

20. FOURTEENTH ORDER [11:27]

Consideration of Report of Standing Committee on Private Members' Legislative Proposals and Special Petitions (Announcements, Tablings and Committee Reports, p 1375—*Proposed Transfer of Convicted Prisoners Bill*).

Report adopted without debate (Democratic Party dissenting).

21. FIFTEENTH ORDER [11:27]

Consideration of Report of Standing Committee on Private Members' Legislative Proposals and Special Petitions on *Fund for Victims of Crimes Bill* (Announcements, Tablings and Committee Reports, p 1145).

Report adopted without debate (Democratic Party dissenting).

22. SIXTEENTH ORDER [11:27]

Consideration of Report of Standing Committee on Private Members' Legislative Proposals and Special Petitions on *Corruption Amendment Bill* (Announcements, Tablings and Committee Reports, p 1145).

Report adopted without debate.

23. SEVENTEENTH ORDER [11:27]

Consideration of Report of *Ad Hoc* Committee on Powers and Privileges of Parliament (Announcements, Tablings and Committee Reports, p 1375).

Report adopted without debate.

24. [11:28] The Speaker afforded members an opportunity to address the House on the occasion of the end of the session.

25. The House adjourned at 12:10.

S MFENYANA,

Secretary to Parliament

PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS OF NATIONAL COUNCIL OF PROVINCES

FRIDAY, 16 NOVEMBER 2001

1. The Council met at 09:31.
2. The Deputy Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.
3. [09:32] Notices of motion.
4. [09:38] Ms S N Ntlabati moved without notice: That the Council—
 - (1) notes with sadness the sudden departure of Mr Hoosain Pahad, father to honourable Ministers Essop and Aziz Pahad;
 - (2) further notes that Mr Hoosain Pahad, the former member of the Transvaal Indian Congress made a special contribution in the struggle against apartheid; and
 - (3) offers its condolences to the family.

Motion agreed to in accordance with section 65 of the Constitution.

5. [09:39] Mr N M Raju moved without notice: That the Council—
 - (1) notes that today, 16 November 2001, marks the arrival of the first batch of indentured labourers from India to kick-start the nascent sugar industry in colonial Natal in 1860;
 - (2) further notes that the small Indian minority now nearing just over a million people have since shown remarkable resilience in the face of adversity in making significant contributions enriching the texture of life in South Africa in the arts and sciences, law and medicine, education, commerce industry and in politics, no less; and
 - (3) joins its fellow South African compatriots in observing the anniversary of the arrival of their forebears 141 years ago.

Motion agreed to in accordance with section 65 of the Constitution.

6. [09:40] Mr A E van Niekerk moved without notice: That the Council—

- (1) notes that there is a convention in this Council that on the last sitting day members wear hats;
- (2) further notes that today members ignored this convention, except for the Chairperson of Committees, who is wearing a hat on her dress; and
- (3) resolves to look into this convention and be aware of it next year this time.

Motion agreed to in accordance with section 65 of the Constitution.

7. [09:41] Ms C-S Botha moved without notice: That the Council expresses its sympathy with Mr Setona, the delegate from the Free State, whose mother passed away yesterday.

Motion agreed to in accordance with section 65 of the Constitution.

8. FIRST ORDER [09:43]

Consideration of "*Woordeboek van die Afrikaanse Taal*" Act Repeal Bill [B 30B—2001] (National Assembly—sec 75) and of Report of Select Committee on Education and Recreation thereon (Announcements, Tablings and Committee Reports, p 1284).

Debate concluded.

Declaration of vote made on behalf of the New National Party.

Bill agreed to in accordance with section 75 of the Constitution.

9. SECOND ORDER [09:51]

Consideration of *Academy of Science of South Africa Bill* [B 67B—2001] (National Assembly—sec 75) and of Report of Select Committee on Education and Recreation thereon (Announcements, Tablings and Committee Reports, p 1285).

Debate concluded.

Bill agreed to in accordance with section 75 of the Constitution.

10. THIRD ORDER [10:19]

Consideration of *Africa Institute of South Africa Bill* [B 47B—2001] (National Assembly—sec 75) and of Report of Select Committee on Education and Recreation thereon (Announcements, Tablings and Committee Reports, p 1285).

Debate concluded.

Bill agreed to in accordance with section 75 of the Constitution.

11. FOURTH ORDER [10:44]

Consideration of *Cultural Laws Second Amendment Bill* [B 46F—2000] (National Assembly—sec 76) (Report of Mediation Committee, see Announcements, Tablings and Committee Reports, p 1352).

Debate concluded.

Bill agreed to in accordance with section 65 of the Constitution.

12. FIFTH ORDER [10:49]

Consideration of Report of Select Committee on Security and Constitutional Affairs (Announcements, Tablings and Committee Reports, p 1429—*Employment Benefits of TRC staff*).

Order disposed of without debate.

Report adopted in accordance with section 65 of the Constitution.

13. SIXTH ORDER [10:51]

Consideration of Report of Select Committee on Security and Constitutional Affairs (Announcements, Tablings and Committee Reports, p 1446—*Designation of Ireland*).

Order disposed of without debate.

Report adopted in accordance with section 65 of the Constitution.

14. [10:52] The Chief Whip of the Council moved without notice: That the Council resolves that a working group be established to consider the implementation of the Constitutive Act of the African Union.

Motion agreed to in accordance with section 65 of the Constitution.

15. [10:54] The Deputy Chairperson afforded members an opportunity to address the Council on the occasion of the end of the session.

16. The Council adjourned at 11:22.

S MFENYANA,

Secretary to Parliament.



PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

FRIDAY, 16 NOVEMBER 2001

ANNOUNCEMENTS:

National Assembly and National Council of Provinces:

1. The Speaker and the Chairperson:

- (1) The Portfolio Committee on Justice and Constitutional Development (National Assembly) published a draft *Loss or Retention of Membership of National and Provincial Legislatures Bill, 2001*, in *Government Gazette* No 22835 on 16 November 2001. The draft Bill was published in accordance with National Assembly Rule 241, read with Rule 239, after the Assembly, on 13 November 2001, had given permission in terms of Rule 239 to the Committee to proceed with the draft Bill. In the notice in the *Gazette*, interested persons and institutions were invited to submit written comments on the draft Bill before 11 January 2002. A copy of the Bill can also be found on the website of the Parliamentary Monitoring Group at "<http://www.pmg.org.za>".

National Assembly

1. The Speaker:

Bills passed by National Assembly on 16 November 2001: To be submitted to President of the Republic for assent:

- (i) *Unemployment Insurance Bill* [B 3D—2001] (National Assembly—sec 75).
- (ii) *Telecommunications Amendment Bill* [B 65D—2001] (National Assembly—sec 75).
- (iii) *Pension Funds Second Amendment Bill* [B 41D—2001] (National Assembly—sec 75).

National Council of Provinces:

1. The Chairperson:

Bills passed by National Council of Provinces on 16 November 2001:
To be submitted to President of the Republic for assent:

- (i) *“Woordeboek van die Afrikaanse Taal” Act Repeal Bill* [B 30B—2001] (National Assembly—sec 75).
- (ii) *Academy of Science of South Africa Bill* [B 67B—2001] (National Assembly—sec 75).
- (iii) *Africa Institute of South Africa Bill* [B 47B—2001] (National Assembly—sec 75).
- (iv) *Cultural Laws Second Amendment Bill* [B 46F—2000] (National Assembly—sec 76(1)).

2. The Chairperson:

Message from National Assembly to National Council of Provinces:

Bills passed by National Assembly on 16 November 2001 and transmitted for concurrence:

- (i) *Labour Relations Amendment Bill* [B 77B—2001] (National Assembly—sec 75).
- (ii) *Basic Conditions of Employment Amendment Bill* [B 70B—2001] (National Assembly—sec 75).

The Bills have been referred to the Select Committee on Labour and Public Enterprises of the National Council of Provinces.

TABLINGS:**National Assembly and National Council of Provinces:***Papers:*

1. The Minister of Arts, Culture, Science and Technology:

Report and Financial Statements of the South African Blind Workers Organisation for 2000-2001.

2. The Minister of Communications:

Report and Financial Statements of Sentech for 2000-01.

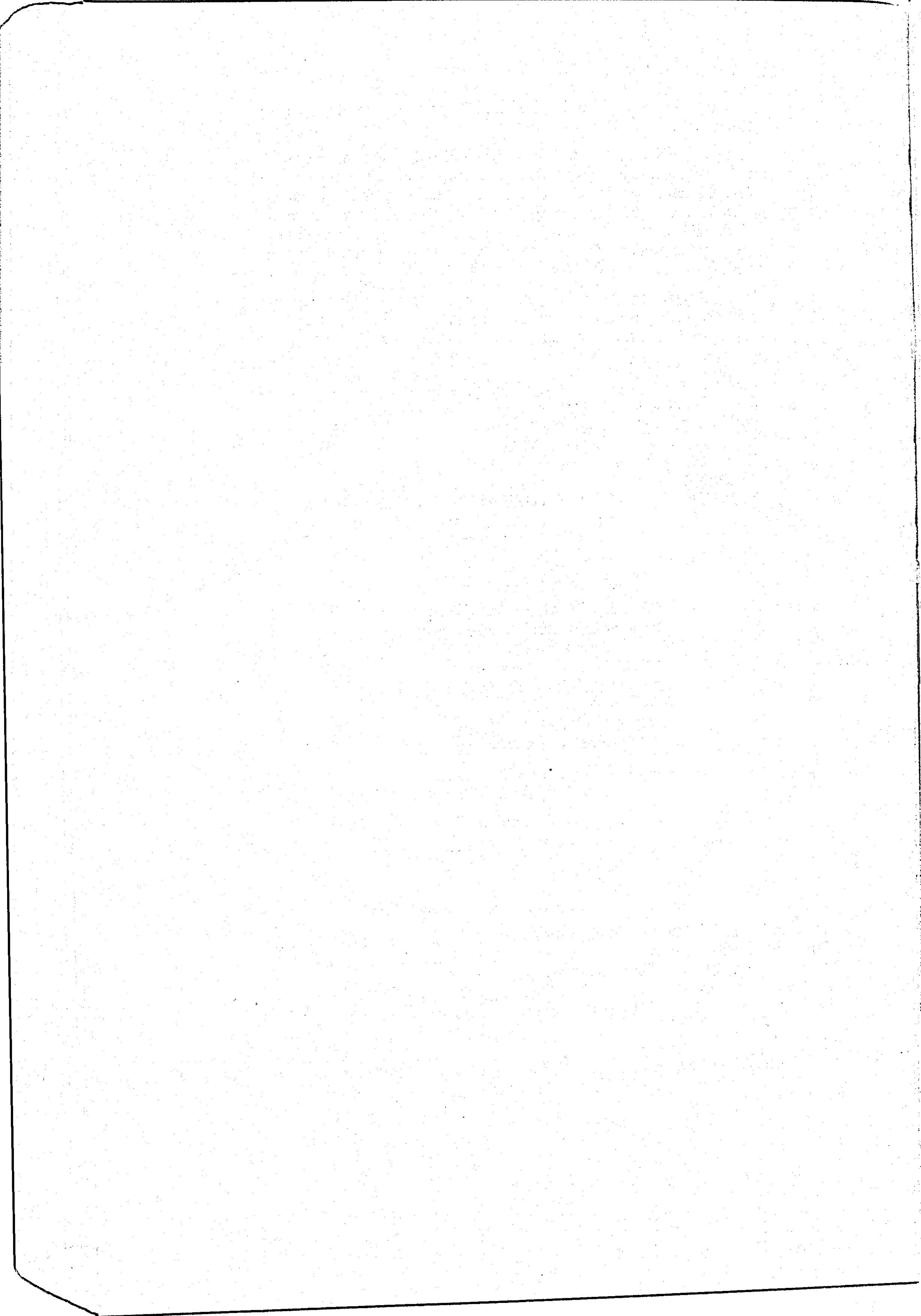
National Assembly:

1. The Minister for Agriculture and Land Affairs:

Written explanation, dated 15 November 2001, from the Minister for Agriculture and Land Affairs in terms of section 65(2)(a) of the Public Finance Management Act, 1999 (Act No 1 of 1999), setting out reasons why the department could not table its Annual Report and Financial Statements for 2000-2001 in time:

Dear Dr Ginwala

The Department of Land Affairs, in terms of section 40(1)(d) of the Public Finance Management Act (PFMA), is required to table an



PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

MONDAY, 19 NOVEMBER 2001

ANNOUNCEMENTS:

National Assembly and National Council of Provinces:

1. The Speaker and the Chairperson:

(1) The Joint Tagging Mechanism (JTM) on 19 November 2001 in terms of Joint Rule 160(6), classified the following Bill as a money Bill (section 77):

- (i) *Unemployment Insurance Contributions Bill* [B 85—2001] (National Assembly—sec 77).

TABLINGS:

National Council of Provinces:

1. The Chairperson:

The President of the Republic submitted the following letter, dated 13 November 2001, to the Chairperson of the National Council of Provinces informing Parliament of the employment of the South African National Defence Force:

Dear Ms Pandor,

REPORT IN TERMS OF SECTION 201(3) OF THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996 (ACT 108 OF 1996) ON THE EMPLOYMENT OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE IN TERMS OF SECTION (201)(2)(c) OF THE CONSTITUTION, 1996 IN THE FULFILMENT OF AN INTERNATIONAL OBLIGATION TOWARDS THE ORGANISATION FOR AFRICAN UNITY PEACE EFFORT IN THE COMORES

This serves to inform the National Council of Provinces that on 12 November 2001, the Acting President authorised the employment of South African National Defence Force personnel to the

Federal Islamic Republic of the Comores in fulfilment of an international obligation. This employment was authorised in accordance with the provisions of Sections 82(4)(b)(ii) of the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993), [which continues to be in force in terms of Item 24(1) of Schedule 6 to the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996)], as well as Section 201(2)(c) of the said Constitution of 1996, as read with Section 227(1)(b) of the Constitution of 1993.

This employment is in response to a request from the Organisation of African Unity to employ a Member of the Permanent Force of the South African National Defence Force for service as Military Advisor in the Federal Islamic Republic of the Comores. The deployment is in compliance with the Republic of South Africa's international obligations towards the Organisation of African Unity, for participation in the Organisation of African Unity efforts in the Comores and to advise the Sub-Committee on Weapons Collection and Reinsertion of the Youth on the weapons collection programme in terms of the Fomboni All Party Framework Agreement.

The deployment will consist of one French speaking officer in the rank group major to colonel. The estimated period of deployment will be from 12 November 2001 until 25 November 2001.

The breakdown of the costs for the deployment of one officer for a period of two weeks is as follows:

(a)	Allowance FF467 x 14 days = FF6538 (1FF = R1,24)	R 8 107,12
(b)	Accommodation US\$ per day x 14 = \$1680 (US\$ 1,00 = R9,70)	R16 296,00
(c)	Standby Allowance R22,15 x 14 days	R310,00
(d)	Air Ticket	R8 000,00
(e)	Total Cost	<u>R32 713,12</u>

I will also communicate this report to the National Assembly and wish to request that you bring it to the notice of the Members of the National Council of Provinces.

Yours sincerely,

T M MBEKI

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 20 NOVEMBER 2001

ANNOUNCEMENTS:

National Assembly:

1. The Speaker:

The following papers have been tabled and are now referred to the relevant committees as mentioned below:

(1) **The following paper is referred to the Standing Committee on Public Accounts for consideration and report:**

Treasury Memorandum on changes in the form of the 2002 Estimates of National Expenditure.

(2) **The following papers are referred to the Portfolio Committee on Trade and Industry. The Reports of the Auditor-General contained in the following papers are referred to the Standing Committee on Public Accounts for consideration and report:**

(a) Report and Financial Statements of the National Gambling Board for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 177-2001].

(b) Report and Financial Statements of the Department of Trade and Industry for 2000-2001, including the Report of the Auditor-General on the Financial Statements of Vote 32—Trade and Industry for 2000-2001.

(c) Report and Financial Statements of the Competition Commission for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 150-2001].

(d) Report and Financial Statements of the Competition Tribunal for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 179-2001].

- (e) Report and Financial Statements of Ntsika Enterprise Promotion Agency for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 198-2001].
- (f) Report and Financial Statements of the National Lotteries Board for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(3) **The following paper is referred to the Portfolio Committee on Finance:**

Report of the Registrar of Unit Trust Companies for 1999.

