country, much a number of them as I’ve said in the past are littered with potholes. But our main arterial roads are still good. We have a very good company in Sanral, an agency that was set up to construct our roads and is busy doing so with an assistance that it has received from the state now in relation to its debt. It should be able to rise to greater heights. So, our road infrastructure is going to improve even greatly and remember, we are not the only country in the world that is facing challenges when it comes to road infrastructure. A number of other developed economies face such challenges and our rail is being addressed. As for our air travel, that’s a

competitive market and we are pleased that a number of airlines are coming to the fore and as I said, because is such a risky business they will rise and they will decline as well

- those are due to the vagaries of the market and obviously, the efforts that we have made to strengthen to reposition SAA and up to the point where we have stopped the total collapse and destruction of SAA by bringing in a strategic equity partner, SEP. The SEP partner is really going to reposition SAA. The government will continue being a shareholder at

albeit 49%, but we will have a golden share and the brand name will continue. We hope that SAA will be repositioned

completely. It is already showing signs of that because it is

rather trading well at the moment and we just need to bet down the transaction so that everything can carry on with SAA.

Thank you very much, hon Speaker.

Mr M HLENGWA: Thank you very much, Madam Speaker and good afternoon colleagues. Mr President, I’m glad you’ve raised the issue of the strategic equity partner because I think, we need to go back to those basics first before we take SAA to the world as its hallmark used to be. So the question, Mr President is: On what business logical basis was SAA sold at least a 51% stake sold when SAA has been unaudited for the past four years and more pointedly Mr President is: How much

was the 51% stake sold for? Your ascension to the office, Mr President the refrain was transparency and the fact that the SAA Takatso deal was behind the veil of secrecy does not inspire any confidence nor does it bode well of certainty in so far as future air travel is concerned. So Mr President, SAA has not been audited for the past four years. Yet, the government went ahead and sold it. So, I really want to know how much did you sell it for and when will the government be transparent wholeheartedly and holy on this transaction? Thank you, madam Speaker.

The PRESIDENT OF THE REPUBLIC: Thank you, hon Speaker and hon Hlengwa, your quest for transparency is understandable and it’s what I would like to see happening because SAA is a state-owned entity. Therefore, we do need to put the various cards if one can call it that on the table so that the people of our country can understand and also understand what its future is going to be and what is involved in the full mechanics of this deal. So that is something that has been before even our courts and that is something that is before our Competition Commission and we will indeed get to the point where we will be able to outline more fully exactly what the terms of the transaction are.

We discussed the whole process in the Cabinet just a day ago and we’ve got an update and we will seek to have further updates so that those updates can also be shared with our people as regards the terms of the transaction, what role is the SEP going to play and some of those details have already been put out and also the pricing that has been arrived at. What the value of SAA was before this and also the financials. Now quite frankly, SAA was totally bankrupt, completely bankrupt and those are some of the facts that need to be put on the table so that everyone does get to understand. Without this transaction, I can say without any equivocation SAA will go into liquidation because its liabilities far exceed even its own assets. In the end, what are SAA’s assets? That should also be put on the table. Its main assets are the routes that it has, not even the planes. Some people think that the SAA owns all the planes and so forth. They are leased, it doesn’t really even own that. The value is the routes that it has to take passengers all over the world. So, I will say that yes, that does need to be shared so that we get full understanding. There is some notion that this deal is being struck in total secrecy and there’s a lot of funny things that are happening and I think people need to be alive to the fact that we are dealing with a company that was totally bankrupt in a messy situation. For a company like that not to be able to produce

financial statements for a period of four years and you would know better, as the Chair of our Scopa, just means that this was just chaos and that chaos translated itself into its commercial viability and its finances. Unfortunately, we reached a stage where we just kept bankrolling the SAA on an ongoing basis and that now will come to an end when this transaction is finalised or consummated.

So hon Hlengwa, I do think that yes the quest for transparency is a fair one and it so happens that the transactions of this nature that are done commercially between company to company there’s always the confidentiality clauses and all that but we need to address it politically and say what does it mean to the actual shareholders who are the people of South Africa to a transaction like this. So we will address the issue of transparency. Hon Speaker, I hope hon Hlengwa will be satisfied with that. Thank you very much.

Mr M HLENGWA: Not at all but we will talk, Mr President. Thank you.

The SPEAKER: Thank you, hon President. That concludes questions to the President.

The PRESIDENT OF THE REPUBLIC: Can I go home now?

The SPEAKER: Yes, you’ve worked hard. Hon members, that concludes the business for the day.

The House adjourned at 16:54.