

Cabinet Statement

Statement on the Cabinet Meeting
of Friday, 8 December 2023



ISSUES IN THE ENVIRONMENT



■ The 11th Presidential District Development Model Imbizo – Le-jweleputswa District of the Free State.

- Cabinet noted the steady progress government is making in addressing the service-delivery challenges facing our people and the feedback received from communities during the Presidential Izimbizo. In particular progress made by

the Department of Water and Sanitation (DWS) that appointed Vaal Central Water as the Implementing Agent to oversee the Sanitation Infrastructure Challenges in Matjhabeng Local Municipality, which had been not been operational for more than 10 years. The intervention mandate is divided into Three (3) areas of Scope, namely (i) Wastewater Treatment Works (WWTWs), (ii) Pump stations and (iii) Sewer

networks. The DWS has allocated funds for four financial years to complete the required work. To date, the DWS has spent R394 million on:

- ✓ Refurbishment or upgrading of the WWTWs;
- ✓ A total of 11 WWTWs, of which nine 9 are non-functional;
- ✓ One WWTWs (Theronia) was completed in May 2023;
- ✓ Two contractors are appointed for Thabong and Kutlwano WWTWs.
- ✓ Refurbishment of Thabong WWTWs is at 50% completion;
- ✓ Refurbishment of Kutlwano WWTWs is at 23% completion.

Refurbishment of the Sewer Pump stations:

- A total of 57 and 52 non-functional.
- 10 contractors appointed for refurbishment of 26 pump stations and overall progress is 34% completion.

Unblocking of sewer network pipelines and blocked chambers:

- The total of 1543 km of sewer pipelines, which are blocked.
- Seven (7) contractors were appointed for

Kutlwano, Thabong Ext 1,2,3 and 4, and Hennenman.

- About 128 km of 463 km targeted collapsed sewer lines have been cleared.
- The DWS is exploring the process of procuring equipment and fleet to assist the municipality with operation and maintenance to reduce sewer spillages.
- On the challenges of water supply to Matjhabeng and Nala local municipalities, which are due to aged infrastructure and high-water losses, and the infrastructure that has not been maintained for about 10 years due to non-payment of services. The department allocated R243, 7 million in October 2023 to refurbish the Balkfontein and Virginia WWTWs, including bulk-water line. Five service providers already issued with orders to repair the pump station and chlorine room at the WWTWs.

■ Evacuation of South Africans from Gaza

- Cabinet welcomed the arrival back home of 19 South African nationals who had been stuck in Gaza. South Africa extends

its gratitude, to the Government of Egypt for granting our citizens safe passage through the Rafah Crossing into its country.

- South Africa calls for an immediate and permanent ceasefire, and the resumption of talks that will end the violence arising from the continued belligerent occupation and lays the basis for a just and lasting solution.

■ 10th year anniversary of the passing of President Nelson Mandela

- Cabinet joined the nation in reflecting on the life and legacy of the father of the nation and our first democratically elected President, Nelson Mandela.
- As we look ahead to the milestone of 30 Years of Freedom in 2024, along with our seventh National and Provincial elections, we can proudly say that our democracy remains strong.

UPDATES TO CABINET

■ Developments at the National Student Financial Aid Scheme (NSFAS)

- As part of ensuring readiness when the 2024 academic year for post-matric education begins, Cabinet was briefed on measures that are being put in place to avoid the challenges that bedevilled NSFAS in the 2023 post-matric academic year. The Minister of Higher Education, Science and Innovation will provide details on measures to improve the performance of the NSFAS.

■ The PetroSA gas-to-liquids (GTL) Reinstatement Project

- Cabinet received an update on progress with the process to reinstate the Mossel Bay GTL refinery as a one of the critical components of PetroSA's turnaround strategy. Cabinet was updated about the process followed by the Central Energy Fund to source partners with requisite technical and financial resources to support PetroSA in

bringing the refinery back to full operation. The preferred partner would share in the risk and rewards of reinstatement of the refinery.

The refinery reinstatement has a potential to retain at least 2 000 direct site jobs, with an additional potential fixed term employment opportunities for 4 000 jobs during the construction phase.

- Cabinet endorsed PetroSA's recommendation to select GazpromBank Africa as the investment partner for the reinstatement of the plant and production. Cabinet noted that this selection of GazpromBank is still dependent on the Final Investment Decision that will be informed by a joint bankable business case, as well as all the terms and conditions which are anticipated to be finalised in April 2024

CABINET DECISIONS

■ Freight Logistics Roadmap

- Cabinet considered and approved for publication, the Freight Logistics Roadmap, which outlines a clear path to address immediate challenges in the logistics system and also seek to reform the system in the long term. The challenges within South Africa's freight logistics system pose a significant constraint on economic growth and job creation. The impact is currently felt more in job losses in the mining and manufacturing sectors.
- The immediate priority is to stabilise and improve the operational performance of the freight rail network, which presents a severe constraint on exports. The main implementation mechanism for the short-term interventions will oversee operational improvement through five (5) corridors, with full alignment with the Transnet Board-approved Turnaround Plan, which identifies short- and medium-term actions to improve operations and stabilise the company's finances.
- The Roadmap outlines three areas of intervention to improve rail performance:
 - ✓ Operations and rolling-stock improvements: This includes returning long-standing locomotives to service through agreements with Original Equipment Manufacturers (OEMs) to ensure a supply of spares or through the appointment of a step-in OEM.

- ✓ Security and safety of the rail network, which includes collaboration with law-enforcement agencies.
- ✓ Capital investment programme both for the expansion plans and also to sustain operations.
- In addition, the Roadmap outlines a path to implement the commitments made in the National Rail Policy and the National Commercial Ports Policy and plans for the reform the freight logistics system.