(4) **The following papers are referred to the Portfolio Committee on Water Affairs and Forestry. The Reports of the Auditor-General contained in the following papers are referred to the Standing Committee on Public Accounts for consideration and report:**

- (a) Report and Financial Statements of the Department of Water Affairs and Forestry for 2000-2001, including the Report of the Auditor-General on the Financial Statements of Vote 34—Water Affairs and Forestry for 2000-2001 [RP 88-2001].
- (b) Report and Financial Statements of the Water Research Commission for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(5) **The following papers are referred to the Portfolio Committee on Health:**

- (a) Government Notice No R.691 published in the Government Gazette No 22495 dated 27 July 2001, Regulations relating to additives for use in food in general in accordance with good manufacturing practice, made in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972).
- (b) Government Notice No R.723 published in the Government Gazette No 22549 dated 10 August 2001, Regulations regarding processed foodstuffs, made in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972).
- (c) Government Notice No R.747 published in the Government Gazette No 22563 dated 17 August 2001, Amendment of regulations governing microbiological standards for foodstuffs and related matters, made in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972).
- (d) Government Notice No R.911 published in the Government Gazette No 22694 dated 28 September 2001, Regulations governing certain solvents in foodstuffs, made in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972).
- (e) Government Notice No R.765 published in the Government Gazette No 22584 dated 24 August 2001, Regulations relating to the conduct of enquiries into alleged

unprofessional conduct, made in terms of section 61(1)(h) read with section 61(4) of the Health Professions Act, 1974 (Act No 56 of 1974).

- (f) Government Notice No R.887 published in the Government Gazette No 22673 dated 21 September 2001, Regulations relating to the suspension of practitioners, made in terms of section 61(1) read with section 15B(1)(a) of the Health Professions Act, 1974 (Act No 56 of 1974).

(6) **The following paper is referred to the Portfolio Committee on Safety and Security:**

Government Notice No R.1044 published in the Government Gazette No 22750 dated 19 October 2001, Repeal of the South African Police Service Grievance Procedure Regulations, 1995, made in terms of section 24(1)(f) of the South African Police Service Act, 1995 (Act No 68 of 1995).

(7) **The following paper is referred to the Joint Standing Committee on Defence:**

Report in terms of section 201(3) of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) on the employment of the South African National Defence Force in terms of section 201(2)(c) of the Constitution, 1996 in fulfilment of an international obligation towards the Organisation for African Unity peace effort in the Comores.

(8) **The Third Economic and Social Rights Report of the South African Human Rights Commission for 1999-2000 is referred to the—**

- (a) **Portfolio Committee on Justice and Constitutional Development;**
- (b) **Portfolio Committee on Social Development;**
- (c) **Portfolio Committee on Education;**
- (d) **Portfolio Committee on Health;**
- (e) **Portfolio Committee on Housing;**
- (f) **Portfolio Committee on Agriculture and Land Affairs;**
- (g) **Portfolio Committee on Water Affairs and Forestry;**
- (h) **Portfolio Committee on Environmental Affairs and Tourism;**
- (i) **Portfolio Committee on Finance;**
- (j) **Portfolio Committee on Correctional Services; and**
- (k) **Joint Monitoring Committee on Improvement of Quality of Life and Status of Children, Youth and Disabled Persons.**

National Council of Provinces:

1. **The Chairperson:**

The following papers have been tabled and are now referred to the relevant committees as mentioned below:

(1) **The following paper is referred to the Select Committee on Finance:**

Report of the Registrar of Unit Trust Companies for 1999.

(2) **The following papers are referred to the Select Committee on Land and Environmental Affairs:**

- (a) Report and Financial Statements of the Department of Water Affairs and Forestry for 2000-2001, including the Report of the Auditor-General on the Financial Statements of Vote 34—Water Affairs and Forestry for 2000-2001 [RP 88-2001].
- (b) Report and Financial Statements of the Water Research Commission for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(3) **The following papers are referred to the Select Committee on Economic Affairs:**

- (a) Report and Financial Statements of the Department of Trade and Industry for 2000-2001, including the Report of the Auditor-General on the Financial Statements of Vote 32—Trade and Industry for 2000-2001.
- (b) Report and Financial Statements of the Competition Commission for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 150-2001].
- (c) Report and Financial Statements of the Competition Tribunal for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 179-2001].
- (d) Report and Financial Statements of Ntsika Enterprise Promotion Agency for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 198-2001].
- (e) Report and Financial Statements of the National Lotteries Board for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(4) **The following paper are referred to the Select Committee on Social Services:**

- (a) Government Notice No R.691 published in the Government Gazette No 22495 dated 27 July 2001, Regulations relating to additives for use in food in general in accordance with good manufacturing practice, made in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972).
- (b) Government Notice No R.723 published in the Government Gazette No 22549 dated 10 August 2001, Regulations regarding processed foodstuffs, made in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972).
- (c) Government Notice No R.747 published in the Government Gazette No 22563 dated 17 August 2001, Amendment of regulations governing microbiological standards for foodstuffs and related matters, made in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972).

- (d) Government Notice No R.911 published in the Government Gazette No 22694 dated 28 September 2001, Regulations governing certain solvents in foodstuffs, made in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972).
 - (e) Government Notice No R.765 published in the Government Gazette No 22584 dated 24 August 2001, Regulations relating to the conduct of enquiries into alleged unprofessional conduct, made in terms of section 61(1)(h) read with section 61(4) of the Health Professions Act, 1974 (Act No 56 of 1974).
 - (f) Government Notice No R.887 published in the Government Gazette No 22673 dated 21 September 2001, Regulations relating to the suspension of practitioners, made in terms of section 61(1) read with section 15B(1)(a) of the Health Professions Act, 1974 (Act No 56 of 1974).
- (5) **The following paper is referred to the Select Committee on Security and Constitutional Affairs:**

Government Notice No R.1044 published in the Government Gazette No 22750 dated 19 October 2001, Repeal of the South African Police Service Grievance Procedure Regulations, 1995, made in terms of section 24(1)(f) of the South African Police Service Act, 1995 (Act No 68 of 1995).

PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

FRIDAY, 23 NOVEMBER 2001

ANNOUNCEMENTS:

National Assembly and National Council of Provinces:

1. The Speaker and the Chairperson:

- (1) The Minister of Labour submitted the *Wysigingswetsontwerp op Basiese Diensvoorwaardes* [W 70—2001] (National Assembly—sec 75) to the Speaker and the Chairperson on 21 November 2001. This is the official translation of the *Basic Conditions of Employment Amendment Bill* [B 70—2001] (National Assembly—sec 75), which was introduced in the National Assembly by the Minister on 18 September 2001.
- (2) The Minister of Labour submitted the *Wysigingswetsontwerp op Arbeidsverhoudinge* [W 77—2001] (National Assembly—sec 75) to the Speaker and the Chairperson on 21 November 2001. This is the official translation of the *Labour Relations Amendment Bill* [B 77—2001] (National Assembly—sec 75), which was introduced in the National Assembly by the Minister on 27 September 2001.

National Assembly:

1. The Speaker:

The vacancy which occurred owing to Mr M Gigaba vacating his seat with effect from 19 November 2001, has been filled with effect from 20 November 2001 by the nomination of Mr L R R Reid.

TABLINGS:

National Assembly and National Council of Provinces:

Papers:

1. The Minister of Finance:

- (1) Government Notice No R.1054 published in the Government Gazette No 22768 dated 26 October 2001, Determination of amounts for purposes of the Military Pensions Act, 1976, made in

terms of sections 1 and 5 of the Military Pensions Act, 1976 (Act No 84 of 1976).

- (2) Government Notice No R.1100 published in the Government Gazette No 22804 dated 9 November 2001, Correction Notice on Determination of amounts for purposes of the Military Pensions Act, 1976, made in terms of sections 1 and 5 of the Military Pensions Act, 1976 (Act No 84 of 1976).
- (3) Government Notice No R.1095 published in the Government Gazette No 22797 dated 30 October 2001, Regulations made under section 91(1)(b) of the Public Finance Management Act, 1999 (Act No 1 of 1999).

PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

TUESDAY, 27 NOVEMBER 2001

ANNOUNCEMENTS:

National Assembly and National Council of Provinces:

1. The Speaker and the Chairperson:

The Minister of Finance submitted the *Tweede Wysigingswetsontwerp op Inkomstewette* [W 84—2001] (National Assembly—sec 77) to the Speaker and the Chairperson on 27 November 2001. This is the official translation of the *Revenue Laws Second Amendment Bill* [B 84—2001] (National Assembly—sec 77), which was introduced in the National Assembly by the Minister on 7 November 2001.

National Assembly:

1. The Speaker:

(1) The following confidential documents have been placed in Parliament's custody on the dates indicated for controlled access exclusively by members of the Standing Committee on Public Accounts:

1. From the Ministry of Defence (on 6 February 2001):

A. MINISTERIAL AND CABINET APPROVALS

- (a) Special Ministerial Briefing dated 31 August 1998—Minutes and Presentation.
- (b) Cabinet Presentation dated 21 October 1998—Minutes and Presentation.
- (c) Cabinet Presentation dated 18 November 1998—Government Communication and Information System Statement and Presentation.
- (d) Ministers Committee dated 20 January 1999—Minutes and first report.

- (e) Ministers Committee dated 26 May 1999—Minutes and third report “Defence and Countertrade Package Negotiations”.
 - (f) Ministers Committee dated 31 August 1999—Minutes and Report containing macro-economic impact study.
 - (g) Cabinet presentation dated 15 September 1999—Cabinet minutes and Briefing documents.
 - (h) Cabinet Decision dated 1 December 1999—Cabinet minutes and Cabinet Memo 14/99.
- B. CONTRACT DATA PACK FOR HAWK/GRIPEN
- (a) Hawk/Gripen National Industrial Participation Terms.
- C. INDUSTRIAL PARTICIPATION CONTRACTS
- (a) Submarine National Industrial Participation Terms.
 - (b) Light Utility Helicopter National Industrial Participation Terms.
 - (c) CORVETTE National Industrial Participation Terms.
- D. WARBURG DILLON READ MODEL—Total cost estimation.
- E. AFFORDABILITY STUDY (info to Cabinet Subcommittee) AND VARIOUS EXPLANATIONS TO QUESTIONS.
2. From the Armaments Corporation of SA Ltd (on 6 February 2001):
- (a) Hawk/Gripen Umbrella Agreement—Contract No 1118/1.
 - (b) Submarine Umbrella Agreement—Contract No 1119/1.
 - (c) Light Utility Helicopter Umbrella Agreement—Contract No 1120/1.
 - (d) Corvette Umbrella Agreement—Contract No 1121/1.
 - (e) Hawk/Gripen Defence Industrial Participation Terms—Contract No 1118/3.
 - (f) Submarine Defence Industrial Participation Terms—Contract No 1119/4.
 - (g) Light Utility Helicopter Defence Industrial Participation Terms—Contract No 1120/4.
 - (h) Corvette Defence Industrial Participation Terms—Contract No 1121/4.
3. From the Ministry of Defence (on 22 May 2001):
- (a) Submarine Supply Terms—Contract 1119/2 (69 pages).
 - (b) Light Utility Helicopter Supply Terms—Contract 1120/2 (55 pages).

- (c) Corvette Supply Terms—Contract 1121/2 (111 pages).
- (d) Gripen Supply Terms—Contract 1115/4 (114 pages and Annexes).
- (e) Hawk Supply Terms—Contract 1118/5 (110 pages and Annexes).

The list of documents is also available on Parliament's website www.parliament.gov.za

TABLINGS:

National Assembly and National Council of Provinces:

Papers:

1. The Speaker and the Chairperson:

Report and Financial Statements of the Municipal Demarcation Board for 2000-2001, including the Report of the Auditor-General for 2000-2001.

2. The Minister of Labour:

(a) Report and Financial Statements of the Chemical Industries Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(b) Report and Financial Statements of the Energy Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 99-2001].

(c) Report and Financial Statements of the Mining Qualifications Authority Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(d) Report and Financial Statements of the Insurance Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

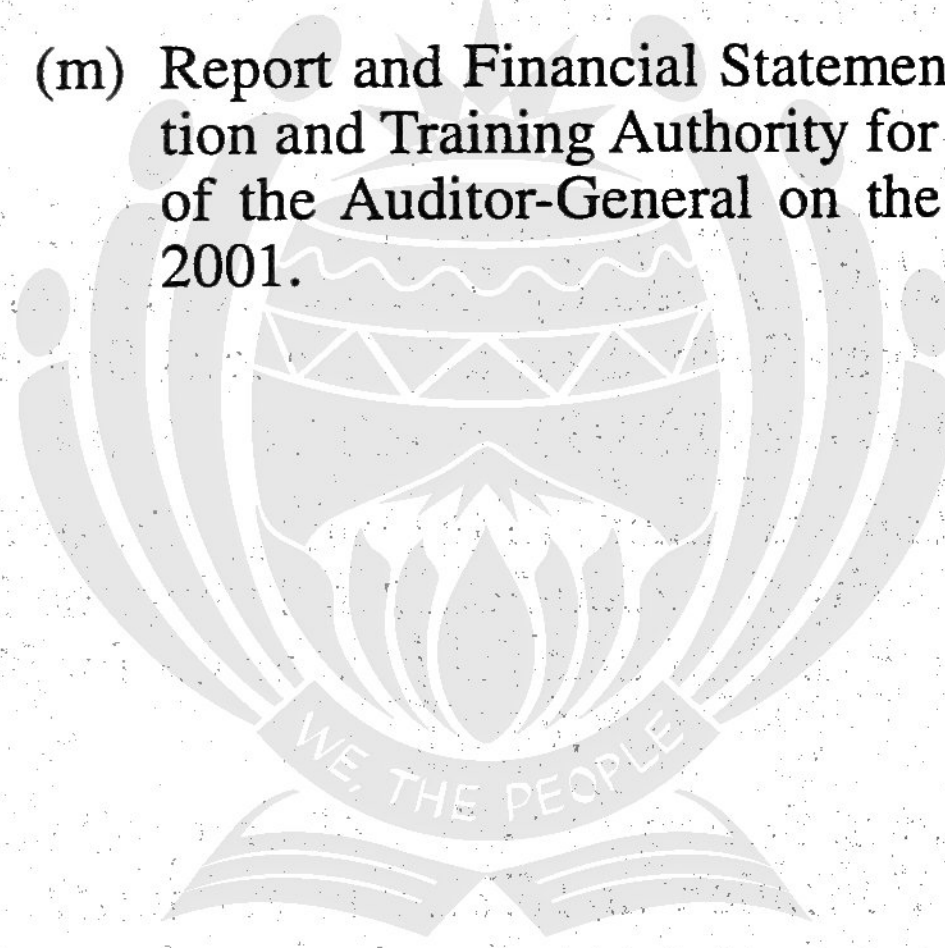
(e) Report and Financial Statements of the Banking Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 173-2001].

(f) Report and Financial Statements of the Manufacturing, Engineering and Related Services Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(g) Report and Financial Statements of the Food and Beverages Manufacturing Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 170-2001].

(h) Report and Financial Statements of the Clothing, Textile, Footwear and Leather Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

- (i) Report and Financial Statements of the Media, Advertising, Printing, Packaging and Publishing Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.
- (j) Report and Financial Statements of the Policing, Private Security, Legal Practice, Justice and Correctional Services Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 209-2001].
- (k) Report and Financial Statements of the Education, Training and Development Practices Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 155-2001].
- (l) Report and Financial Statements of the Local Government, Water and Related Services Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.
- (m) Report and Financial Statements of the Services Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.



PARLIAMENT
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**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

FRIDAY, 30 NOVEMBER 2001

ANNOUNCEMENTS:

National Assembly and National Council of Provinces:

1. The Speaker and the Chairperson:

- (1) The Speaker and the Chairperson directed the Secretary on 28 November 2001, notwithstanding the provision of Joint Rule 221, to send the official text (English version) of the *Telecommunications Amendment Bill* [B 65D—2001] to the President for assent. The official translation (Afrikaans version) was sent to the President on 30 November 2001.
- (2) The Minister in The Presidency on 26 November 2001 submitted a draft of the *Media Development and Diversity Agency Bill*, 2001, as well as the memorandum explaining the objects of the proposed legislation, to the Speaker and the Chairperson in terms of Joint Rule 159. The draft has been referred to the Portfolio Committee on Communications and the Select Committee on Labour and Public Enterprises by the Speaker and the Chairperson, respectively, in accordance with Joint Rule 159(2).

National Assembly:

1. The Speaker:

The following papers have been tabled and are now referred to the relevant committees as mentioned below:

- (1) **The following papers are referred to the Portfolio Committee on Finance and to the Portfolio Committee on Defence:**
 - (a) Government Notice No R.1054 published in the Government Gazette No 22768 dated 26 October 2001, Determination of amounts for purposes of the Military Pensions Act, 1976, made in terms of sections 1 and 5 of the Military Pensions Act, 1976 (Act No 84 of 1976).

