

Statement on Cabinet meeting of 1 and 2 November 2016

3 November 2016

1. Implementation of Key Government Programmes

1.1. Cabinet congratulates Finance Minister Pravin Gordhan and the team at National Treasury for delivering a balanced and well thought-out budget. The Medium Term Budget Policy Statement (MTBPS) provides an opportunity for civil society, labour and business to work together with government to achieve the economic objectives of our country.

Cabinet supports the initiatives announced in the MTBPS to guide the economy through these difficult economic times, achieve inclusive economic growth and efficiently use state resources.

1.2. Cabinet thanks the more than 4, 5 million taxpayers who submitted their tax returns during the 2016 Tax Season and reminds all non-provisional taxpayers who still have to submit a tax return to do so as the deadline for submission on 25 November 2016 is fast approaching.

Patriotic taxpayers are helping to improve the lives of millions of South Africans by partnering with government as it rolls out much needed services and social support across the communities.

Cabinet calls on South Africans to join our efforts in growing the economy by creating new jobs, and adopting a culture of saving. Working together we can ensure that we boost economic growth.

Cabinet supports calls for a quick and effective investigation into the alleged hostage situation at the South African Revenue Service. Incidents such as these have a negative impact on public confidence in our law enforcement authorities and need to be quickly addressed.

1.3. Funding higher education remains a priority for government and the additional R17 billion allocated to universities over the next three years will help to further ease the burden on financially needy poor and missing middle students. This funding will also ensure that more students are able to access higher education as R9.2 billion of this funding will be allocated to National Student Financial Aid Scheme (NSFAS).

This funding is welcomed, however the immediate priority now is to resume learning. Cabinet calls on South Africans to support all efforts to save the 2016 academic programme. Now is the time to end all protests, return to class and complete the academic year without further delays.

Government believes that dialogue to address the demands of students can take place while the academic programme is underway. We reaffirm the right to protest but this must be done within the confines of the law and in a manner that does not infringe on the rights of others.

Government's advances in making higher education accessible are borne out by the Statistics South Africa Financial Statistics of Higher Education Institutions 2015 report. It shows that student enrolment in Higher Education grew by 32.5 per cent from 2006 to 2015. Further, grants by national government to Higher Education increased by 144 per cent over a ten year period from 2006 to 2015.

Government grants and tuition fees account for the bulk of university income, with government spending accounting for 43 per cent of university income and tuition fees

accounting for 34 per cent. These findings demonstrate government's commitment to education and reaffirms our call for those who can afford to pay their fair share, and reveals that tuition fees remain an important part of overall funding.

Progress has also been made by the Ministerial Task Team appointment by the Minister of Higher Education and Training, Blade Nzimande, to develop a support and funding model for Poor and "Missing Middle" students. A blueprint entitled the Ikusasa Student Financial Aid Programme (ISFAP), underwent an engagement process, which saw various inputs incorporated, and agreement obtained across all key stakeholders for the future governance structure of ISFAP. The Ikusasa Student Financial Aid Programme makes various recommendations which are currently under consideration for implementation. The proposed model and recommendations contained in the report, will go a long way in not only addressing the funding problems faced by poor and "missing middle" students, but also in addressing amongst other challenges which South Africa faces, including;

- Reducing the high dropout rates of poor and working class students in the higher education and training sector,
- Improving the employability of the funded graduates,
- Improving the skills profile of the country,
- Improving the partnership between government, the private sector and higher education institutions in supporting poor and "missing middle" students.

The ISFAP blueprint provides poor and "missing middle" students financial assistance to cover the full cost of study. While recommending a fully subsidized education to the poor in the form of bursaries and grants, it also proposes progressively reducing bursaries and grants to the "missing middle" students as household income increases and sketches scenarios of how this can be achieved by mobilising funds from both the public and private sectors.

1.4. The launch of the Tourism Enterprise Development Incubator, in Pilanesberg in the North West by the Minister of Tourism Derek Hanekom, will create a conduit for economic inclusion through viable tourism businesses. This enhances the tourism sector's contribution to building an inclusive economy.

The pilot incubator will target 50 SMMEs in the Bojanala District and will support them for three years to become sustainable. The Tourism Enterprise Development Incubator provides business support to tourism enterprises.