■ Draft Rail Private Sector Participation (PSP) Framework

- Cabinet considered and approved the Draft Rail PSP Framework. It aims to provide an interim approach to and a model for future decision-making to enable private-sector participation in the railway infrastructure system. Given the current challenges within the railway infrastructure, the Rail PSP Framework proposes commencement of private sector participation through opportunities that are aimed at fixing the railway infrastructure first.
- The Rail PSP Framework recommended the adoption of the cooperative governance and integrated approach to rail private sector participation for implementation. Accordingly, this approach is fully compliant to the Public Finance Management Act, 1999 (Act 1 of 1999)

and Companies Act, 2008 (Act 71 of 2008) and will require the PSP unit within the Department of Transport and the Rail SOC to publish a network statement for endorsement by the Rail Economic Regulatory Capacity (interim).

- With the approval of the Rail PSP Framework, the Department of Transport will establish a PSP unit that will identify and prioritise projects and develop an implementation plan to facilitate PSP initiatives.

■ The Integrated Resource Plan (IRP) 2023

- Cabinet considered and approved the publication of the IRP 2023 for public comments and consultation. The draft IRP 2023 reviews the approved IRP 2019 and covers two-time horizons, namely the 2030 and 2050 time horizons. Several key assumptions used in the IRP 2019 have significantly changed, including the electricity demand projection, Eskom's energy availability factor, Eskom's coal-fired power plants' shutdown plan, as well as the cost of new power generation technologies.
- The 2030 time horizon (Horizon One) focuses on addressing prevailing generation capacity constraints, whereas the 2031 – 2050 time horizon (Horizon 2) focuses on an analysis of the energy

mix pathways for sustainable security of supply.

- For Horizon One – five scenarios have been developed and assessed based on the state of readiness of projects in the pipeline. The scenarios considered include first the Risk Mitigation Independent Power Producer Procurement Programme, Renewable Energy Independent Power Producer Procurement Programme 5 and business projects currently under construction. Second, all project initiatives with commercial operation date (COD) and a specified location. Third, all project initiatives include those with no grid capacity reservation, COD, and specified location. Additionally, two scenarios, one comprising the reference case and current gas programme, and another based in improved plant performance according to the generation recovery plan have been modelled.
- For Horizon 2 – six energy pathways were considered to assess the impact of the different energy technologies in ensuring the country's power system security of supply at the least cost to the economy. The reference pathway establishes a benchmark against other pathways and it is based on least cost. The five other pathways are based on certain guiding policy principles and they are designed to be exploratory in nature.

These policy principles were formulated with a focus on decarbonising the power system, shutting down of existing coal-fired power stations post-2035, and exploring clean coal technologies, including carbon capture.

■ Draft National Business Licensing Policy

- Cabinet considered and approved the draft National Business Licensing Policy for public comments. The objectives of the draft National Business Licensing Policy are, amongst others, the:
 - ✓ provision of a fair, transparent and ethical allocation of business operating licences in a manner that enables the citizens to actively participate in an economic life.
 - ✓ assertion and clarification of South Africa's sovereign right to determine the business licensing conditions for foreign nationals in line with the country's national interests.
 - ✓ development and implementation of smart and effective licensing arrangements that not only reduce regulatory burdens, but also drive empowerment of the previously marginalised communities, whilst reducing compliance burdens and facilitating ease of doing business.

BILL

■ SOC Holding Company Bill

- Cabinet approved the introduction to Parliament of the SOC Holding Company Bill. The Bill proposes the:
 - ✓ consolidation of the State's shareholdings in strategic state-owned enterprises (SOEs); and
 - ✓ establishment of the State's Asset Management SOC Ltd as a holding company for state shareholding of strategic SOEs, with the state as a sole shareholder.

UPCOMING EVENT

■ National Day of Reconciliation

- President Cyril Ramaphosa will address the National Day of Reconciliation celebrations that will take place on 16 December 2023 at the Thohoyandou Stadium in Thulamela Local Municipality, Vhembe District, Limpopo.

MESSAGES

■ Congratulations

Cabinet extended its congratulations and well-wishes to:

- **Mr Dan Marokane** on his appointment as the Group Chief Executive Officer (CEO) of Eskom;
- **Mr Othniel Tshepo Monaheng** as the Group CEO of Denel SOC Ltd; and
- **the Blitzboks** for winning the Dubai Sevens title and wished them well as they prepared for the Cape Town Sevens on 9 and 10 December 2023.

■ Condolences

Cabinet expressed condolences to the family and friends of:

- **the 13th mine worker** who succumbed to his injuries after the recent mine accident at Impala Platinum. The names of

the 13 mineworkers who lost their lives in this accident are: Khayaletu Joel Bhekamane; Vuyani Dangazele; Mgcineni Diabone; Mncedisi Hukwana; Eric Fanisile Libada; Morena Mohlomi; Petrus Nare; Mandisi Nkulwana; Zwelethu Nomsuka; Reselebedi Elias Ntoi; Siyabulela Nzume; Lethola Qeba and Marumo Shasha.

- **Prof Harry Seftel**, veteran clinician, researcher and academic, who spent more than 50 years in the Department of Medicine at the University of the Witwatersrand, and passionately educated generations of medical practitioners and researchers.
- **Mr Jermaine Craig**, renowned media practitioner, journalist and former head of communications for the 2010 FIFA World Cup Local Organising Committee.

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MOVING TOWARDS **30^{YRS}** OF FREEDOM