- (b) Government Notice No R.1100 published in the Government Gazette No 22804 dated 9 November 2001, Correction Notice on Determination of amounts for purposes of the Military Pensions Act, 1976, made in terms of sections 1 and 5 of the Military Pensions Act, 1976 (Act No 84 of 1976).
- (2) **The following paper is referred to the Portfolio Committee on Finance:**

Government Notice No R.1095 published in the Government Gazette No 22797 dated 30 October 2001, Regulations made under section 91(1)(b) of the Public Finance Management Act, 1999 (Act No 1 of 1999).

National Council of Provinces:

1. The Chairperson:

The following papers have been tabled and are now referred to the relevant committees as mentioned below:

- (1) **The following papers are referred to the Select Committee on Finance and to the Select Committee on Security and Constitutional Affairs:**

(a) Government Notice No R.1054 published in the Government Gazette No 22768 dated 26 October 2001, Determination of amounts for purposes of the Military Pensions Act, 1976, made in terms of sections 1 and 5 of the Military Pensions Act, 1976 (Act No 84 of 1976).

(b) Government Notice No R.1100 published in the Government Gazette No 22804 dated 9 November 2001, Correction Notice on Determination of amounts for purposes of the Military Pensions Act, 1976, made in terms of sections 1 and 5 of the Military Pensions Act, 1976 (Act No 84 of 1976).

- (2) **The following paper is referred to the Select Committee on Finance:**

Government Notice No R.1095 published in the Government Gazette No 22797 dated 30 October 2001, Regulations made under section 91(1)(b) of the Public Finance Management Act, 1999 (Act No 1 of 1999).

TABLINGS:

National Assembly and National Council of Provinces:

Papers:

1. The Minister of Public Enterprises:

Report and Financial Statements of Transnet Limited for 2000-2001.

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 7 DECEMBER 2001

ANNOUNCEMENTS:

National Assembly and National Council of Provinces:

1. The Speaker and the Chairperson:

(1) Assent by the President of the Republic in respect of the following Bills:

- (i) *National Land Transport Transition Amendment Bill* [B 39B—2001]—Act No 31 of 2001 (assented to and signed by President on 22 November 2001);
- (ii) *Postal Services Amendment Bill* [B 63B—2001]—Act No 33 of 2001 (assented to and signed by President on 4 December 2001);
- (iii) *Constitution of the Republic of South Africa Amendment Bill* [B 68B—2001]—Act No 34 of 2001 (assented to and signed by President on 20 November 2001);
- (iv) *Companies Amendment Bill* [B 35B—2001]—Act No 35 of 2001 (assented to and signed by President on 28 November 2001);
- (v) *Cultural Laws Amendment Bill* [B 45B—2000]—Act No 36 of 2001 (assented to and signed by President on 4 December 2001);
- (vi) *Diplomatic Immunities and Privileges Bill* [B 40B—2001]—Act No 37 of 2001 (assented to and signed by President on 22 November 2001);
- (vii) *Financial Intelligence Centre Bill* [B 1B—2001]—Act No 38 of 2001 (assented to and signed by President on 28 November 2001);

- (viii) *Pension Funds Second Amendment Bill* [B 41D—2001]—Act No 39 of 2001 (assented to and signed by President on 29 November 2001);
- (ix) *Stock Exchanges Control Amendment Bill* [B 75—2001]—Act No 40 of 2001 (assented to and signed by President on 29 November 2001);
- (x) *Interim Rationalisation of Jurisdiction of High Courts Bill* [B 44B—2001]—Act No 41 of 2001 (assented to and signed by President on 29 November 2001);
- (xi) *Judicial Matters Amendment Bill* [B 43B—2001]—Act No 42 of 2001 (assented to and signed by President on 4 December 2001);
- (xii) *Agricultural Debt Management Bill* [B 54B—2001]—Act No 45 of 2001 (assented to and signed by President on 4 December 2001);
- (xiii) *Judges' Remuneration and Conditions of Employment Bill* [B 83B—2001]—Act No 47 of 2001 (assented to and signed by President on 20 November 2001);
- (xiv) *Industrial Development Amendment Bill* [B 32D—2001]—Act No 49 of 2001 (assented to and signed by President on 4 December 2001);
- (xv) *Land Affairs General Amendment Bill* [B 71D—2001]—Act No 51 of 2001 (assented to and signed by President on 29 November 2001);
- (xvi) *Marketing of Agricultural Products Amendment Bill* [B 26D—2001]—Act No 52 of 2001 (assented to and signed by President on 4 December 2001);
- (xvii) *Provincial Tax Regulation Process Bill* [B 51D—2001]—Act No 53 of 2001 (assented to and signed by President on 4 December 2001);
- (xviii) *National Parks Amendment Bill* [B 38—2001]—Act No 54 of 2001 (assented to and signed by President on 4 December 2001);
- (xix) *Education Laws Amendment Bill* [B 55B—2001]—Act No 57 of 2001 (assented to and signed by President on 29 November 2001);
- (xx) *General and Further Education and Training Quality Assurance Bill* [B 57B—2001]—Act No 58 of 2001 (assented to and signed by President on 29 November 2001);
- (xxi) *Adjustments Appropriation Bill* [B 82—2001]—Act No 59 of 2001 (assented to and signed by President on 20 November 2001);

(xxii) *Revenue Laws Second Amendment Bill* [B 84—2001]—Act No 60 of 2001 (assented to and signed by President on 5 December 2001);

(xxiii) *Telecommunications Amendment Bill* [B 65D—2001]—Act No 64 of 2001 (assented to and signed by President on 29 November 2001);

(xxiv) *Pension Funds Amendment Bill* [B 22B—2001]—Act No 65 of 2001 (assented to and signed by President on 5 December 2001); and

(xxv) *Cultural Laws Second Amendment Bill* [B 46F—2000]—Act No 69 of 2001 (assented to and signed by President on 4 December 2001).

2. The Speaker and the Chairperson:

(1) The Minister of Trade and Industry submitted the *Wysigingswetsontwerp op Outeursreg* [W 73—2001] (Nasionale Vergadering—art 75) to the Speaker and the Chairperson on 7 December 2001. This is the official translation of the *Copyright Amendment Bill* [B 73—2001] (National Assembly—sec 75), which was introduced in the National Assembly by the Minister on 21 September 2001.

(2) The Minister of Trade and Industry submitted the *Wysigingswetsontwerp op die Beskerming van Voordraers* [W 74—2001] (Nasionale Vergadering—art 75) to the Speaker and the Chairperson on 7 December 2001. This is the official translation of the *Performers' Protection Amendment Bill* [B 74—2001] (National Assembly—sec 75), which was introduced in the National Assembly by the Minister on 21 September 2001.

(3) The Minister of Safety and Security submitted the *Wysigingswetsontwerp op die Regulering van die Sekuriteitsbedryf* [W 12—2001] (Nasionale Vergadering—art 75) to the Speaker and the Chairperson on 7 December 2001. This is the official translation of the *Security Industry Regulation Bill* [B 12—2001] (National Assembly—sec 75), which was introduced in the National Assembly by the Minister on 23 February 2001.

National Assembly:

1. The Speaker:

(1) Mr L I Maphoto vacated his seat with effect from 23 November 2001.

(2) The following papers have been tabled and are now referred to the relevant committees as mentioned below:

(a) The following papers are referred to the Portfolio Committee on Labour and to the Portfolio Committee on Minerals and Energy. The Reports of the Auditor-General contained in the following papers are referred to the Standing Committee on Public Accounts for consideration and report:

(i) Report and Financial Statements of the Chemical Industries Education and Training Authority for 2000-

2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(ii) Report and Financial Statements of the Energy Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 99-2001].

(iii) Report and Financial Statements of the Mining Qualifications Authority Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(b) **The following papers are referred to the Portfolio Committee on Labour and to the Portfolio Committee on Finance. The Reports of the Auditor-General contained in the following papers are referred to the Standing Committee on Public Accounts for consideration and report:**

(i) Report and Financial Statements of the Insurance Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(ii) Report and Financial Statements of the Banking Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 173-2001].

(c) **The following papers are referred to the Portfolio Committee on Labour and to the Portfolio Committee on Trade and Industry. The Reports of the Auditor-General contained in the following papers are referred to the Standing Committee on Public Accounts for consideration and report:**

(i) Report and Financial Statements of the Manufacturing, Engineering and Related Services Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(ii) Report and Financial Statements of the Food and Beverages Manufacturing Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 170-2001].

(iii) Report and Financial Statements of the Clothing, Textile, Footwear and Leather Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(d) **The following paper is referred to the Portfolio Committee on Labour and to the Portfolio Committee on Communications. The Report of the Auditor-General contained in the following paper is referred to the**

Standing Committee on Public Accounts for consideration and report:

Report and Financial Statements of the Media, Advertising, Printing, Packaging and Publishing: Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

- (e) **The following paper is referred to the Portfolio Committee on Labour and to the Portfolio Committee on Justice and Constitutional Development, the Portfolio Committee on Safety and Security and the Portfolio Committee on Correctional Service. The Report of the Auditor-General contained in the following paper is referred to the Standing Committee on Public Accounts for consideration and report:**

Report and Financial Statements of the Policing, Private Security, Legal Practice, Justice and Correctional Services Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 209-2001].

- (f) **The following paper is referred to the Portfolio Committee on Labour and to the Portfolio Committee on Education. The Report of the Auditor-General contained in the following paper is referred to the Standing Committee on Public Accounts for consideration and report:**

Report and Financial Statements of the Education, Training and Development Practices Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 155-2001].

- (g) **The following paper is referred to the Portfolio Committee on Labour and to the Portfolio Committee on Provincial and Local Government. The Report of the Auditor-General contained in the following paper is referred to the Standing Committee on Public Accounts for consideration and report:**

Report and Financial Statements of the Local Government, Water and Related Services Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

- (h) **The following paper is referred to the Portfolio Committee on Labour. The Report of the Auditor-General contained in the following paper is referred to the Standing Committee on Public Accounts for consideration and report:**

Report and Financial Statements of the Services Sector Education and Training Authority for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

- (i) The following paper is referred to the Portfolio Committee on Provincial and Local Government. The Report of the Auditor-General contained in the following paper is referred to the Standing Committee on Public Accounts for consideration and report:

Report and Financial Statements of the Municipal Demarcation Board for 2000-2001, including the Report of the Auditor-General for 2000-2001.

- (j) The following paper is referred to the Portfolio Committee on Public Enterprises:

Report and Financial Statements of Transnet Limited for 2000-2001.

National Council of Provinces:

1. The Chairperson:

The following paper tabled is now referred to the Select Committee on Labour and Public Enterprises:

Report and Financial Statements of Transnet Limited for 2000-2001.

TABLINGS:

National Assembly and National Council of Provinces:

Papers:

1. The Minister of Education:

(1) Government Notice No 735 published in the Government Gazette No 22559 dated 8 August 2001, Call for comments on the Draft National Curriculum Statement Grades for R-9 to enable the Minister to declare policy in terms of section 3(4)(1) of the National Policy Act, 1996 (Act No 27 of 1996).

(2) Government Notice No 1043 published in the Government Gazette No 22756 dated 17 October 2001, Education White Paper Five (5) on Early Childhood Development, made in terms of section 3(4)(1) of the National Policy Act, 1996 (Act No 27 of 1996).

(3) Government Notice No 1104 published in the Government Gazette No 22808 dated 2 November 2001, Publication of the Higher Education Amendment Act (Act No 23 of 2001).

(4) Government Notice No 1136 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).

(5) Government Notice No 1137 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).

(6) Government Notice No 1138 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).

- (7) Government Notice No 1139 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (8) Government Notice No 1140 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (9) Government Notice No 1141 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (10) Government Notice No 1142 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (11) Government Notice No 1143 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (12) Government Notice No 1144 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (13) Government Notice No 1145 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (14) Government Notice No 1146 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (15) Government Notice No 1147 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (16) Government Notice No 1148 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (17) Government Notice No 1149 published in the Government Gazette No 22819 dated 16 November 2001, Notice of condi-

- ditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (18) Government Notice No 1150 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (19) Government Notice No 1151 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (20) Government Notice No 1152 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (21) Government Notice No 1153 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (22) Government Notice No 1154 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (23) Government Notice No 1155 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (24) Government Notice No 1156 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (25) Government Notice No 1157 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (26) Government Notice No 1158 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (27) Government Notice No 1159 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).

- (28) Government Notice No 1160 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (29) Government Notice No 1161 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (30) Government Notice No 1162 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (31) Government Notice No 1163 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (32) Government Notice No 1164 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (33) Government Notice No 1165 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (34) Government Notice No 1166 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (35) Government Notice No 1167 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (36) Government Notice No 1168 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (37) Government Notice No 1169 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).
- (38) Government Notice No 1170 published in the Government Gazette No 22819 dated 16 November 2001, Notice of condi-

ditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).

(39) Government Notice No 1171 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).

(40) Government Notice No 1172 published in the Government Gazette No 22819 dated 16 November 2001, Notice of conditional registration of a private higher education institution, made in terms of section 54(2)(a) of the Higher Education Act, 1997 (Act No 101 of 1997).

(41) Government Notice No 1186 published in the Government Gazette No 22819 dated 16 November 2001, National Policy regarding Further Education and Training Programmes: Approval of the updated schools' and technical colleges' policy documents, namely reports 550 (2001/08 and 191 (2001/08), made in terms of section 3(4)(1) of the National Education Policy Act, 1996 (Act No 27 of 1996).

2. The Minister of Transport:

(1) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Kingdom of Sweden, tabled in terms of section 231(3) of the Constitution, 1996.

(2) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Kingdom of Denmark, tabled in terms of section 231(3) of the Constitution, 1996.

(3) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Kingdom of Norway, tabled in terms of section 231(3) of the Constitution, 1996.

(4) Agreement between the Government of the Republic of South Africa and the Government of the United Arab Emirates for Air Services between and beyond their respective territories, tabled in terms of section 231(3) of the Constitution, 1996.

(5) Agreement between the Government of the Republic of South Africa and the Government of the People's Republic of China relating to Civil Air Transport, tabled in terms of section 231(3) of the Constitution, 1996.

(6) Air Transport Agreement between the Government of the Republic of South Africa and the Government of the Islamic Republic of Iran, tabled in terms of section 231(3) of the Constitution, 1996.

(7) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Republic of Cuba, tabled in terms of section 231(3) of the Constitution, 1996.

(8) Agreement between the Government of the Republic of South Africa and the Government of the Hong Kong Special Administrative Region of the People's Republic of China concerning Air

Services, tabled in terms of section 231(3) of the Constitution, 1996.

- (9) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Republic of Yemen, tabled in terms of section 231(3) of the Constitution, 1996.

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PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

MONDAY, 10 DECEMBER 2001

ANNOUNCEMENTS:

National Assembly and National Council of Provinces:

1. The Speaker and the Chairperson:

(1) Assent by the President of the Republic in respect of the following Bills:

- (i) *Correctional Services Amendment Bill* [B 8B—2001]—Act No 32 of 2001 (assented to and signed by President on 7 December 2001);
- (ii) *Lotteries Amendment Bill* [B 81B—2001]—Act No 46 of 2001 (assented to and signed by President on 6 December 2001);
- (iii) *Merchandise Marks Amendment Bill* [B 33D—2001]—Act No 50 of 2001 (assented to and signed by President on 7 December 2001);
- (iv) *Constitution of the Republic of South Africa Second Amendment Bill* [B 78B—2001]—Act No 61 of 2001 (assented to and signed by President on 7 December 2001);
- (v) *Criminal Procedure Second Amendment Bill* [B 45B—2001]—Act No 62 of 2001 (assented to and signed by President on 7 December 2001); and
- (vi) *“Woordeboek van die Afrikaanse Taal” Act Repeal Bill* [B 30B—2001]—Act No 66 of 2001 (assented to and signed by President on 7 December 2001).

TABLINGS:***National Assembly and National Council of Provinces:******Papers:***

1. The Minister for the Public Service and Administration:

Written Explanation, dated 6 December 2001, from the Minister for the Public Service and Administration in terms of section 65(2)(a) of the Public Finance Management Act, 1999 (Act No 1 of 1999), setting out reasons why the Annual Report and Financial Statements of State Information Technology Agency for 2000-2001 could not be tabled in time:

Dear Dr Frene Ginwala

DELAYED SUBMISSION OF STATE INFORMATION TECHNOLOGY AGENCY (SITA) ANNUAL REPORT 2000/2001 FINANCIAL YEAR

With reference to the above, the State Information Technology Agency (SITA) has not been able to timeously submit its Annual Report for the 2000/2001 Financial Year because of the following reasons:

- Delays in the finalisation of the content of the report, especially by external auditors. The Report was kept for at least two weeks by each of the external auditors (PWC and MSGM), working on behalf of the Auditor-General's Office.
- The Auditor-General took three weeks with the report before authorising SITA to go ahead with its final printing.
- These delays outlined above, resulted in SITA not being able to meet printer's deadlines.