1.5. The launch of Ngwaabe Integrated Energy Centre on 4 November 2016 by the Department of Energy, in collaboration with strategic partners is part of a programme to establish Integrated Energy Centres in poverty nodal areas. This one-stop energy shop provides access to safe and affordable energy resources for poor households. In addition, it provides information on safe, efficient and environmentally sustainable use of energy sources. It also promotes the SMME sector and grows job opportunities through energy related businesses.

1.6. The Windaba Conference and Exhibition which is taking place from 2 to 4 November 2016 at the Cape Town International Convention Centre under the theme "Towards 100% renewables" also boosts government's renewable energy initiatives. It brings together stakeholders involved in the wind energy value chain on the African continent and in South Africa in particular. In addition, the 11th Annual 2016 Southern African Energy Efficiency Convention from 8 to 9 November 2016 at Emperors Palace in Johannesburg will focus on a range of energy-related fields. Areas that will be covered include energy engineering, efficiency improvement, facilities and building management, renewable and alternative energy, co-generation, power generation, energy services and sustainability.

1.7. Today, President Jacob Zuma will co-chair the Inaugural Session of the Zimbabwe-South Africa Bi National Commission with President Robert Mugabe. The main objective is to deepen bilateral relations and cooperation between the two countries and to strengthen and develop the potential that exists for closer ties in the fields of trade, investment, mining, water, energy, infrastructure development, transport, and ICT, among others.

To date, the two countries have signed more than 38 Memoranda of Understanding and Agreements, which cover a broad range of areas, which include among others, trade and investment, immigration and consular matters, defence, agriculture, the environment, energy, health, as well as arts and culture.

1.8. The successful hosting of the Annual Diplomatic Fair by the Department of International Relations and Cooperation and Proudly South Africa at the Union Buildings on 29 October 2016 in Pretoria serves as a key platform to educate the general public about diplomacy and South Africa's foreign policy objectives. This event brought together embassies, high commissions and international organisations accredited to South Africa to showcase and promote cultural diplomacy through creative expressions such as arts, music and cuisine from around the world. Over 60 diplomatic missions and several private businesses showcased their products and opportunities this year.

2. Key Cabinet decisions

2.1. The Special Cabinet of 1 November 2016, received progress reports on the work of the Inter-Ministerial Committee on State Owned Companies (SOC) Reform, chaired by Deputy President, Cyril Ramaphosa.

This emanates from the implementation of Cabinet endorsed recommendations from the 2010 Presidential Review Commission of SOCs. Cabinet reaffirmed the phased approach to implementation of these recommendations.

Cabinet reiterates that all state owned entities must be efficient, and financially viable.

A suite of decisions was taken to pursue the central policy objective of strengthening SOCs to enable them to meet their developmental objectives.

Cabinet endorsed a Private Sector Participation framework for infrastructure delivery which will guide collaboration between SOCs and the private sector.

Cabinet adopted the guideline for the remuneration and incentive standards for directors of SOEs.

- Cabinet endorsed the broad thrust of a guide for the appointment of boards and executive officers, for which, the Department of Public Service and Administration will undertake a consultation process with provinces and municipalities, before Cabinet approval.
- The first draft of a new government shareholder policy was recommended for further consultation. This will culminate in the promulgation of an over-arching SOC legislation.
- National Treasury developed a proposal for determining and costing developmental mandates of state enterprises, the introduction of this approach will help streamline commercial and non-commercial activities of SOCs.

These better position the SOCs to contribute towards the implementation of the National Development Plan: building infrastructure, growing the economy, expanding industry, helping develop high-end skills, creating jobs and advancing other transformation objectives.

2.2 Cabinet approved that the Integrated Energy Plan (IEP) be published for public discussion to afford stakeholders and interested parties to engage with it. The IEP is anchored in the National Energy Act, 2008 (Act No. 34 of 2008). It seeks to guide future energy

infrastructure investments and policy development which will shape the future energy landscape of South Africa.

Integrated energy planning is required to ensure that current and future energy service needs can be met in the most efficient and socially beneficial manner, while controlling economic costs, serving national imperatives such as poverty alleviation and job creation and minimising adverse impacts on the environment.

The IEP provides a long-term vision of how South Africa can use energy optimally as a mechanism to remain competitive, which inherently requires a shift in how various energy resources are utilised.

2.3. Cabinet amended its decision of 10 June 2015 to designate the South African Nuclear Energy Corporation as the implementing Agent for the Nuclear New Build Programme. This decision, at the time, allowed Eskom to focus on the Medupi, Kusile and Ingula projects and the energy challenges the country was experiencing.

