

## **Public Enterprise Budget Vote Debate 11, by Deputy Minister Bulelani Gratitude Magwanishe, National Assembly**

16 Jul 2014

Honourable Chairperson  
Honourable Ministers and Deputy Ministers  
Honourable Members  
Chairpersons, CEOs and Board members of our SOC  
The Director-General of the Department, Mr Tshediso Matona  
All DPE colleagues present  
Distinguished guests  
Ladies and gentlemen.

When we stood before you in our 2013/14 budget votes, with us we had trees. Some were partly eaten away and some broken because of our recent past. We had branches whose connection to the trees was weak. And we promised to nurture them.

In nurturing them, we held engagements with seven provinces through our Provincial Engagements programme. In these sessions, engagements on opportunities were held with government (both provincial and local) as well as the youth and the business community. Institutional Support mechanism structures to realise alignment of programmes have been established in the provinces visited.

And these provinces are:

- North West,
- KwaZulu-Natal,
- Free State,
- Eastern Cape and the
- Northern Cape province and other provinces will be visited as well.

The government is committed to institutionalise the development and empowerment of youth as expressed in the National Youth Policy. Our response to this commitment has been through our Youth Economic Participation Programme. Through this, we are coordinating efforts of our State Owned Companies (SOC), to maximise their role in the achievement of the national youth economic empowerment objectives.

These include Skills Development, Job Creation, Enterprise and Supplier Development and Corporate Social Investment (CSI). As a result, Youth Opportunities Expos were held in the various provinces, where information relating to the above areas was shared. Lack of awareness of opportunities in SOC, led us to prioritise people in rural areas, farming communities and townships.

These SOC are not only for the urban or upper middle class but for all South Africans. Thousands of young people attended Expos held at Ekurhuleni, Umhlathuze and the farms De Doorns.

**On CSI**

In the last budget vote, we committed to host an SOC-Supplier Summit, to address the question of how CSI investment can fund youth development in general.

On the 28th of March 2014, we hosted the Summit in Alice in the University of Fort Hare.

CSI Expenditure continues to grow in South Africa. According to the 2013 Triologue Audit, the top 100 companies and SOC have a CSI budget with a value of R7.8 billion. We commit to continue redirecting the focus of the SOC-CSI spends towards addressing the triple challenge of inequality, unemployment and poverty.

We have identified three focus areas to streamline the direction of CSI and these are: Education, Enterprise Development, Health and Sport.

### **On Education**

Our priority as the department is the promotion of maths and science. In this respect, we have embarked on a roll-out of the Telematics System to schools in the various provinces. This programme we have been able to pursue in partnership with the University of Stellenbosch.

Our SOC adopted schools in the provinces, facilitated the installation and carried the costs for installation of the system to the schools identified.

Some of the schools connected include the following:

- St John's College in Umtata Eastern Cape was connected with the support of Eskom.
- Jikindaba Secondary School at Ingquza Hill in the Eastern Cape which was connected with the support of Denel.
- Seshego Secondary School in the province of Limpopo was connected with the support of Broadband Infracore.

### **Transnet has built a Computer Centre for this school.**

Vaal Reefs High School in the North West, Zikode High School and Harding Secondary School in KZN, are due for connection before the end of October this year.

Langa High School in the Western Cape, Moremoholo FET in the Northern Cape and 100 schools from the Free State represented in the Youth Camp, had the benefit of receiving donations from the SOC in the form of maths dictionaries.

In our last budget vote, we promised to respond to a plea made during our visit to the Free State province in December 2012, to host a Youth Camp for grade 10 and 11 learners from the Free State province.

In this regard, the Youth Camp hosted by our SOC, working together with the Free State Dept. of Economic Development, was a great success. Learners from townships and rural areas of the Free State were exposed to opportunities in our SOC. We remain committed to making this a yearly event targeting learners from the different provinces.

Before the end of this year, we intend formally launching the Transnet Maritime School of Excellence in Durban.

Through this school we intend building a pool of marine graduates.

### **On Enterprise Development**

Transnet has been on extensive road shows to townships and rural areas around enterprise development. These are meant to educate youth on how to tender for opportunities in Transnet.

### **As we move South Africa forward**

Transnet has invested over R18 billion to go to youth owned businesses, particularly those in the townships and rural areas. In addition, Transnet has entered into a range of partnerships with both private and public companies, to provide funding to small and micro enterprises.