However, the Annual Report has been printed and will be tabled to Parliament on 7 December 2001.

Kind Regards

Ms Geraldine Fraser-Moleketi
Minister for the Public Service and Administration

2. The Minister for Agriculture and Land Affairs:

Report and Financial Statements of the Land Bank for 2000, including the Report of the Auditor-General on the Financial Statements for 2000.

COMMITTEE REPORTS:***National Assembly and National Council of Provinces:***1. Report of the Joint Standing Committee on Defence on the *Joint Investigation Report into the Strategic Defence Procurement Packages*, dated 5 December 2001:

The Joint Standing Committee on Defence, having considered the matters in the Report falling within the parameters of its portfolio, in particular Chapters 3-7 and 10-12, and having to report on the relevant findings and recommendations by 6 December 2001 (ATC No 153, p 1441), reports as follows:

A. Introduction

On 15 November 2001, the Joint Investigative Team (hereafter the Agencies), which investigated certain aspects of the Strategic Defence Packages, presented its report to Parliament. Although aspects of the investigation are still under way, the Agencies managed to complete most of the tasks within its mandate. We note the findings of the Report and congratulate the Agencies for their work in compiling the Report.

This Report of the Committee strives to make concrete suggestions regarding the following:

1. Identifying the key strategic issues raised in the Report, which require consideration by both the executive and the parliamentary committees on defence.
2. Making various process recommendations as to how the findings of the Report can be taken forward.

B. Role of Parliament

According to the Defence Review (chapter on Acquisition), the Committee has a key role in monitoring and overseeing the Ministry of Defence, Armscor and the Department of Defence (DoD) on any acquisition process. This role should be strengthened through the institution of appropriate Standard Operating Procedures between the relevant parliamentary committees on defence and the Ministry regarding the management of any acquisition process.

The rationale for involving the parliamentary committees on defence in these decisions is as follows:

1. All major procurement programmes are capital-intensive by nature and, as such, require substantial financial outlays from the fiscus. Parliament approves the defence budget and therefore has an interest in ensuring that any financial outlays are managed according to the budget.
2. The mandate of the parliamentary committees on defence is to provide oversight over the key policy processes and developments within both Armscor and the DoD, and as such any acquisition project represents a major policy position for both Armscor and the DoD.
3. All major procurement programmes are fundamentally strategic by nature, and as such the parliamentary committees on defence have a responsibility to oversee both Armscor and the DoD on the strategic implications of such packages.
4. Sub-optimal equipment will not only affect the SANDF's combat-readiness, but also the lives of

those persons operating such equipment. Parliament and its committees, as the political custodians of the national defence function, have a moral and a political responsibility to ensure that all acquisition purchases conform to basic operational and security standards.

The parliamentary committees on defence should play an important role in advising the Ministry, Armscor and the DoD on the strategic aspects of such packages and the political sensitivity of any proposed purchases. To perform these tasks adequately, it is critical that the parliamentary committees on defence in particular and other related parliamentary committees in general should develop the necessary capacity and planning schedules and receive the necessary resources to acquit themselves capably.

C. Security clearance

The status of security clearances within both Armscor and the DoD needs to be investigated as a matter of urgency. Updates of existing security clearances and vetting of non-security cleared personnel need to be effected as a matter of priority.

In cases where there was a breach of security directives and/or legislation in the defence procurement process, necessary steps need to be taken.

D. Record-keeping

Control over internal Armscor and DoD documentation and record-keeping needs to be improved in accordance with those procedures governing the control of classified information as set out by the counter-intelligence function of the DoD. An audit trail of all processes linked to procurement processes needs to be maintained and managed at all times.

E. Acquisition policy

Current Armscor and DoD procurement policy compares favourably with previous procurement policies that pertained within both Armscor and the DoD in the past. Aspects of the procurement policy do need to be fine-tuned, and personnel within both Armscor and the DoD need to be made conversant with the content and the importance of this policy. This will require the institution of appropriate training and workshops, as well as Standard Operating Procedures within Armscor and the DoD, to ensure that this is accomplished.

Each phase of the procurement process should be concluded according to policy prescripts before proceeding to the next phase. Furthermore, proper authorisation should be obtained at each phase before continuing. Such authorisations should determine whether the next phase is embarked upon.

Considerations such as the strategic objectives of the DoD that impact on the procurement process, should be weighted and form part of the value system. It must then be applied consistently throughout the process.

Future defence procurement packages need to be critically assessed against the needs of the current strategic and global environment.

The Defence Review states that procurement should, as far as possible, attempt to make use of local defence industry capabilities. The Report notes that foreign defence capabilities were privileged over domestic capabilities. The parliamentary committees believe that this situation needs to be avoided if local defence capabilities, an undisputed national strategic asset, are to be maintained.

F. *Armcor Act*

A Work Group that had to deal with the drafting of the Armcor Act, was established by the Ministry of Defence in January 2000. We are concerned that there was not sufficient feedback to Parliament. This should be attended to as a matter of urgency, given certain observations by the Agencies.

The role of Armcor and the DoD with regard to subcontracting needs to be clarified. We understand in the Report that it is not the policy of Armcor and the DoD to interfere with subcontractors, yet numerous instances of interference are mentioned. Whilst Armcor has the right to interfere with subcontracting, it must do so within the framework of government policies vis-à-vis affirmative procurement, black empowerment and technical and strategic needs.

Armcor as the procurement agency of the DoD, as mandated by law, should resume this responsibility when the DoD procures defence equipment.

G. *Cheetah fighters*

The Report observes that the SAAF indicated the lifespan of the Cheetah fighters to be up to around 2012. What will be the position of the Cheetah in the light of the acquisition of the Gripens?

H. *Implications for SAAF's operational budget*

The Chief of the SAAF allowed the amount of R176 million to be deducted from the budget of the SAAF, notwithstanding his awareness of the 30% shortfall with regard to the readiness of the Air Force. We will need to be briefed on this aspect, in particular with regard to the impact on the total budget of the SANDF.

I. *Structures*

We note with concern a plethora of structures and committees involved in the acquisition process. We refer, inter alia, to PCB, SOFCOM, JPT, IONT, AAB, AACB,

Technical Team, etc. Furthermore, we observe the following with regard to these structures:

1. Individuals occupying a number of positions, thus blurring the lines of accountability and authority.
2. A lack of race and/or gender balance.
3. People are given incompatible functions to perform.

J. Conflict of interest

The issue relating to Conflict of Interest needs to be dealt with resolutely and decisively within the public service in general and by both the DoD and Armscor in particular. This will require institution and/or amendment of appropriate legislation to govern and control the activities of serving public servants. Persons named in the Report as having been involved in a Conflict of Interest and/or engaged in activities deemed unprofessional from the perspective of the procurement process, should be debarred from service in any civil service or parastatal.

The Chief of Acquisition occupied a position of Chief Director within the DoD. Given the fundamentally political nature of procurement, it is felt that a person at that level should not have been given such incompatible function to perform. This also applies to other officials from, for example, the Department of Trade and Industry (DTI). It is felt that in future a person with more political and institutional seniority should manage such processes.

Real and apparent conflict of interest did emerge between various senior officials of the DoD, Armscor and the DTI (particularly those directly involved in the acquisition packages) and members of the bidding teams for the various equipment within the Strategic Defence Packages (SDP).

The determination of responsibilities within the acquisition process needs to be rationalised and streamlined. It came to the attention of the parliamentary committees on defence that senior DoD and Armscor officials frequently "wore a number of hats", thereby limiting their ability to act impartially and to avoid a real or perceived conflict of interest. In our opinion, this impeded good governance. This is not only limited to the DoD and Armscor, but includes officials of other state departments.

An investigation needs to be conducted by the DoD and Armscor of those individuals whose professional behaviour was queried in the Report.

K. Conclusion

Implementation framework

To ensure that the mentioned and future recommendations are applied in a consistent and rational manner, the Joint Standing Committee on Defence will compile an implementation framework that will specify, amongst other things, the following:

1. The co-ordinating responsibility for the implementation of the diverse recommendations contained in this Report.
2. The Executing Authority/Authorities responsible for implementing those recommendations, which have been assigned to them within the context of this Report.
3. The ongoing oversight/monitoring of these responsibilities and their execution and the authorities responsible for this monitoring role.

Report to be considered.

2. Report of the Joint Committee on Ethics and Members' Interests on the *Joint Investigation Report into the Strategic Defence Procurement Packages*, dated 6 December 2001:

On 14 November 2001 the Speaker of the National Assembly referred the Joint Investigation Report into the Strategic Defence Procurement Packages, in so far as it relates to Members of Parliament, to the Joint Committee on Ethics and Members' Interests for consideration.

The Committee met on the 16 November 2001 and agreed that the Report only makes two references to Members, namely:

- (1) The allegation that Mr Mashimbye and Mr M Scott received a motor vehicle from prime contractors/bidders was found to be without substance.
- (2) Secondly, Chapter 1.3.1.2(4) in the table states that a criminal case is pending against Mr Yengeni. The Committee received opinion from the Chief Parliamentary Law Adviser that in terms of the sub judice rule it would be prudent for the Committee to wait for the conclusion of the criminal case before the Committee considers the allegation of the non-disclosure of the benefit by Mr Yengeni. The Committee will therefore pursue the matter after the conclusion of the criminal case against Mr Yengeni.
- (3) The Report makes reference to the lack of rules to deal with conflict of interests. In so far as Members of Parliament are concerned the Committee is considering a Code of Conduct, of which the draft proposals specifically deal with conflict of interests and post tenure employment restrictions. The Committee aims to complete the draft code in the first quarter of next year.
- (4) The Committee had received a complaint against Mr Msomi in respect of the alleged receipt of discounts on motor vehicles from a bidder/contractor, the Investigating Report makes no reference to the allegations against Mr Msomi, and the Committee therefore agreed that it will consider the allegations against him through the normal procedures of the Committee.

Report to be considered.

National Assembly:

1. Report of the Portfolio Committee on Defence on the *Joint Investigation Report into the Strategic Defence Procurement Packages*, dated 5 December 2001:

The Portfolio Committee on Defence, having considered the matters in the Report falling within the parameters of its portfolio, in particular Chapters 3-7 and 10-12, and having to report on the relevant findings and recommendations by 6 December 2001 (ATC, 14 November 2001, No 152, p 1390), reports as follows:

A. Introduction

On 15 November 2001, the Joint Investigative Team (hereafter the Agencies), which investigated certain aspects of the Strategic Defence Packages, presented its report to Parliament. Although aspects of the investigation are still under way, the Agencies managed to complete most of the tasks within its mandate. We note the findings of the Report and congratulate the Agencies for their work in compiling the Report.

This Report of the Committee strives to make concrete suggestions regarding the following:

1. Identifying the key strategic issues raised in the Report, which require consideration by both the executive and the parliamentary committees on defence.
2. Making various process recommendations as to how the findings of the Report can be taken forward.

B. Role of Parliament

According to the Defence Review (chapter on Acquisition), the Committee has a key role in monitoring and overseeing the Ministry of Defence, Armscor and the Department of Defence (DoD) on any acquisition process. This role should be strengthened through the institution of appropriate Standard Operating Procedures between the relevant parliamentary committees on defence and the Ministry regarding the management of any acquisition process.

The rationale for involving the parliamentary committees on defence in these decisions is as follows:

1. All major procurement programmes are capital-intensive by nature and, as such, require substantial financial outlays from the fiscus. Parliament approves the defence budget and therefore has an interest in ensuring that any financial outlays are managed according to the budget.
2. The mandate of the parliamentary committees on defence is to provide oversight over the key policy processes and developments within both Armscor and

the DoD, and as such any acquisition project represents a major policy position for both Armscor and the DoD.

3. All major procurement programmes are fundamentally strategic by nature, and as such the parliamentary committees on defence have a responsibility to oversee both Armscor and the DoD on the strategic implications of such packages.
4. Sub-optimal equipment will not only affect the SANDF's combat-readiness, but also the lives of those persons operating such equipment. Parliament and its committees, as the political custodians of the national defence function, have a moral and a political responsibility to ensure that all acquisition purchases conform to basic operational and security standards.

The parliamentary committees on defence should play an important role in advising the Ministry, Armscor and the DoD on the strategic aspects of such packages and the political sensitivity of any proposed purchases. To perform these tasks adequately, it is critical that the parliamentary committees on defence in particular and other related parliamentary committees in general should develop the necessary capacity and planning schedules and receive the necessary resources to acquit themselves capably.

C. Security clearance

The status of security clearances within both Armscor and the DoD needs to be investigated as a matter of urgency. Updates of existing security clearances and vetting of non-security cleared personnel need to be effected as a matter of priority.

In cases where there was a breach of security directives and/or legislation in the defence procurement process, necessary steps needs to be taken.

D. Record-keeping

Control over internal Armscor and DoD documentation and record-keeping needs to be improved in accordance with those procedures governing the control of classified information as set out by the counter-intelligence function of the DoD. An audit trail of all processes linked to procurement processes needs to be maintained and managed at all times.

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Report to be considered.

2. Report of the Portfolio Committee on Finance on the *Joint Investigation Report into the Strategic Defence Procurement Packages*, dated 6 December 2001:

On 18 November 1998 the Cabinet approved an amount of R29 773,13 million for the acquisition of armaments for the South African National Defence Force. The finding of the Special Investigation is that 49% of the financing costs of this purchase was excluded from this amount. (Finding 1, p 263—Financing Costs is defined as the “value of the total financing costs payable over the financing period, i.e. interest, management fees, export credit fees, etc, expressed in million US\$” (Annexure A Point 10)).

The Report also states that the “figures did not include a number of items such as freight insurance, taxes, project management costs, financing costs and loan premiums” (par 9.1.2.1).

The Cabinet mandated the Departments of Defence (DoD), of Finance, of Public Enterprises and of Trade (DTI) and Industry to engage with detailed negotiations with the preferred bidders so as to achieve affordable agreements. The International Offers Negotiating Team (IONT) was set up to do the negotiations, which would result in a final contract for the offered equipment (Chapter 8).

On 31 August 1999, the Affordability Report compiled by the IONT stated that the total cost of the package, at an estimated forward exchange rate, was R36 482 million, “consequently the total full cost is substantially higher than that originally presented to Cabinet” (par 9.2.3.6 (b)). One of the most significant increases was the rise in the purchase of the LIFT & ALFA from R15 603 million to R19 620 million (par 4.6.15, p 103).

The new total figure included all procurement costs, viz. the contract price (the actual military equipment), statutory costs (freight insurance and taxes incurred by the Department of Defence and Armscor in managing the procurements), financing costs for deferring payments to suppliers, ECA premiums payable on all ECA-backed loans, and escalation of all of the preceding amounts. The amount was calculated on an estimated forward exchange rate and excluded financing costs (par 4.6.15).

On 25 November 1999, the Cabinet approved an amount of R30 285 million for the entire package, exclusive of financing costs. These expenditures will be carried via transfers to the Strategic Defence Account of the Department of Defence. The contracts were signed on 3 December 1999. Certain cost-containing changes were made that differed from the original Cabinet decision of 25 November 1998. These changes were necessitated by the escalation of the costs identified by the Affordability Report, due partly to the omission of certain costs at the initial presentation to the Cabinet. Some of the significant changes included the following:

1. The number of Light Utility Helicopters (LUH) to be purchased, was decreased from 40 to 30 (par 8.11.3.2). This resulted in a decrease in total costs from R2 446 million to R1 965 million (par 8.11.3.7).
2. The implementation costs of R176,3 million for the LUH will now have to be incorporated into the SAAF budget, as this amount was not included in the presentation to the Cabinet on 15 September 1999 (par 8.11.3.6).
3. The omission of the purchase of Maritime Helicopters was estimated by the Affordability Team to amount to R967 million. It appears, from an answer given by the Minister of Defence in Parliament, that the SANDF will purchase these helicopters and that delivery will be at the same time as that of the Corvettes (evidence given at parliamentary hearings of the Joint Investigating Team (JIT) (4/12/2001)). It would appear that the cost would have to be carried by the budget of the SANDF outside of the amount agreed by the Cabinet that is attributable to the Special Defence Account. It is uncertain where the costs of such a transaction would be incurred in the budget.
4. The purchase of the LIFT & ALFA was separated into three phases, called Tranches, with the option to cancel Tranches 2 and 3 at a later date. This decision was made because of the unpredictability of foreign exchange rates and economic growth over a 10- to 15-year period (par 8.8.3.2). The government is committed to an amount of R15 916 million for the total LIFT & ALFA package, with Tranche 1 amounting to approximately R7 830 million. The total cost of the entire arms acquisition of Tranche 1 stands at R22 199 million. The Chief of the SAAF has stated that there is a risk involved in reducing the number

of aircraft that would be available to train pilots. Furthermore, because the dual-seater Gripen does not have the full operational capacity of the single-seater, it does not have the same deterrent value, and without the purchase of the second and third Tranches, the operational fighter capability of the SANDF will be severely limited after 2010 (par 4.7.8.6).