Cabinet designated Eskom as the Owner Operator and Procurer for Nuclear Power Plants in accordance with the Nuclear Energy Policy of 2008. Eskom has more than 30 years of safe operation of the Koeberg Nuclear Power Plant, which is also the only Nuclear Power Plant in Africa, and has been developing the Environmental Impact Assessment and nuclear Site Safety Reports for possible nuclear power plants since 2007.

Cabinet also approved designating the South African Nuclear Energy Corporation as the Owner Operator and Procurer for Nuclear Fuel Cycle and Multi-Purpose Reactor.

The Department of Energy will continue to act on its mandate as the policy setting and coordinating department of the Nuclear Build Programme.

2.4. Cabinet was briefed on the progress regarding the update of the Integrated Resource Plan (IRP) and approved that public consultation be undertaken on the base case and assumptions.

Since the IRP 2010-30 there has been a number of developments affecting the energy sector. The IRP update process balances a number of objectives to ensure security of supply so as to minimise cost of electricity, to promote job creation and localisation, to minimise negative environmental impacts, minimise water use and to diversify supply sources.

The first milestone which is the compilation of assumptions to be used in the IRP has been completed, pending public consultation. The second milestone on the development of the base case which is a least cost plan has been completed. The third milestone which is a scenario analysis is underway. And the fourth milestone, is policy adjustment.

2.5. Cabinet received an update on developments in the negotiating position at the World Trade Organisation and agreed on the need for a development focus in the post-Nairobi work programme and in preparation for Eleventh Ministerial Conference of the WTO (MC11) to be held in Argentina in December 2017.

This is in line with the National Development Plan's objectives of developing appropriate policy responses in a dynamic global environment.

2.6. Cabinet was briefed on the resolutions taken by the President's Coordinating Council meeting held on 11 March 2016. This is a statutory body established in terms of the Intergovernmental Relations Framework Act, 2005 (Act No13 of 2005), which brings together the three spheres of government on matters of common interest and national importance with a view to strengthening co-operative governance.

Issues which were discussed included: Implementation of the Back to Basics Programme, progress report on the establishment of newly re-determined municipalities; government's response to drought and water shortages; and review of South African Immigration Regulations, 2014.

2.7. Cabinet approved publication of the draft White Paper on Fire Services, public comments. It outlines key policy proposals and options that form the basis for a reviewed fire services legislation that will replace the outdated Fire Brigades Services Act, 1987 (Act No. 99 of 1987).

This resonates with the Back to Basic approach, by placing an obligation on fire services to constantly engage with communities they serve to work together to reduce fire risks and ensure adequate response strategies and systems to respond to fires and other related incidents rapidly and effectively.

The White Paper repositions the fire services from response orientated fire services towards a fire risk reduction based approach. This contributes to effective integrated disaster management and fire services, by placing fire safety and prevention, particularly community-based fire risk reduction, at the centre of fire services delivery which will significantly contribute to the creation of safer communities as highlighted in the National Development Plan.

3. Bills

3.1. Cabinet approved the introduction of the Road Accident Fund Amendment Bill, 2016 in Parliament. The Bill amends the Road Accident Fund Act, 1996 (Act No 56 of 1996) which provides for the payment of compensation for loss or damage wrongfully caused by the driving of motor vehicles.

The Bill is aligned with the National Development Plan and with Outcome 13 which provides for an inclusive and responsive social protection system by ensuring efficient service delivery and early medical intervention to assist with recovery and return to work, and no-fault cover to ease the financial burden on those who are disadvantaged.

4. Upcoming events

4.1. Members of the Executive across the three spheres of government will interact with South Africans countrywide during the National Imbizo Focus Week between 7 and 11 November 2016, under the theme "Together we move South Africa forward: "Our future – make it work". Cabinet encourages all South Africans to actively participate in these events and engage with political principals, as an informed and active citizenry is a critical to deliver on Vision 2030, of the National Development Plan (NDP). The Imbizo Focus Week programme will be available on www.gov.za.

4.2. South Africa marks National Disability Rights Awareness Month under the theme: "Persons with disabilities - equal participants in shaping a sustainable future" from 3 November and concludes with International Day of Persons with Disabilities, on 3 December 2016.