These interventions are specifically targeting black youth and women owned companies. Transnet has further dedicated an amount of R4,7 billion to bursaries and grants.

Eskom on the other hand has set itself a target of spending over R24 billion a year on black youth owned businesses by 2017. Thus far Eskom has reserved over R10,5 billion of spend for youth owned businesses in a range of industries, including the national electrification project and coal mining.

### **On Health and Sport**

The Transnet Phelophepa Health Train continues to bring health services to disadvantaged communities that do not have access to proper health care. With the train celebrating 20 years of service, we have now launched Phelophepa II, a second train to bolster the annual patients' reach of the programme.

In 2013, Eskom also approved four paediatric mobile units that will service primary schools around the communities it serves. These mobile units will provide general health care, dental and eye care which is much needed in the rural areas.

Transnet and Eskom are looking at possible collaboration with regard to a health partnership. The success of our battle against lack of training and skilling can be achieved by giving life to collaborative efforts.

The New Growth Path emphasises that the only way to achieve our national economic objectives is through building multi-stakeholder partnerships.

### **On partnerships**

In partnership with the Department of Communications and TATA-Africa, we secured Computer Centres for Jikindaba High school and for a local church of Holy Cross to train the community in computer skills. As the department is engaging COGTA in a collaboration meant to respond to the shortage of artisans and respond to service delivery hot-spots.

A draft MOU and concept document has been prepared to pave way for the Train of Hope. The collaboration is intended to bring artisans /technicians and engineers to municipalities lacking technical capacity and reduce the level of service delivery protests.

The skills we are developing must be able to respond to our transition from a resource economy to a knowledge driven economy. The competitiveness of that economy will be extremely dependent on the quality of the human capital that we produce. So far we have been able to identify 23 district municipalities as priority areas.

In partnership with the Inqguza Hill Local Municipality, realising the need for clean water for learners and the community, Denel provided four boreholes to the area. These are strategically located near the schools to particularly enable learners easy access to clean water.

## **SAFCOL**

South African Forestry Company Limited (SAFCOL) is operating under very difficult economic conditions. We are however happy to announce that SAFCOL will declare a profit in the 2013/14 financial year.

A budget of R6.6 million was allocated towards socio-economic development during 2013/14 financial year. A needs' analysis and project identification was finalised in collaboration with the Joint Community Forums (JCFs) of Mpumalanga and Limpopo. Projects ranging from building community halls to building schools were successfully undertaken by Safcol flowing from that budget.

## **ALEXKOR**

Alexkor represents another of our good stories of our 20 years of democracy. This SOC has been able to turn the tide amid all the challenges which existed in their space. Alexkor has accomplished its financial obligations in terms of the 2007 Deed of Settlement obligations. As a result, the Alexander Bay Township now forms part of the Richtersveld Municipality as per registration of 22 November 2013.

The value of property that will be transferred to the Richtersveld communities as part of the DRDLR restitution project, is estimated at R200 million.

As part of the turnaround strategy, the deep sea mining agreement with IMDSA has been concluded. Operations in this respect will commence once the marine mining rights have been granted. We expect more people from the Richtersveld to benefit from this extension of focus.

We have also realised an improvement in carat production from 35 000 carats to almost 42 000 carats in one year. This is on the back of the handing over of the Muisvlak Modular Plant in April 2014. The plant was commissioned during the 2013/14 financial year. The plant operation has created 200 jobs.

When we stood before you in 2013, Alexkor had 109 employees. Today, the Company has 350 employees.

Confirming our unwavering support to empower women, the Witvoorkoppen Women's Mining Company has been established and has commenced with its land mining operations at Richtersveld.

## **PBMR**

PBMR is now fully incorporated into Eskom as its subsidiary as an interim measure. This will be the situation until a Cabinet decision is made on the future of company.

## **AVENTURA**

Since the liquidation of Aventura, the first meeting of creditors took place in December 2013. The Department intends commencing with the process to repeal Aventura's Founding Legislation, as part of finalising the winding up of Aventura.

We are anticipating that the Master of the High Court will approve the Liquidation and Distribution Account around November 2014. After that Aventura will be deregistered.

I thank the Minister for her leadership. The previous Minister for the role he played in leading the department. Colleagues at DPE for their support.

Boards, Management and Staff of our SOC for their support.

The ANC Study Group for their guidance.

We commit to work closely with the Portfolio committee.

We thank all the guests for their attendance.

I humbly ask the House for the support of this budget vote.

Issued by: [Department of Public Enterprises](#)