5. Some of the essential functionalities of the aircraft in the LIFT & ALFA packages had been removed during the negotiation phase, and their cost will have to be accommodated outside the Cabinet-approved package (par 8.11.2.4 and par 4.7.9), as these costs were not submitted to the Cabinet (Finding 4.12.7). The Chief of the SAAF has indicated that "the LIFT & ALFA aircraft is a system in terms of the total systems management approach. This means that any scenario that does not include all the components of the system, cannot be supported" (par 4.7.8.6). The JIT estimates that the inclusion of these functionalities would amount to R1 169 million. It is uncertain whether these functionalities are to be reincorporated or not. The costs will have to be carried outside of the Strategic Defence Account.
6. The leasing of the simulator equipment for the Hawk and Gripen had been transferred from Tranches 2 and 3 to a full purchase agreement in Tranche 1. The costs of the Hawk and Gripen in Tranche 1 are therefore respectively 35% and 34% higher than the average cost. This would represent an implicit cost of about R1 736 million, should government exercise its option to cancel (par 4.7.8.4).

Due to these cost-cutting measures, the JIT found that they were unable to make a conclusive finding on the total impact of the IONT on the value of the total costs. Finding 8.12.4. reads:

"However, it is not possible to make a conclusive finding on the total impact of IONT, because:

- * Some functionalities of the packages were removed.
- * The quantity of equipment for the LUH programme was reduced.
- * Certain costs, for example management and statutory costs, had not been included in the presentation to Cabinet".

In view of the fact that certain cost-containing measures had to be introduced once the Affordability Report found that not all costs had been submitted to the Cabinet in November 1998, and that some of these costs might have to be funded outside of the package finally approved by the Cabinet in 1999, the JIT has made two key recommendations which are fully endorsed by the Committee:

Par 4.13.5:

"Detailed and accurate information, including all possible costs, should be submitted to Cabinet. All currency risk implications regarding international armaments acquisitions should be disclosed to Cabi-

net. Such information is necessary to ensure that essential functionalities are not removed from aircraft during negotiations due to budget constraints”.

Par 8.13.4:

“Proper consultation and an impact study should be done before equipment types or functionalities are reduced”.

The Committee further recommends that amendments be introduced to the Public Financial Management Act that will ensure that not only the cost implications of legislation brought before the Cabinet and Parliament be fully spelt out, but that the affordability of all major purchases by the government, including all financing costs and potential risks, be made known prior to any formal decisions being taken. The role of Parliament in this case needs to be clearly specified.

Furthermore, the Committee recommends that affordability reports are finalised prior to the finalisation of purchase negotiations.

The Committee also wishes to endorse the following further recommendations of the JIT:

Par 8.13.1:

“It should be prescribed that all procurement processes, including negotiations with preferred bidders, are properly documented to ensure a proper audit trail”.

Par 8.13.2:

“DoD should take steps to ensure that good procurement practices are adhered to and that compliance with the prescribed tender procedures is strictly controlled”.

In addition, the Committee also endorses the recommendation of the JIT in par 3.4, which states, inter alia, that “the staff of DoD and Armscor involved in procurement should be properly trained to ensure that they assimilate and fully understand the policy with a view to its effective implementation”.

Par 8.13.3:

“An approved negotiation strategy and terms of reference should be in place prior to the commencement of negotiations”.

The Committee is aware that the government is preparing to overhaul its entire procurement policies and practices, and recommends that the shortcomings of this particular arms procurement process be fully identified and analysed with a view to rectifying them in the reforms that are to be adopted.

The Committee takes note that the government has an option to cancel Tranches 2 and 3, should it so wish. The Committee recommends that the Cabinet continue to review the advantages and disadvantages of exercising these options on a regular basis.

In this regard, the Committee notes with increasing concern the rapidly increasing exchange rate risk posed by the recent dramatic decline in the value of the Rand. It is common knowledge that this was entirely unanticipated by all analysts and could not have been taken into account at the time of the signing of the contracts. It is, however, a serious factor that must be taken into consideration. Furthermore, it is regrettable that the Affordability Model that was drawn up, did not take opportunity costs into consideration (p 263, par J). It is recommended that in future all affordability models should include such a component.

From a macro-economic point of view, the Committee takes note of the statements made by the Director-General of Finance, to the effect that although the loans are mainly in foreign currency denominations, the total foreign debt exposure of South Africa is still very low and does not exceed 10% of total debt. There is therefore hardly any risk of severe foreign debt exposure. Secondly, the projected fiscal deficit of 2,6% is still scheduled to remain on track at that same level.

The Committee notes that there are a number of provisions for the regular update of the revised figures of the costs of the arms procurement. These will be made available each year with the tabling of the Budget in February and with the monthly and quarterly revenue and expenditure reports that the National Treasury issues. The Committee recommends that a standard reporting format for expenditures on arms acquisition be utilised so as to eliminate misinterpretations and confusion.

	18/11/98	31/08/99	31/08/99	15/09/99	25/11/98
	Cabinet	Affordability	Min. Com	Cabinet	Cabinet
Submarines	5 212	6 088 (2)		5 354 (5)	5 531 (8)
Corvettes	6 001	7 361 (3)		6 917 (6)	6 873 (9)
Maritime Helicopter		967			
L U Helicopter	2 169	2 446 (4)		1 949 (7)	1 965 (10)
LIFT & ALFA		8 502			7 830?
Tranche 1 (1)					
LIFT & ALFA	15 603				
Untranchéd					
Total Untranchéd	29 773				
Total Tranche 1		25 364		21 330	22 199
Total Tranch		36 482	29 900	29 992 (11)	30 285 (12)
1,2 & 3 (16)					
LIFT	4 728				
ALFA	10 785				
Total — LIFT & ALFA	15 603				
LIFT & ALFA		8 502			7 830? (14)
1 Tranchéd					
LIFT & ALFA		11 118?			8 086?
2 & 3					
Total LIFT & ALFA		19 620 (13)		15 772	15 916 (15)
1, 2 & 3					

- (1) On 25/11, Cabinet approved a staggered (tranché) combination purchase of LIFT & ALFA, unlike on 18/11 when it was agreed to purchase 24 Hawk and 28 Gripen as one package.
- (2) Increase in cost from 18/11 presumed to be the omission of certain cost elements—p 239.
- (3) Increase in cost from 18/11 presumed to be due to omission of certain cost elements—p 239.
- (4) Increase in cost from 18/11 presumed due to omission of certain cost elements—p 239.
- (5) Increase in cost from 18/11 due to omission of certain cost elements—p 243. Decrease in cost from 31/08 unknown.
- (6) Decrease in cost from 31/08 unknown.
- (7) Decrease in cost from 31/08 due to reduction in purchase of LUH from 40 to 30—p 242, par 8. 11.3.7. The implementation cost of R176,3 million not included in programme cost presented on 15/09. Cost must be incorporated into SAAF budget—p 243, par 8.11.3.6.
- (8) Increased costs from 15/11 due to increased financing cash flows, statutory and project management costs and the ECA premium (p 244). The actual contract price same as tender price for both dates, viz. R4 226 million
- (9) Decrease in price from 15/09 due to negotiated reduction in tender price from R5 469 million to R5 412 million—p 240.
- (10) Increase in price from 15/09 due to increase in statutory cost and project management, financing preferred cash flow and ECA premium. Contract price is R1 249 million—p 243.
- (11) Decrease in cost from 31/08 (see footnote 15).
- (12) Increase in cost from 15/09 mainly due to the transfer of the leasing of the simulator equipment for the Hawk and Gripen from Tranche 2 and 3 to a full purchase agreement in Tranche 1—p 258 & p 106.
- (13) Difference with 18/11 due to omission of certain cost elements such as statutory and project management costs, ECA premiums and financing costs, amounting to R4 017 million more than was approved—p 103.
- (14) The leasing of the simulator equipment for the Hawk and Gripen has been transferred from Tranche 2 & 3 to a full purchase agreement in Tranche 1. The costs for the Hawk and Gripen in Tranche 1 are 35% and 34% higher than the average cost—par 4.7.8.4.
- (15) The increase from 15/09 is due to increased statutory and project management costs and training equipment. The contract price is R13 359 million. The difference with 31/08 (large decrease) is due to the fact that some of the essential functionalities of the aircraft in the LIFT and ALFA packages have been excluded, thereby causing a reduction of the programme cost. The cost of these items

will have to be funded outside the Strategic Defence Programme—par 4.7.9, p 107.

- (16) The final cost at contract price amounted to R30,05 billion was somewhat lower than the total cost approved by Cabinet on 5 November 1999. This was due to a reduction in the negotiated contract prices of the trainer and fighter aircraft. The 2001 Budget estimates of the total cash flow expenditure on the strategic defence procurements excluded the export credit premiums, which are part of the financing costs, of which the total expenditure would be R43,0 billion.

Report to be considered.

3. Report of the Portfolio Committee on Trade and Industry on the *Joint Investigation Report into the Strategic Defence Procurement Packages*, dated 5 December 2001:

In accordance with the directive of the Speaker, published in the Announcements, Tablings and Committee Reports of 14 November 2001, the Portfolio Committee on Trade and Industry met to consider "matters falling within its portfolio, and in particular Chapter 12" of the report, and reports as follows:

The Committee met with Mr Bahle Sibisi, Deputy Director-General, and Mr Lionel October, Chief Director in the Industrial Participation division of the Department of Trade and Industry (DTI), on 21 November and 4 December. Members of the Committee also had an opportunity to clarify certain matters with members of the Joint Investigating Team at a joint committee meeting on 4 December 2001.

The DTI team gave the Committee their response to the recommendation in par 12.4, p 370, of the report. They indicated that the Minister of Trade and Industry had already stated that this recommendation would be implemented. They also indicated that steps were being taken to upgrade administrative and monitoring capacities in the Industrial Participation Secretariat and to deal with a number of procedural shortcomings highlighted in various chapters of the report. These include the appointment of dedicated portfolio managers to manage and monitor each of the companies that have large obligations; biannual review meetings and monthly assessment meetings; improved procedures for the approval of projects and awarding of credits; and improved administrative and record-keeping systems.

The DTI indicated that the Industrial Participation (IP) contracts came into effect in April/May 2000, and that the third biannual review is in the process of being completed. While the DTI was not in a position to provide a full report at this stage, they did provide the Committee with a preliminary overview of the performance of the National

Industrial Participation (NIP) projects that fall under the DTI. The total NIP obligations arising from the Strategic Defence Procurement Packages (SDPP) (value of investment in projects and export earnings generated by them) amount to US\$ 13 410,69 million. The first "milestones" are due in 2003 and 2004, by which time obligors are required to meet investment and export targets of US\$ 3,998 million. The Committee was told that projects to the value of US\$ 5,008 million have, in fact, already been approved and are active, meaning that the implementation of the NIPs "exceeds the contractual milestone by a safe margin". The DTI undertook to table a fuller progress report for the Committee early next year.

The Committee is strongly of the view that the implementation of both the NIPS and DIPS is of major importance to the country and an integral part of the "value for money" of the Strategic Defence Procurement Packages.

The Committee accepts the "Findings" in section 12.3, and notes in particular the concern expressed in par 12.3.8.

The Committee also notes the report by the DTI, indicating that certain measures are in place to improve procedures and conduct regular performance reviews. The Committee further notes the DTI's view that the implementation of IP projects to date is broadly on track and exceeds contractual milestones, and that there are no indications at present that any of the prime contractors are preparing to take advantage of the "opt out" provisions of the contracts.

The Committee endorses the following recommendations:

1. Par 4.13.6:

Proper evaluation of IP offers should take place at the RFO stage of a procurement process in order to ensure that only feasible projects are selected and that the need to negotiate with bidders to replace projects at a later stage is consequently minimised. At the same time, it needs to be recognised that market conditions can change in ways that make some adaptation unavoidable or desirable. A delicate balance needs to be struck between the need for clarity and certainty as a basis for monitoring implementation and the need for flexibility to allow adjustment as new market conditions arise.

2. Par 12.2.9.5(e):

Credits towards the discharge of IP obligations based on signed contracts with local suppliers rather than the presentation of invoices could be open to the abuse indicated in the report. The DTI team told us that the latter was already established practice.

3. Par 12.4:

In the interaction with the Joint Investigating Team on 4 December, it became clear that a major concern in this regard was the sharp drop in the value of the penalty charge that would arise from non-completion, as distinct from non-implementation of an obligation (a reduction from 10% to 5% of the contract price). The Committee hopes that the legal opinion will contribute to identifying ways in which the closure of this and other possible loopholes can contribute to ensure compliance with, rather than opting out of, IP obligations.

At the same time, we believe that ensuring effective implementation of IP projects (both those related to the SDP and those arising from other procurements) is a function of much more than tight controls in contracts. It depends also, and perhaps even more critically, on follow-up actions by the government, and the DTI in particular, interacting with the contractors and creating the conditions for IP projects to go ahead. This includes working together with contractors to identify locations for projects, generate infrastructure services and provide other services on a similar basis as those provided to other investors. All of this relates to broader issues of investment policy and industrial strategy.

It is, moreover, of critical importance that the lessons of administrative and procedural shortcomings in respect of the IP projects arising from the SDP are translated into more effective processes of negotiating IP projects in respect of future procurements. The fact that the DTI has identified the need for improvements and implemented some reforms, is to be welcomed.

All of the above are matters that fall well within the overall oversight responsibilities of the Committee. We note and welcome the DTI's commitment to providing us with a fuller report early next year. This, the Committee has indicated to the DTI, needs to be broken down project by project, with the benefits to be derived from each project also disaggregated into clear categories—investment, export earnings, direct and indirect jobs. We need also to receive timely and regular reports from the Industrial Participation Secretariat on IP projects arising from other procurements.

The Committee, finally, welcomes the indication by the Auditor-General that monitoring of implementation of IP projects will form part of the regular audits of the DTI, carried out by his Office.

Report to be considered.

4. Report of the Portfolio Committee on Public Service and Administration on the *Joint Investigation Report into the Strategic Defence Procurement Packages*, dated 6 December 2001:

A. Introduction

The report being considered relates to the investigation into the Strategic Defence packages for the acquisition of armaments for the South African National Defence Force, which was conducted jointly by the Offices of the Public Protector, the Auditor-General and the National Director of Public Prosecutions.

The investigation came about after it was established by the Auditor-General, during November 1998, that the procurement process was a high-risk area that warranted a review. Subsequently, a special review by the Auditor-General was conducted and signed on 15 September 2000, which recommended that certain areas of the procurement process needed attention. The matter was handled by the Standing Committee on Public Accounts of the National Assembly, which recommended that a multi-agency probe into the matter be conducted, hence Parliament's approval for such an investigation on 2 November 2000.

The three agencies conducted the investigation, and focused on cost to State, the selection of prime contractors, the selection of subcontractors and the contracts themselves. After thorough investigation of these issues, the agencies established that, despite certain anomalies and technical inadequacies at various stages of the procurement process, there was no evidence of improper or unlawful conduct by the government. They made recommendations on areas in respect of which particular attention needed to be drawn by the Executive or the Prosecuting Authority, with a view to taking action.

Upon receipt of this report from the three agencies, Parliament instructed eight Committees to interact with the aforementioned, and the Portfolio Committee on Public Service and Administration was accordingly charged to deal with issues falling within its scope, particularly Chapter 10.

B. Background

1. Chapter 10 deals with anomalies related to the selection of subcontractors in the procurement process, and particularly the fact that the reports indicates that there has been a conflict of interest in the selection process, and that the process was not managed according to stipulated processes.
2. The facts in this regard are that—
 - (a) the Chief of Acquisitions had a conflict of interest in the process, arising from the fact that he had a brother who had an interest in subcontractors that were also bidding for the contracts. He declared that conflict of interest, and yet did not recuse himself from activities of the PCB meetings, which were to decide on the allocation of such contracts.
 - (b) The main contractors did not follow a formal process for the selection of subcontractors in all instances, as they only embarked on teaming arrangements and joint ventures with the local defence industry.

- (c) Despite the fact that it is a requirement of the Defence Review and the Department of Defence's Procurement Policy that role-players should have security clearance, the Chief of Acquisitions did not accordingly secure clearance.

It should be noted that the agencies found the facts mentioned above to be a serious violation of the expected conduct of people charged with responsibilities of public duty, and that they (the agencies) declared the Chief of Acquisitions' declaration of interest to be null and void.

As we deal with this report, we should not lose sight of the fact that there are policies we may employ to address some of the negative tendencies highlighted above. The Public Service Act and the Public Financial Management Act (PFMA) are, for instance, useful tools to deal with questions of conflict of interest, financial management and procurement.