The month long programme will be used to mobilise society and decision-makers to take responsibility for ensuring that persons with disabilities have equitable access. Programmes will also raise awareness on the participation of persons with disabilities in building sustainable and cohesive communities. Information on the rights of persons with disabilities will also be made accessible to support their empowerment.

Cabinet calls on all South Africans to advance the rights and quality of life of people with disabilities in line with our commitment in the National Development Plan to increase access to services, particularly in quality education and employment for people with disabilities.

4.3. Cabinet calls on all South Africans to support the 16 Days of Activism for No Violence Against Women and Children campaign. South Africa adopted the campaign in 1998 as one of the intervention strategies towards creating a society free of violence.

16 Days is an international campaign which takes place every year from 25 November to 10 December. The campaign aims to raise awareness amongst South Africans about the negative impact of violence against women and children. It also calls on every person to take a stand against violence against women and children.

4.4. Cabinet approved South Africa's negotiating mandate to serve as the basis for engagement at the 22nd Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP22), and the 12th Session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP12), to be held from 7 to 18 November 2016 in Bab Ighli, Marrakech, Morocco.

The negotiating position is in line with the National Development Plan which promotes environmental sustainability as well as the Constitution, which states that the environment should be preserved for present and future generations.

5. Cabinet's position on key issues in the environment

5.1. The decision by the National Prosecuting Authority (NPA) to withdraw fraud charges against Finance Minister Pravin Gordhan brings the matter to finality and allows the country to direct all efforts to advance the economy, build investor confidence and avert an international credit rating downgrade.

5.2. Cabinet was briefed on the impact of the drought on water supplies in South Africa with a particular focus on Gauteng which is supplied with water from the Integrated Vaal River system.

South Africa received the lowest rainfall since 1904 (114 years) with extremely high temperatures experienced in October and November of 2015. This has severely impacted on our water supplies with national average dam levels decreasing to 48.4% compared with the same time last year when levels were at 66.6%. We are still very much in a neutral situation and it is very likely that we can expect an extended period of recovery. It could take at least two to three years to see any significant recovery in dam capacity and this could even extend to five years. We are therefore still in for a long road to recovery.

With regard to the Integrated Vaal River System consisting of 14 dams which supplies water to Gauteng, the system is currently at 49.1% compared with 67.9% at the same time last year. This system also provides water to the bulk of the ESKOM coal fired power stations, SASOL, irrigation users and mines and industries in Eastern Mpumalanga, North West, Free State and Northern Cape, thus supporting approximately 45% of the country's economy and 35% of the population. 80% of the water from the Vaal system is used by domestic consumers. This is the third week that the system is below 50% during this drought. The Vaal Dam is now at 26.4%, Katse dam is at 38.4%, Sterkfontein Dam at 91.5% and Grootdraai Dam is at 66.3%. Restrictions of 15% for urban use and 20% for irrigation use have been imposed as published in the Government gazette on 12 August. These restrictions are mandatory.

A Technical Task Team has been established to monitor the implementation of the restrictions. Rand Water is the main supplier of potable water into Gauteng and the target is to reduce the supply from Rand Water by 687 million litres per day. All Municipalities within the supply area have been given specific targets to meet in respect of reducing their water consumption. The initial approach has been an incremental one with a gradual reduction in supplies, starting at 5% and gradually increasing to 15% by throttling the main valves. From 3 October we shifted to a volume based restriction.

It is important that all consumers comply with the restrictions to make sure that we can stretch our available water supplies. The province of Gauteng is setting up a Joint Operations Centre (JOC) to monitor and ensure compliance. All Municipalities have also been directed to establish operation centres with immediate effect and to ensure that communication with consumers is improved.

The Vaal dam will be kept at 25% and this will be achieved by transferring water from Sterkfontein dam. This is necessary to protect the integrity of intakes for ESKOM, Rand Water and SASOL. Releases will commence on 7 November and continue for a minimum of 54 days to 30 December. The minimum release planned at this stage is 190 million cubic metres of water which will drop the Sterkfontein dam by approximately 7%. The staggered release is to minimize any danger to communities downstream of Sterkfontein and to minimize damage to river banks which have been dry for a considerable period of time.

Cabinet calls on South Africans to use water efficiently and conserve it. All water users must adhere to water restrictions where they are being implemented, and continue to save water, working with municipalities. Government is doing all it can to mitigate against the current conditions and is working with all stakeholders in drought affected areas.

