

Address by President Jacob Zuma at the Energy Indaba, Gallagher Convention Centre, Midrand, Johannesburg

7 December 2017

Minister of Energy, Mr David Mahlobo,
Deputy Minister Thembu Majola,
Honourable Ministers and Deputy Ministers,
Honourable Members of Parliament,
Members of the Diplomatic Corps,
Invited speakers,
Distinguished delegates,

Good morning to you all!

We are happy to join you at this important gathering, convened to discuss a crucial sector of our economy.

We also meet just days after the encouraging news that South Africa's economy grew by two percent in the third quarter of 2017, boosted by the strong performance of our agricultural sector.

Mining and manufacturing also contributed significantly to the recorded growth.

We are not out of the woods yet but such positive news encourages us to work harder to find solutions to the economic difficulties that our country is facing.

The energy sector is an important engine of growth which makes this indaba quite opportune as we continue to search for ways of re-igniting growth.

We have made a lot of progress in the energy sector in our country over the past years. I will mention just a few. The country has one of the most acclaimed renewable energy Independent Power Producer Programmes in the world.

Our renewable energy programme was introduced as part of the energy mix and attracted billions of rands into our country, making South Africa one of the leaders in rolling out good green energy projects.

In other key achievements, we have a world class Coal to Liquid facility run by Sasol, which saves the country considerable amount of foreign exchange.

We have a Gas To Liquid plant run by PetroSA, which is the only one in the southern hemisphere.

South Africa boasts a nuclear research reactor facility at Pelindaba that produces nuclear medicine which gets injected to a patient on average every three seconds in more than sixty countries.

We are also proud of our Pebble Bed Nuclear Fuel produced at Pelindaba that has

withstood high temperatures without an impact on its integrity.

Our Nuclear facility at Pelindaba was recently given an award by the US Department of Energy for being the first to successfully convert from using bomb grade uranium to low enriched uranium.

Units at our Koeberg Nuclear Power Station continue to break records for uninterrupted power generation.

Added to this, is our programme of extending electricity to our households to improve the quality of life. Over the past 23 years of our democracy we have been able to increase access from a mere thirty four percent to eighty five percent of our population.

Thousands of people in rural areas and informal settlements now have a better life. They can switch on the lights, cook, watch television and have a better life due to the installation of electricity. This is one of the untold stories about the successes of our country South Africa.

Our country went through a difficult period a few years ago, facing energy shortages.

In 2014 we developed the Nine Point Plan to turn the economy around. Key amongst the interventions, we added resolving the energy challenge. We embarked on an efficient maintenance plan while continuing with our build programme, continuing with the building of three new power stations.

We now have surplus electricity which is good for our economy and our people. We are pleased that the efforts government and its partners put in resolving the energy challenge have borne fruit.

We want to ensure that we never experience an energy shortage again. In this regard, we will continuously invest in power generation, transmission and distribution infrastructure.

We are pursuing our energy security master plan. We are looking at an energy mix that includes coal, solar, wind, hydro, gas and nuclear energy.

Energy is also one of the major areas of regional cooperation. South Africa exports electricity to the region and imports hydro generated electricity from Mozambique.

Our country benefits from natural gas imports from Mozambique.

Eskom and its counterparts in Zimbabwe and Mozambique are going to embark on a programme to further interconnect the three countries under the MOZISA transmission framework.

This will ensure that any utility in the region that has spare capacity can be able to trade with their counterparts in the region.

On Liquid Fuels, South Africa continues to supply fuels to countries in the region

whilst benefitting from import infrastructure that has been built in the neighbouring countries.

This infrastructure provides an alternative supply route into the country and this diversity adds to energy security.

The region is however a net importer of refined products.

There is thus a need to invest in new refining capacity that will benefit the region as a whole.

On regulation, our National Energy Regulator NERSA continues to harmonise electricity regulation in the region with its counterparts under the auspices of the Regional Electricity Regulators Association.

As you deliberate, I urge you to reflect as well on how we can take regional cooperation further in SADC in the energy sector.

Ladies and gentlemen,

This Energy Indaba takes place at a time when the offshoots of global economic recovery are being threatened by ever increasing energy costs.

The price of crude oil has more than doubled in a space of 24 months. Decisions taken by the oil producing countries in the past week to maintain quotas on oil production will put added pressure on oil importing economies such as ours.

This week South Africans are reeling from the increase of petrol and diesel prices.

However, we are aware that these high oil prices also benefit oil producing economies in Sub Saharan Africa and bode well for their GDP growth.

As Government we will need to intensify efforts under the auspices of Operation Phakisa Oceans Economy segment, to accelerate the exploration for oil and gas on South Africa's offshore domain.

South Africa's shores have not been explored enough and time has come for a greater emphasis to be placed on exploration, as we seek to look for our own sources of energy.

Distinguished delegates,

As we speak about the need to promote long-term energy security, we should also remember that transformation in this sector is paramount, in order to ensure sustainability into the future.

The ANC adopted radical socio-economic transformation as its policy at the 53rd national conference in Mangaung in 2012 and it automatically became government policy.

The ANC has defined radical economic transformation as referring to fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female.

The ANC January 8, 2017 statement this year further outlined the governing party's focus on radical socio-economic transformation, and also specifically radical economic transformation.

In May 2014 in my inauguration address I stated that the focus of the fifth democratic administration for the years 2014-2019, would be to implement radical socio-economic policies in line with the said ANC policy.

Radical socio-economic transformation was also declared a priority for 2017/18 for government in the 2017 State of the Nation Address.

We therefore reject the incorrect and patronising assertions by some sections of society, that the radical economic transformation policy was developed by a company from London for the black people of South Africa. The policy originated from the ANC.

Together we need to broaden the ownership, management and control of the economy so that we can build a more sustainable future.

We invite local and foreign investors in the energy sector to ensure that their investments promote the participation of black people.

We need to create strong local enterprises through the Black Industrialists Programme, and through strategic partnerships with foreign players in the energy sector.

Discussions with business on the implementation of this policy are necessary so that we move together.

Ladies and Gentlemen,

One of the biggest stories this year, which has an impact on the economy, is the 54th national conference of the ANC which will take place from 16-20 December.

A united and strong ANC is good for business and is good for the country. We know that there is a lot of anxiety in the business community at this time, about what will transpire at the conference and the impact on the country's future and even that of the region, SADC.

In my capacity as President of the ANC let me assure you that everything possible is being done to ensure a successful conference and transition to the future.

The national executive committee of the governing party held its last ordinary meeting this past weekend and it was one of the warmest, most productive and most comradely meetings we have ever held.

The NEC was united in the resolve to ensure a successful, peaceful, orderly conference.

I met with the seven ANC presidential hopefuls recently and we agreed on the need to ensure unity, order and cohesion at the conference. The Presidential hopefuls also met with ANC provincial secretaries and chairpersons and the same message was emphasised.

As I prepare to step down as ANC President at the conference, I will work with all comrades and colleagues to ensure a successful and seamless handover to the new leadership.

We need to unite as a nation and ensure that we face the challenges together and find solutions together, as we build a prosperous South Africa.

Ladies and gentlemen,

You will engage in important deliberations over the next two days.

I look forward to receiving the report of the conference and a Programme of Action detailing how you believe we can use the energy sector as a catalyst to re-ignite our economy and improve the quality of life of our people.

I wish you a successful Indaba.

I thank you.