C. Recommendations

1. The Committee supports the recommendations of the agencies, and believes that, as they are implemented, existing policies should be taken into account so as to avoid possible duplication.
2. In strengthening this position, we request the Public Service Commission to closely monitor the process of policy implementation on an ongoing basis, and report thereon to the Committee.
3. We call on the Department of Defence and the Department of the Public Service and Administration to work closely with each other in addressing, in particular, the urgent personnel audit, in order to ensure that all staff members of the Department of Defence comply with the prescribed security clearance requirements, within a period of 12 months.
4. Portfolio Committees of the National Assembly should accordingly exercise stricter oversight on policy implementation, as the situation requires.

Report to be considered.

5. Report of the Portfolio Committee on Justice and Constitutional Development on the *Joint Investigation Report into the Strategic Defence Procurement Packages* (the Procurement packages), dated 3 December 2001:

The Portfolio Committee on Justice and Constitutional Development, having considered the matters in the Report falling within the parameters of its portfolio, and in particular Chapter 13, and having to report on the relevant findings and recommendations before 6 December 2001 (Announcements, Tablings and Committee Reports, p. 1390-1), reports as follows:

1. The Portfolio Committee noted the contents of the Report, in particular Chapter 13 and the finding in paragraphs 13.4

and 14.1.15, in response to the view expressed by the Committee on Public Accounts that the main (prime) contracts did not appear to be well prepared, namely that the drafting of the prime contracts was of a high standard and that such contracts were found to be well defined and understandable, without any instance of particularly clumsy language having been found to have been used.

2. The Portfolio Committee noted that the National Director of Public Prosecutions has initiated certain public prosecutions, which may be linked to the Procurement packages.
3. The Portfolio Committee noted that the National Director of Public Prosecutions has publicly indicated that investigations into possible criminal charges in connection with the Procurement packages are continuing, which may lead to further public prosecutions in this regard.
4. The Portfolio Committee noted that the Report does not contain any specific recommendations relating to matters falling within the parameters of its portfolio, including Chapter 13.
5. The Portfolio Committee recommends that—
 - (a) the draft Prevention of Corruption Bill, presently being processed by the Department of Justice and Constitutional Development and the relevant Interministerial Committee, be introduced into Parliament, as a matter of priority, in order to address possible loopholes in our law identified in the Report, in particular those relating to various conflict of interest situations and to extend the current laws pertaining to corruption and related offences of dishonesty; and
 - (b) the National Director of Public Prosecutions, on a mutually agreed to date in February, submit a progress report to the Portfolio Committee, regarding further possible criminal investigations and public prosecutions emanating from the Procurement packages.

Report to be considered.

6. Interim Report of the Standing Committee on Public Accounts on the *Joint Investigation Report into the Strategic Defence Procurement Packages*, dated 6 December 2001:

The Joint Investigation Team's report into the Strategic Defence Procurement Packages was submitted to Parliament on 14 November 2001. This report was thereafter referred to eight Committees of Parliament, including the Standing Committee on Public Accounts, for consideration.

The Committee agreed that political parties would independently prepare their own questions for clarity on the report of the three investigating agencies.

The process of interaction with the Joint Investigation Team on questions for clarity about the Strategic Defence Procurement Packages occurred on 4 and 5 December 2001.

The Committee envisages that it will adopt its Report on the Strategic Defence Procurement Packages to the House on Wednesday, 12 December 2001, and therefore requests that it be granted an extension until that date.

Report to be considered.

PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

TUESDAY, 11 DECEMBER 2001

COMMITTEE REPORTS:

National Assembly and Council of Provinces:

1. **Report of the Joint Monitoring Committee on Improvement of Quality of Life and Status of Children, Youth and Disabled Persons on Visit to Eastern Cape, dated 3 October 2001:**

The Joint Monitoring Committee on Improvement of Quality of Life and Status of Children, Youth and Disabled Persons visited the Eastern Cape from 2 to 4 May 2001 as guest of the Standing Committee on Youth, Gender and Disabled of the Eastern Cape Provincial Legislature.

The Committee reports as follows:

A. Introduction

1. Background

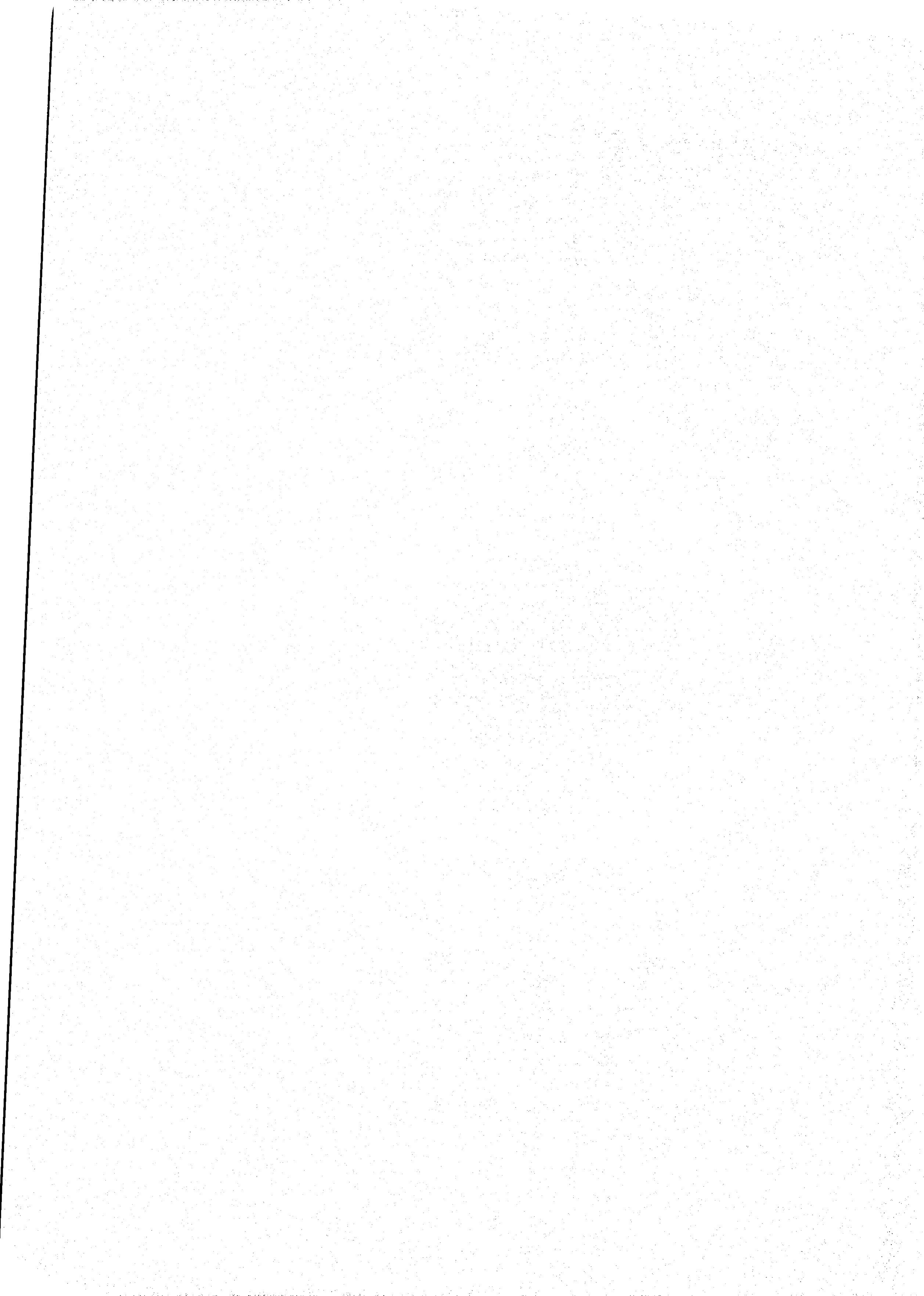
Pursuing its parliamentary oversight function, in accordance with Joint Rule 132D of the Joint Rules of Parliament, the Committee visited the Eastern Cape Provincial Legislature (the Legislature).

The Eastern Cape was identified as the first province to be visited, based on the following motivation:

- (a) It is one of the provinces that has established a similar committee.
- (b) It is also one of the rural and poverty-stricken provinces.

2. Objectives

- (a) To monitor the status of children, youth and disabled people in the province.



2. *Official opening by Deputy Speaker*

The Deputy Speaker of the Legislature welcomed the Committee on behalf of the Speaker, Mr M Matomela. She gave a brief background on the establishment of the Standing Committee, as well as its roles and functions. She wished the Committees success on their deliberations.

3. *Joint meeting*

The joint meeting was co-chaired by Ms Bogopane and Mr Motsilili.

Ms Bogopane outlined the aims and objectives of the visit. She also outlined the rules establishing our Committee, and its role, functions and powers in terms of Joint Rules 132A to 132D.

Mr Motsilili took the Committee through the terms of reference of the Standing Committee (as stated by the Deputy Speaker), and said that the Standing Committee was established in July 1999, before the establishment of the Joint Monitoring Committee.

The following differences between the committees were identified, which would require attention in order to facilitate smooth working relations:

<i>Joint Monitoring Committee</i>	<i>Standing Committee</i>
Deals with Youth, Children and Disabled Persons	Deals with Youth, Children and Disabled Persons
It is a Joint Monitoring Committee, different from a portfolio committee	It is a Standing Committee—they function like other standing committees, despite not being linked to a department
Does not consider legislation unless referred to it by Speaker	Considers legislation
Can liase with all portfolio committees and government departments	The Standing Committee status is a barrier—unable to liase with other standing committees and government departments
Liases directly with Heads of Departments and Ministers	Liases with junior officials
Deals with political and social aspects of sectors, including policy and programme implementation	Deals more with administration
Responsible for ratification of international agreements	Responsible for implementation of international agreements provincially
Monitors country's obligations and submit reports	Monitors provincial obligations and submits reports
Considers reports at national level—deals with children, not gender	Considers reports at provincial level—deals with gender, not children

4. *Presentation by OSDP*

The OSDP was established on 1 April 1999, and up to now only one official has been employed.

(a) Questions asked

- * How does the OSDP interact with the Standing Committee?
- * What has been done to make public buildings accessible to disabled people?

- * How many buildings are still inaccessible?
- * Which criteria were used to make public buildings accessible, and how were they identified?
- * How many special schools are in the province?
- * What role has the OSDP played in solving disability grant problems?
- * What kind of leadership has the OSDP provided in policy development for disabled people?
- * Has the OSDP benefitted from being placed in the Premier's Office?
- * Why has there been only one employee in the Office?
- * What are the barriers that make it difficult for that employee to play a co-ordinating role?
- * Has the Premier been informed about the lack of co-operation from departments?

(b) Problems identified (which hinders delivery)

- * A lack of capacity in the Office to co-ordinate and monitor policies
- * A lack of provincial strategy to implement the INDS
- * Delays at the departments of education and of health to establish disability unit
- * Non-availability of sufficient funds.

(c) Weaknesses identified

- * No effective interaction with the Premier
- * No co-ordination of rural development
- * No disability audits have been conducted within government departments
- * Disability projects have not been monitored, as a result of financial constraints
- * No clear understanding as to why the Office is situated in the Premier's Office.

5. *Presentation by PPA*

The delegation was briefed by Ms K Scott, co-ordinator of the PPA, located in the provincial department of welfare.

(a) Questions asked

- * How was the PPA established, who constitutes it and when was it established?

- * What programme have they implemented since inception?
- * Where is the PPA located at present?
- * What role has the PPA played in child support grants?
- * What has been the nature of the division of work between the PPA, the Office of the Premier and the Standing Committee?
- * Has the PPA audited legislation regarding children?
- * What are the frustrations of the PPA?

(b) Problems identified (which hinders service delivery)

- * Non-attendance of senior officials in workshops organised by the PPA
- * A lack of resources to co-ordinate and monitor policy/programmes relating to children in all departments
- * Programmes and activities are not the responsibility of the PPA, but of the department of welfare
- * The location of the PPA in the department of welfare leads to a lack of budgeted funds and of recognition
- * The present formation of the PPA excludes civil society
- * Due to the above, the effectiveness and visibility of the PPA has been non-existent—it has not been able to respond to the needs of children in the province.

(c) Weaknesses identified (which hinders service delivery)

- * No budget
- * No staff
- * No status
- * It is not located in a position that empowers the programme to perform its functions
- * Mobilisation and co-ordination, as well as partnerships between the government and civil society, do not exist.

6. *Presentation by PYC*

The delegation was briefed by Mr Thembisile Macelesi, chairperson of the PYC.

(a) Questions asked

- * Does the PYC have statistics on youth who are infected with HIV/AIDS?

- * What is the relationship between the PYC and the Standing Committee?
- * Why in the Provincial Youth Commission Act is the PYC proposing the appointment of three full-time provincial commissioners?
- * What are the PYC's expectations of the Standing Committee?
- * Why does the PYC want to implement or start pilot projects?
- * How is the relationship between the PYC and the National Youth Commission?
- * Is the Premier aware of the dissolution of the Interdepartmental Youth Committee?

(b) Problems identified (which hinders service delivery)

- * There is no provision for the creation of Provincial Youth Commissions in the National Youth Commission Act
- * The National Youth Commission Act also does not outline the relationship between the NYC and PYC
- * The National Youth Commission Act fails to define the role of provincial governments in funding the operations and programmes of the PYC.

(c) Weaknesses identified

- * Lack of clearly defined powers of the NYC over the PYC
- * Lack of monitoring of projects
- * Lack of database on status of youth in the province
- * Lack of co-ordination of youth programmes in the province
- * Shortcomings of the NYC are allowed to influence their work.

7. Outreach visit

The Committee was divided into two groups, because of the vastness of the province, and to award members an opportunity to see different things at the same time. The one group would report to the other.

Places to be visited

- (a) Multi-Purpose Youth Centre in Cradock
- (b) Makana Primary School, Day-Care Hospital and Welfare Offices in Grahamstown
- (c) Special School for Mentally Disabled Children in Tsolo
- (d) Fabkomp factory in Sweetwater's

Group 1

This group went to Grahamstown and Cradock, and consisted of:

- * Ms Bogopane, leader of the delegation
- * Mr C Motsilili
- * Mr T Macelesi
- * Mr D P N Maloyi, Committee member
- * Mr M I Moss, Committee member
- * Mr N M Raju, Committee member
- * Ms S Rajbally, Committee member.

The aim was to evaluate the accessibility project, which is a partnership between the PYC, the OSDP and the Department of Public Works.

(a) Accessibility project

The project has benefitted young people and will benefit disabled people in the future. The following weaknesses were identified:

- * Before identifying and prioritising buildings, there was not proper consultation with and agreement by the stakeholders, which, for example, led to buildings not in urgent need of renovations being renovated.

The deputy director of the OSDP herself is physically disabled. She has been in an inaccessible office for the past two years—she could hardly identify her own office for renovation. Also, there is no sign for parking for people with disability at the legislature, where she parks every day. Instead, a primary school in a community in Grahamstown was renovated, where there is no disabled child enrolled.

- * Lack of consultation with people working in or heading the different institutions identified to be made accessible.

For example: The Grahamstown Day Hospital used a ramp for stretchers when ambulances brought patients there. The ramp can now not be used for that purpose anymore, as walls have been built to make it longer so as to enable a person in a wheelchair to use it without assistance. So now the clinic is inaccessible, as it has no ramp for severely ill patients.

When we enquired how such a mistake can happen, the sisters and doctors indicated that they were neither consulted nor informed of the renovations—they were not even aware of what

else would be happening to the clinic. All they knew, was that people had come to take measurements; they never saw the plans or charts.

- * The project is not supervised by anybody to ensure that it meets the required accessibility standards, neither is anybody checking structure quality.

At the Department of Welfare, a toilet had to be renovated by fitting a slightly wider sliding door. However, all that was done, was to change the door to open from the outside instead of the inside, which made it difficult for a person in a wheelchair to open it, as it would open towards that person.

At Makana Primary School, ramps were built, but the classroom was still inaccessible. A child would go up the ramp, but would not be able to enter the classroom.

- * The project was not planned; the stakeholders did not agree to the duration of the contract (the commission indicated that the department had said the money was finished, but the contractors did not complete the work).

- * The OSDP indicated that it is the South African Federal Council on Disability (SAFCD) that had handled the project. They provided the list of buildings and accessibility guidelines, and they entered into the partnership, not the OSDP.

- * The PYC indicated that they were responsible for identifying young people for training as well as for the institutions that trained young people. They were further responsible for facilitating a way of integrating these young people at the end of the project. The employers have taken some of the young people permanently.