5.3. The African Union Commission Chairperson, Dr Nkosazana Dlamini-Zuma hosted the engagement between African Editors and Press Officers from all 54 African Union member States, under the theme “Deepening Africa’s Narrative and Capacities to Deliver Agenda 2063”. Agenda 2063 calls for all segments of the African society and the African Diaspora to work together to build a prosperous and united Africa based on shared values and a common destiny.

Participants reflected on African Union milestones over the past four years, gained a better understanding of Agenda 2063 and how African media can be at the forefront of popularising and driving it. The role of accurate reporting in shaping an African narrative and advocating for media ownership amongst Africans was also discussed.

5.4. Cabinet joins in the commemoration of the life and times of OR Tambo as a demonstration of the respect and appreciation for the role he played in driving the agenda of a non-racial, non-sexist, democratic and prosperous South Africa. The department of Arts and Culture has already commenced with the planning of the Centenary Celebration of OR Tambo in 2017.

Cabinet congratulated the following:

5.5. Mamelodi Sundowns who are the new African football champions after winning the Confederation of African Football Champions League. Cabinet thanks all the supporters and all South Africans for rallying behind the team, which did South Africa proud. Sundowns joined another South African team, Orlando Pirates who won Africa's top club championship in 1995 to earn the country the first star of this competition.

5.6. The winners of 14th Annual Centre for Public Service Innovation Public Sector Innovation Awards who will go on to compete for the coveted Public Sector Innovator of the Year Award. The awards promote and encourage best practices in public sector innovation and celebrate the successes of individuals and teams at all spheres of government. It serves as a tool for expanding innovation and encouraging others to innovate for improved service delivery.

Cabinet conveyed its condolences to the following:

5.7. To the family and friends of the former Deputy Minister of Social Development, Ms Bongani Maria Ntuli who was a servant of the people and a dedicated gender activist.

5.8. Joins the President in extending condolences to the family and friends of photojournalist, Mr Juda Ngwenya whose iconic images documented our history and compelled us to have conversations about the wellbeing of our country and continent.

5.9. To the family and friends of Abram Thuri Phago who died when two trains collided on the rail split near Tembisa in Johannesburg and wishes those who were injured a speedy recovery. The Department of Transport will be working with Prasa and Railway Safety Regulator to fast track the Board of Inquiry into the full investigation to determine the root cause of the accident to prevent a recurrence of such fatal accidents.

5.10. To the family of Tshwane University of Technology student leader Lesego Benjamin Phehla who died as a result of an accident in Soshanguve.

5.11. To the people of Cameroon following the tragic train accident between Yaoundé and Douala which left 79 people dead. Cabinet also wishes the hundreds who were injured a speedy recovery.

6. Appointments

All appointments are subject to the verification of qualifications and the relevant clearance.

6.1. Extension of the contract of Dr Sam Makhudu Gulube as Secretary of Defence.

6.2. Mr ZU Dangor as Director-General to the Department of Social Development.

6.3. Mr Robert D Nkuna to the position of Director-General to the Department of Telecommunications and Postal Services.

6.4. Dr Thulani Dlamini as the Chief Executive Officer of the Council for Scientific and Industrial Research.

6.5. Arts, Culture and National Historical, Natural, Cultural and Architectural Heritage Distributing Agency of the Board of the National Lotteries Commission:

- a) Ms Marjorie MM Letoaba (Chairperson);
- b) Mr Thendo Resnic Ramagoma (Deputy Chairperson);
- c) Mr Thanduxolo Lungile; and
- d) Mr Sershan Theeyaagaraj Naidoo.

6.6. Board of Trustees for the Independent Development Trust:

- a) Prof. Somadoda Fikeni (Chairperson);
- b) Ms Nomvula Rakolote (Deputy Chairperson);
- c) Mr Theo Charl Adam;
- d) Mr Siyaduma Biniza;
- e) Ms Phelisa Nkomo;

- f) Ms Andani Amandaline Makhado;
- g) MS Octavia Matshidiso Matloa;
- h) Mr Tlhotse Enoch Motswaledi;
- i) Mr Rashid Amod Sadeck Patel;
- j) Dr Lulama Zitha;
- k) Mr Zakhele Alex Tummy Zitha; and
- l) Dr Gcwalisile Cynthia Zulu-Kabanyane.

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Issued by: Government Communication and Information System (GCIS)

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Year: 2016

Media Statement date: Thursday, November 3, 2016