(c) Visit to Mayor's office

We met the Mayor and his councillors, but we were unable to hold a meaningful meeting—the lift was not working, so we could not reach his office. We were introduced, and the purpose of the visit to Grahamstown was explained.

(d) Visit to Youth Multi-Purpose Centre in Cradock

This Centre is one of those built by the PCY. The manager gave a brief background and took us on a tour around the building. He indicated that he would

no longer be able to manage the Centre, as he was going back to the Department.

The purpose of the Centre was for departments to use it for their youth programmes. Unfortunately that has not happened yet, as it is a well-developed structure, but under-utilised at present.

Group 2

This group went to the Tsolo Special School for Mentally Disabled Children, and consisted of:

- * Mr B Willem, leader of the delegation
- * Ms Hobongwana, Standing Committee member
- * Ms M S Maine, Committee member
- * Ms N Cindi, Committee member
- * Mrs J Witbooi, Committee member
- * Ms C Nkuna, Committee member.

(a) The principal of the school welcomed the delegation:

- * In 1977, the School started catering for mentally disabled children only. The vision of this School is to develop and raise the level of self-esteem of mentally disabled children through education, training and practical skills. Through its mission statement, the School is committed to work in partnership with all stakeholders, so as to ensure that each learner receive the best education.
- * At present, the School has an enrolment figure of 70, and three teachers employed by the government, plus two volunteers and nine non-teachers.
- * The government, grants and school fees of R100 per learner per month fund the school.
- * The school governing body consists of a social worker, a psychiatric nurse, four parents, two community members and the school principal.

(b) Constraints

The principal mentioned the following problems hindering the effectiveness of the school:

- * Lack of access to telephones
- * Lack of access to electricity
- * Lack of accommodation
- * Lack of beds and bedding.

(c) Meeting with Premier

The Committee met with the Premier before they left the province on 4 May. Introductions were done by both chairpersons.

The background to the visit was set out by the chairperson of the Committee. The provincial programme was outlined by the chairperson of the Standing Committee.

The Premier welcomed the Committee to his Office (not to the province, as that had already been done by the deputy speaker). He also thanked us for visiting the Eastern Cape.

Ms Bogopane highlighted our findings and recommendations to be considered by the province, and referred to presentations, questions asked and weaknesses identified. Findings and recommendations in this Report are the issues raised with the Premier, recommendations made to him and his response to questions.

C. Conclusion

This visit was long overdue—the province required guidance on a number of areas, and we were in a position to assist. Committee members were exposed to the challenges faced by provinces, the interpretation of some of the legislation passed by the National Assembly and how this impacts on the lives of people in the province.

Lack of exposure to a number of activities, and to documents, impedes smooth functioning and interpretation of issues by the province. The impact of poverty is a reality in the province. There is a high level of illiteracy, and officials in the Premier's Office lack a general understanding of the political clout and status of their programme in relation to other departments.

Due to the vast needs of the province, institutions such as the PYC, which is supposed to be co-ordinating programmes, end up implementing programmes in order to try and meet the needs of young people in the province. This leads to misunderstanding of the role of these programmes, and the chances of it being corrected, are very slim.

D. Recommendations

The Committee recommends that:

- (a) the name and status of the Standing Committee on Youth, Gender and Disabled be changed
- (b) the Provincial Plan of Action for children be relocated to the Premier's Office
- (c) budgets be allocated to programmes, so as to enable it to function properly
- (d) the OSDP be staffed immediately to ensure that it is well-equipped to respond to the needs of disabled people
- (e) the Integrated National Disability Strategy be provincialised to ensure that it responds to the immediate needs of disabled people
- (f) an awareness campaign on inclusive education be established, led by the Standing Committee

- (g) amendments to the promotion of youth affairs be fast-tracked
- (h) the amendments in paragraph (g) above also include a reduction in the number of commissioners and in their terms of office
- (i) the restructuring of the Provincial Youth Commission be accelerated
- (j) the role of the Premier's Office be re-emphasised to public servants serving in that Office, and that the Standing Committee explain their political responsibility to them
- (k) the Standing Committee concentrate on the implementation and allocation of budgets to the programmes it is responsible for
- (l) the Standing Committee no longer deal with junior officials but with heads of department
- (m) the Standing Committee monitor all departments, not only ones closely linked to it.

Report to be considered.

National Assembly:

1. Report of the Portfolio Committee on Social Development on Eastern Cape study tour from 14 to 16 August 2001, dated 17 October 2001:

Contents

- 1. Terms of reference
- 2. Background information
- 3. Summary
- 4. Paypoints
- 5. Welfare and non-governmental organisations
- 6. Poverty relief and departmental pilot projects
- 7. Welfare offices
- 8. Meeting with MEC
- 9. Acknowledgements

1. Terms of reference

The Committee undertook a study tour to the Eastern Cape to investigate:

- * levels of service delivery
- * conditions under which officials were working
- * interaction between civil society and the government at provincial and national level
- * management of poverty relief and other projects
- * extent of poverty in the province

2. Background information

The Committee resolved to undertake this visit as a result of several reports in the media and from members of Parliament from that province about the conditions of social service delivery in the province. This decision was reinforced after a meeting with the MEC for Welfare in the Eastern Cape on 28 March 2001 about the provincial budget. It became apparent from reports that

the conditions are worse in the rural areas of the former Ciskei and Transkei. It was consequently decided to concentrate on those areas.

The delegation was led by the Chairperson, Mr E Saloojee (ANC), and comprised of Mr F Bhengu (ANC), Ms X C Makasi (ANC), Ms J Chalmers (ANC), Ms S Kalyan (DP), Mr A Z A Van Jaarsveld (New NP), Prof L M Mbadi (UDM), Ms Z Adhikari (Committee Secretary) and Ms A Kakaza (Committee Assistant).

3. *Summary*

The multiparty delegation spent three days in the Eastern Cape in an attempt to understand the conditions of the people on the ground and to investigate the levels of service delivery. They visited paypoints and met with officials, non-governmental organisations (NGOs), special projects and the MEC for Welfare.

4. *Paypoints*

A. *Findings*

Diya Store, Butterworth

The journey to this paypoint took about 45 minutes on very bad gravel roads. Officials, who have to cover three main paypoints, leave Butterworth at 08:00 in the morning and reach the furthest paypoint an hour later. They start the payouts here and then begin to work their way back to Butterworth. Officials use Ford bakkies that are quite old and need to be replaced.

Payment of grants takes place in a dark sparsely stocked shop. There is a single table with an official on either side. The one official checks the identity document while the other then fingerprint the beneficiary and hands over the cheque. A third official oversees the process. Beneficiaries generally stand or sit on the floor. There are no chairs or restrooms. The delegation met several individuals who have applied for grants several months ago and were simply told to keep coming to the paypoints every month to see if their grants had come through. The delegation met a boy who did not have the use of both hands and had applied for a disability grant last year but was still waiting for a response from the Department of Social Development.

After receiving their cheques, the beneficiaries rely on the shop owner to cash them. This is done for a fee of R20 per cheque and they generally get their money within a day or two after handing over the cheques. Transport to town costs R24 return and involves walking quite a distance to the point from which taxis operate, so most beneficiaries rely on the shop owner. The Community Welfare Forum in the area exists but is not functioning. The Department of Welfare has offered to advise the forum when it meets. These forums are voluntary bodies.

Esingeni Store, Tsolo

This paypoint is situated about 50 minutes from Tsolo and the roads are extremely poor, with narrow crossings over dried riverbeds. As at Butterworth, officials started at the furthest point and worked their way back through six paypoints. There are 78 paypoints in the district and two teams over three weeks are responsible for payment of grants.

This paypoint consists of a table outside a shop with no shelter. The beneficiaries crowd around the officials and wait for their names to be called. One official calls out names, the second identifies the beneficiary using the identity document and the third sitting at the table fingerprints the person and hands over the cheque. They often deal with up to 6 000 persons per paypoint. There is no running water or toilets and beneficiaries have to go to the river for those facilities.

As at Butterworth, the shop owner cashes the cheques. At this place it is done for a fee of 14% commission on the groceries that they had bought on credit for that month. Beneficiaries are given their money after the shop owner has taken what was owing to him. Beneficiaries at this paypoint also had the option of cashing their cheques at J H Security, a security company, for a fee.

Officials use a Ford Bantam bakkie, which often breaks down. In order to complete all the payments the officials leave Tsolo at 5am and return at nine pm. Officials are accompanied by the police due to the violence and robberies in the Tsolo area. A problem identified was that many of the elderly get beaten and robbed by the youths in the area on the days that the payouts have been made.

At this paypoint, members found an aged lady lying on a mattress on the ground waiting for her pension payout. Her daughters brought her to the paypoint, as she was too frail to walk there herself. In order for one of them to become the procurator, she would have to travel to Umtata with them to make the changes. A member of the Community Welfare Forum said that there were many people who had applied for disability in November 2000 but who have not received anything yet. He undertook to forward the list of names to the Committee.

East London Post Office

The post office is contracted by the Department to disburse grants on their behalf. Security at the post office was very strict and the delegation was not allowed to enter the payment halls until the Postmaster-General gave permission. The security company only let beneficiaries with valid identity documents into the hall, which is attached to the post office. A member of the welfare committee was

present outside the hall to ensure that the process ran smoothly. The post office is insured against robberies and is able to get money within two hours if it is stolen.

The current hall is very small and the payment point was to be moved to another larger hall in the building by the end of August to ensure that people did not have to wait in queues outside.

Payment is in the form of cash. Grants were paid in the hall on the main payout day and paid out at the post office next door for the rest of the month. Vouchers are issued to beneficiaries after their identity document were checked. These vouchers are then handed into another counter and redeemed for cash. If vouchers were not claimed by the end of the month, then it would be returned. If the beneficiary collected the following month, they would be given the outstanding vouchers for up to three months.

The post office works on a computerised system called Postlink, which records the vouchers issued. The computer system is linked to the national mainframe. A paper backup is created at the same time. Any problems encountered are referred to Deals House, where the regional office of the Department of Welfare is situated. There are no departmental officials present at this paypoint and the post office staff handles all the transactions. There is currently no help desk at the post office, but they envision having one when the payments move over to the larger hall.

B. Conclusions

- * As a result of the advanced infrastructure of the post office that operates in the urban areas, the system of payment works better than in the rural areas.
- * Beneficiaries in the rural areas who are paid out by the Department of Welfare, are at the mercy of the local shop owners and private companies to cash their cheques.
- * The voluntary welfare committees in the rural areas are not working effectively due to a lack of information and incentive.
- * The vehicles used by the officials are clearly inadequate for the terrain that they have to cover.
- * Information does not reach people in the rural areas about the categories of grants that they are able to access and the requirement that they would need to meet.
- * The long and difficult distances that potential beneficiaries have to travel hamper accessing grants and

information. Travelling these distances are also relatively expensive per trip.

- * Many people have been unable to access grants due to not having the correct documentation. Those who have applied for documents often have to wait long periods before getting their documents. It is a struggle to rectify mistakes such as incorrect identity numbers, incorrect ages, duplicate identity numbers and persons who have been summarily declared dead.
- * The crime situation in the rural areas intensifies the already unfortunate position of the poor. People in these areas are very poor and are thus dependent on the grants in order to survive.

C. Recommendations

- * Social workers should be encouraged to go to the rural areas at least once a month to inform and educate the community about the various grants and the processes of accessing it.
- * Welfare committees should be empowered and developed to play a more active role in the communities that they serve.
- * A transport allowance should be made available for members of the welfare committee so that there is some incentive to take responsibility.
- * Officials should pay house visits to those beneficiaries who are too infirm to travel to the urban centres to register procurators or make any other changes. Alternatively, officials who come out to make payments should bring the relevant forms with them and set some time aside for processing and dealing with problems.
- * The Department of Public Works must be persuaded to intensify its programme of providing proper infrastructure in terms of roads to the rural areas.
- * The Department of Home Affairs needs to address the problem with regard to the slow processing of identity documents and birth and death certificates.

5. Welfare and non-governmental organisations

A. Findings

Thembaletu Professional Foster Care Programme

This programme is part of the Butterworth Child and Family Welfare Society. The Society was started in 1995 as a voluntary organisation and was formally launched in 1996. The foster care programme was started in 1995 to deal with street children and other vulnerable groups. About 10 mothers and helpers were trained during this

time. Children are placed in foster care while their families were being traced and re-unification was co-ordinated. Natural parents are involved in the programme as far as possible.

In order to raise funds for the foster parents and to encourage the natural families to function normally, the programme has started the Zenzile programme. This programme produces pottery, clothes, embroidered cushions and bread so that parents are able to generate an income with which to maintain their children. They have also started the Fumaneka crop production programme, with 25 men and women producing crops for income. In addition to training parents, many of the children are empowered with the same skills in order to assist in generating an income. The programme, however, noted that it was having difficulty selling and marketing its products.

When the programme started, it did not have a social worker and only employed a childcare worker in 1999. It found, however, that it was unable to place children through the court system and was forced to employ a social worker. In April 2001 they were allocated a subsidy for a social worker but are unable to afford a childcare worker as well. The Child and Family Welfare Society is experiencing a problem with retaining the services of their social workers because they invariably leave for employment opportunities in the government, where the pay is better and there are greater benefits.

The organisation is committed to an integrated developmental approach. They work closely with the Siyakhana street children shelter. As regards foster care, they incorporated the family preservation programme and do preventative work in the form of awareness programmes with parents and children. This approach extends to child-headed households and foster parents who have been trained to look after HIV-infected children.

Non-governmental organisations: Umtata

** Umtata Child Abuse Resource Centre*

This is a non-profit organisation that was established in October 1996 as a result of the enormous need in the community. It was set up by various organisations and is multi-sectoral in its approach. It has assisted in the formation of the Child Protection Units that are attached to the SAPS. It has looked at adding another unit, which will have psychologists, doctors and social workers. They have submitted their request for funding of this unit to the department 13 months ago but have not received any response to date, not even a letter of acknowledgement.

The main aim of the organisation is the prevention of child abuse. It does this through campaigns at schools, churches and other community centres. In addition, it does research into issues of child abuse in order to assist with its work. They have a good relationship with the Child Protection Unit, the regional welfare office and the provincial department of welfare.

It is finding it increasingly difficult to operate due to a shortage of funding and human resources. Due to time constraints set by funders, they are often in a position where they are unable to spend the money granted within the specified period resulting in them losing the continued support from those funders.

They experience difficulty assisting beneficiaries to access the child support grants. Many do not have birth certificates and the process of obtaining them is difficult. They are also finding it difficult to access grants for HIV-positive persons who are no longer able to work.

* Action Group for Children in Distress

This organisation was started in June 2001 and deals with relieving distress of children that have been abandoned as a result of HIV/AIDS. They designed referral forms for NGOs who refer the children to the Action Group. These forms are used for statistical purposes and to get background information on children before placing them with foster parents. The organisation also gives children grants of R300 in the form of vouchers or payment of school fees.

They are dealing with increasing numbers of orphans and child-headed households. Their working radius currently covers an area of 20 km and they only have one field worker.

* SOS Children's village

They are affiliated to an international child welfare organisation that seeks to help children who are in need of care because they have lost their parents. The organisation provides a home for these children in small, family-type groups. Children are placed in the care of a foster mother and other abandoned children become their brothers and sisters.

Children come into the care of the SOS children's villages through a statutory process. One of the problems experienced, is the lack of response or long delays from the provincial office. In addition, it has not received any feedback on its service plans

submitted over the past two years in line with the current financing policy.

* **Siyakhana Youth Outreach and Education Programme**

This NPO's mission is to provide professional services in the rehabilitation of street children by providing shelter, skills training and assisting other similar organisations with skills development. They were formed in 1998 after consulting with a wide range of social forces and approached the Presidential Projects Trust for funding. Rehabilitation Day Care Centres have been established in Umtata, Engcobo, Butterworth, Lusikisiki and Mt Frere, as these areas were identified as having serious problems with street children.

Children on the street are persuaded to go to the centre, where they are cleaned and fed. They are encouraged to talk about their families and interact with a social worker during their stay at the centre. Files are opened for each child and their families are traced in an effort at re-unification. Children are also enrolled in school in an effort to normalise their lives.

The Umtata and Engcobo centres are funded by the Department of Welfare. Efforts to get funding from the provincial government for the other three centres have proven to be futile as there has been no proper response to applications made. The future of these centres is uncertain, as the funds received from the Presidential Projects Trust are about to be exhausted. An additional problem experienced is the unavailability of social workers in some districts. Experience has shown that they achieved the most success in the areas where they were able to actively involve the social workers.

* **Eluxolweni Child Care Centre**

This centre operates within a Christian framework where they reintegrate street children back into society as empowered young people. This is done by working both with the family and the child. They provide short- to medium-term physical, emotional, educational and spiritual care. At their night shelter, they run a skills training centre for the street children and the community.

One of the main problems experienced by the organisation is the shortage of funding which impacts on the manner in which they are able to operate. The funding problem has also resulted in a situation where they have been unable to make provision for the girl child.

* Sinawe Referral Centre

This centre is situated at the Umtata General Hospital and is a multi-disciplinary service established for the management of victims of violence. They provide legal, medical, psychological and social services to victims of violence. This is done in conjunction with other NGOs and CBOs. They also run awareness programmes within the community about crime prevention. Their services extend to children affected by crime and violence as well.

The SAPS had not been deployed in the centre yet and this creates problems with regard to the protection of children. They are also experiencing problems with setting up a place of safety and their own transport.

* Tembelihle Home

This is an undertaking of the Umtata Child and Family Welfare society and is a place of safety for abandoned and abused children between the ages of two and 14 years. The children are admitted through the Child Protection Unit (CPU) or social workers. The children are cared for while the CPU and social workers complete their investigation. Children are generally returned to their families. The home was started in September 1997 and has since begun to employ a teacher for the children.

Non-governmental organisations: East London

* Advancement of Disadvantaged Project Training Centre

This is a computer-based training centre that was launched by the Anglican Church at Mdantsane in 1995. They offer three-month courses in the fields of administration, financial management and computer skills. They are committed to empowering the disadvantaged unemployed people, especially the youth.

One of their main challenges is being able to secure adequate funding, as overseas funders were beginning to focus on other African countries. Funding from the Department of Labour has been cancelled because of their expectation of 70% placement after training.

* Institute of training and education for capacity building

This organisation was originally an educational NGO whose focus was extended to the broader community with issues such as HIV/AIDS awareness and social development. They assist communities to access grants and are involved in a crime reduction project.

They work closely with the police and Child Protection Forums to reduce crime. They have launched AIDS awareness programmes in schools and at community centres.

Their challenges include the growing unemployment crisis, children who are starving and dying in the former Transkei and the escalation of the AIDS problem.

* Masimanyane Women's Support Centre

This organisation is aimed at the empowering of women. They deal with issues of domestic violence, maintenance and child support, HIV/AIDS awareness and educating and empowering women about their rights.

Besides highlighting the problem with funding, they indicated that they too are experiencing difficulties with regard to the inadequate justice system and court officials who were not taking the issue of maintenance seriously enough. They feel very strongly that the position of women has not improved, and noted that the problem of poverty impacted very strongly on the plight of women.

* Rural Support Services

The Rural Support Services focuses on water, sanitation and health issues. They respond to the needs of the community by trying to get funding for projects. They also assist by setting up projects and programmes around health and hygiene.

They are faced with challenges of lack of access to information about processes and rights. Expectations of the community are very high but the delivery of services is very slow and people tend to get disillusioned. As a development agency, they are experiencing difficulty getting funding and have had to resort to charge consultant's fees for their services.

* East London Family and Children Welfare Society.

There are about 40 organisations that are involved in a social development focus form of welfare. They are forming a platform with which to engage with the government about legislation and policy. They tend to focus on family preservation and social development.

B. Conclusions

- * Welfare and non-governmental organisations are unable to retain staff due to better opportunities in the government. Although subsidies are received regularly, they have not been increased for a few years.

- * Organisations are having increasing difficulty accessing funding as most of it goes directly to government.
- * Organisations need training with regard to business management skills.

C. Recommendations

- * Organisations must be encouraged to look into the idea of extended families when dealing with orphaned children.
- * The funding proposals with regard to subsidies must be re-evaluated. The subsidisation of non-profit organisations and non-governmental organisations must be improved.
- * Lotto funds must become available for organisations to tap into, as many have lost their funding as a result of this process.
- * Government departments at all levels should interact with each other to deal with issues of poverty, infrastructure, water, sanitation and access to grants. Legislation in this regard should be encouraged.
- * Civil society must be encouraged to engage their public representatives on issues of concern to them. This type of interaction should cut across party lines to ensure effective delivery.

6. Poverty relief and departmental pilot projects

A. Findings

Masiphatisane Club

A group of five women decided to fight poverty by starting a sewing project in 1997. They initially started with their own sewing machine and contributed R60 per month to build up capital. After hearing about the government assistance, they successfully applied through the local welfare office. At this stage they were reduced to four members. The initial disbursement was R10 000 in July 1999. This money was used to buy an electric sewing machine, an overlocker and fabric from East London. In March 2000 they were given a second tranche of R12 000.

They are experiencing difficulty with selling their products. They have decided not to use any of the money that they were given by the government, and are attempting to use only the profits of their sales. They are currently not drawing a salary from the business. They are aspiring to sell their products in Butterworth and East London and are hoping to get a contract to produce tracksuits and school uniforms. The local social worker has been monitoring the project and attempting to help them with regard to their business management, but with very little success.

The project is currently being run from the home of one of the women, who gets a small payment to cover the costs of electricity used. There is no real form of security, as members indicate that they trust each other. The chairperson and treasurer are the signatories of the bank account and decisions are made by consensus.

Mhlakulo HIV/Aids home based care project

This project is attached to a clinic outside Tsolo and is a joint integrated project run by the Departments of Social Development and of Health. It was started in June 2000 and has recruited about 55 volunteers. The volunteers were selected from people who worked at the clinic. The project was started after consultation with traditional leaders, faith healers, Unitra and other community members. The volunteers were identified and placed into different categories after a process of screening. The volunteers have been trained in home-based care but still need training in professional foster care. Volunteers interact with the families of the ill and coach them in caring methods. Families are identified as being in need if they meet the requirements set out by the project.

Transnet has donated containers which will be used as offices and counselling centres. They hope to be fully operational by December 2001. Volunteers are given a small transport allowance in order to visit the critically ill and take them to hospital. The project has applied to the national Department for cars in order to conduct home visits. They were relying on NGOs in the area to assist. The project has initiated smaller projects in order to produce an income for the volunteers. They are hoping to give volunteers a small monthly cash payment.

The home-care packs have not been made available yet but they were relying on the clinic to supply them with the necessary resources in this regard. Testing is being done in Umtata and there is often a long waiting period for results. They are hoping to start testing at the project by September 2001.

The project also addresses the plight of children in distress by placing them in foster care. As far as possible, children are placed within their families. The process of placing children gets delayed as a result of some children not having the correct documentation.

Kidds Beach Development Association

This project was established as a non-profit organisation and was given funding of R138 000 by the national Department for a three-month period from March to June 2001. The aim of the project is to help the community by providing home-based care, to help the community access grants, setting up SMMEs and placing orphaned children.

They have formed partnerships with the regional and district offices of the Department of Welfare, the Department of Labour for training, the Department of Home Affairs for identity documents and the Kidds Beach Post Office. The project has trained caregivers from all 35 villages that they service. Monthly reports of their progress have been submitted to the national Department.

The MEC for Welfare, Ms N Kondlo, had some reservations about the project, as she felt that it extended beyond its mandate of home-based care for people with HIV/AIDS. She also indicated that the provincial government had only been informed about the existence of the project two months after it had been set up. She had not seen the business plans or any of the reports that had been submitted on the progress made.

B. Conclusions

- * There seems to be very little monitoring of projects on the ground by the disbursing agency or the national Department.
- * Although applications are handed in to the provincial authorities, the decision lies with the national Department to award funding.
- * The social workers are unsure of their role in the monitoring of poverty relief projects.
- * Members running the projects are not very clear on the objectives of the business plans. Within the poverty relief project, the women were starving themselves in order to succeed.

C. Recommendations

- * Projects must be assessed for viability before being approved. Sufficient time must be spent on the process of evaluating a project before funding is approved.
- * Communities must be given training in developing their business and marketing skills. This type of guidance and education must be ongoing and its effectiveness must be measured.
- * Projects that are approved, must be able to benefit the community and not only enrich a few individuals. They must be designed so that it is able to expand to incorporate more people.
- * The relationship between the disbursing agency, national and provincial governments must be clearly indicated so that each level is aware of its responsibility and there are clear lines of communication between them.
- * The Department must ensure that projects are properly resourced if they are to succeed. The HIV/AIDS

home-based care project's lack of transport makes meeting their objectives extremely difficult.

- * The relationships and co-operation between various government departments such as Home Affairs, Public Works and Social Development must be strengthened in order to assist with the realisation of these projects.
- * Comprehensive mechanisms for monitoring must be put in place, with responsibilities clearly defined.

7. *Welfare Offices*

A. *Findings*

Butterworth District Offices

The district offices are housed in a run-down house that is being rented by the provincial Department of Education for R24 000 a month. The contract expires at the end of August 2001 and they will then share premises with the regional office. The property has not been maintained and there is a clear lack of resources. Files are generally stored on open shelves or in boxes. The cupboards in the kitchen are full of old files that have not been stored properly.

The regional office occupies a small house, which desperately needs to be fixed and renovated. The walls and ceilings are unpainted and the floor tiles are loose in several places, making it dangerous to walk on. The office, which processes applications, is very small, resulting in applicants being forced to wait outside and be exposed to the elements. These offices are slightly better resourced, as there are functioning computers loaded with recent software and they have filing cabinets.

B. *Conclusions*

- * The conditions under which the departmental officials are expected to work, are not conducive to motivating them and thus affecting their productivity.
- * The shortage of resources negatively affects the time it takes to process applications.

C. *Recommendations*

- * The Department of Public works must be urged to renovate and possibly extend the property at the Butterworth regional office.
- * The provincial budget should take into account the better resourcing of regional and district offices.

- * The offices dealing with members of the public must be adequately resourced in order to accommodate the elderly and disabled.

8. Meeting with MEC

The MEC responded to the following issues that were raised:

- * Grant payouts.

There are cases of backpay dating from 1996, when the department ran out of funds and a moratorium was placed on the processing of applications. Some officials, however, continued to accept applications and as result these were not processed. Many of these files have since disappeared. This has become a problem with the new regulation that stipulates that backpay must be backdated to the date of application.

- * Class action court case

The East London court decided that the administrative action has disadvantaged the group of beneficiaries and ordered that they be reinstated. The Department of Welfare has contested the group's status as a class as it comprised of both permanent and temporary disability beneficiaries. The temporary beneficiaries simply had their grant cancelled. The department is in the process of locating some of the permanent beneficiaries in order to reinstate them.

- * Roads

The condition of the roads is terrible but it cannot be solved instantly. The Department of Public Works has an ongoing infrastructure programme. An amount of R140 million has been allocated for the Eastern Cape from the R6 billion that the President has set aside over three years.

- * Cashing of cheques

The shopkeepers who are charging beneficiaries exorbitant amounts for cashing cheques, are not involved in an illegal activity and it is therefore difficult to stop this practice. It is hoped that a decision to change the payment system will occur within the next few months.

- * Social workers

In terms of the disparity between private and state social workers, it is hoped that the subsidy will be increased by next year in order to close the gap.

- * Vehicles

The province has not had any money allocated to it for the last five years for vehicles. The initial amount of R20 million voted for vehicles for the current financial year was reduced to R4 million during the budget review process.

* Welfare forums

The department is in the process of putting together a framework policy document for welfare forums. The legislature has had public hearings on the policy, and it is hoped that it be finalised soon.

* Liaison between provincial and national departments

Although business plans are processed provincially, the decision to award funding is done nationally and funds are deposited directly from the national Department. The province has very little involvement and is not informed about disbursements and monitoring.

* Panels

It has been agreed that panels should be operational by 1 December 2001, but there is a need to identify infrastructure and budgets. Panels are supposed to replace district surgeons.

* Identity documents

There are many identity documents that clash in the province, and in certain cases people are "made" younger than they are. This is a difficult problem to solve—the Department of Home Affairs needs to address these issues.

9. Acknowledgements

The Committee would like to thank:

- * Officials of the regional and district offices in Butterworth, Idutywa, Tsolo, Umtata and East London, for their time and hospitality.
- * NGOs for their frank explanations and discussions about the position they found themselves in.
- * Members of the poverty relief and departmental pilot projects for taking the time to show us the work that they have done.
- * Drivers of Imperial Car Hire for their skill in getting us to the remote areas and back safely.
- * The MEC for taking time out of her busy schedule to talk to the delegation.

2. Report of the Portfolio Committee on Water Affairs and Forestry on Study Tour to Santiago, Chile, dated 17 October 2001:

The Portfolio Committee on Water Affairs and Forestry, having conducted a study tour to Santiago, Chile, reports as follows:

A. Terms of reference

A multiparty delegation undertook the tour from 1 to 8 July 2001, and compiled a report on the experience of Chile with regard to water services management.

The delegation consisted of Ms B P Sonjica (chairperson, ANC), Ms R Ndzanga (ANC), Mr M Masala (ANC), Mr G B D McIntosh (DP), Mr M S M Sibiya (IFP), Ms C Dudley (ACDP) and Mr A B Myeni (Committee Secretary).

The delegation met with the:

1. Ministry of Public Works.
2. National Bureau of Hydraulic Works.
3. Company Management System.
4. Superintendence of Sanitary Services.
5. EMOS (Metropolitan Company of Sanitary Works).
6. United Nations Economic Commission for Latin-America and the Caribbean (ECLAC).
7. Sen Eduardo Frei R-T (Former President of Chile).
8. Municipality of Maipu.
9. Rural Community.

B. Background

1. Amanzi ayimpilo—Water is life. Water is perceived to be a public good, but South Africa is currently facing many challenges in respect of the provision of water services management.
2. Many poor people are unable to pay for water; as a result, the South African government introduced a new policy in February 2000.
3. This policy stipulates that a basic amount of 6 000 liters of clean water per month be provided to each household.
4. The Committee felt that it was helpful to undertake a trip to Chile.

* The key objectives of the study tour to Chile were to gain an international perspective on the Provision of Basic Water Services and Sanitation.

* Observe the interaction amongst spheres of government.

* Observe and evaluate challenges to service providers and national, provincial and local governments, arising from the provision of these services.

* Observe and evaluate Public and Private Sector Partnerships.

* Provide the delegation with an opportunity to visit sites (projects) that provide these services.

1. Water management and service delivery in Chile

(a) Chile has a water code that governs the use of water.

(b) The rights in the water code include water as a national property for use by the public.

- (c) These rights are also protected by the Constitution.
- (d) Legislation is in place to ensure effective, beneficial and equitable use of water.
- (e) Legislation also covers the protection of the resource base in terms of quantity and quality.

2. *Superintendency of sanitary services*

- (a) It is a government agency, whose functions include:
 - * establishing water rights
 - * controlling and planning the utilisation of those rights
 - * investigating and assessing water resources.
- (b) It is part of the Ministry of Public Works under the General Department of Water Resources.
- (c) The SSS is a non-sectoral entity—independent of user sectors—and does not carry out development work.
- (d) The CEO of the SSS is appointed by the President and remains in that position as long as he or she enjoys the confidence of the President.

C. *Privatisation of water in Chile*

1. Privatisation of water services in Chile started in 1999. The decision to privatise water was very difficult and complex.
2. It was observed that the provision of water to communities was becoming expensive for the government, and financial resources were limited. The following was also observed:
 - (a) A lack of coverage in Waste Water Treatment.
 - (b) State resources would be liberated for other priorities
 - (c) Permanent professional development or empowerment.
 - (d) Worldwide management experience.
 - (e) Continuous investigation and development.
3. The government engaged private sector companies from France, the United Kingdom and Spain.
4. Privatisation is twofold:
 - (a) Thirty-year contract.
 - (b) Evergreen contract.
5. There is a national independent regulator, established by the government, to regulate these partnerships and quality continuity of services and to set up tariffs.

6. The government is the biggest shareholder in these partnerships.

The need for regulation is underlined by the fact that water utilities are suppliers of essential and indispensable services to society and industry, and their operation has far-reaching economic and social effects, beyond those typical of most other economic activities.

The Chilean experience has shown that the private sector is reluctant to provide services in rural communities. When Chile privatised its water services, approximately 30% of the workers were laid off. Secondly, workers were appointed for short periods. We also observed that the government has a policy to provide free basic services to the poor.

* MAIPU—the municipality implements the policy and delivers sanitation services to the poorest of the poor.

* Government—through Public Works it negotiates the cancellation of debts owed by people living in extreme poverty.

Municipalities have a wide degree of flexibility in the selection of contractual arrangements for the provision of water supply and sewerage services.

D. Rural communities in Chile

1. They have their own community structure and their members work on a voluntary basis.
2. The government provides funding for infrastructure, while the private sector is not involved in these areas.
3. Households that cannot afford to pay their tariffs, are subsidised.
4. The “enviro-loo” is piloted as an alternative for the provision of sanitation services in rural areas.

E. Summary of findings

1. Chile is a country where treatment of water as an economic good has been undertaken most prominently.
2. Chile has a public and private partnership in respect of the provision of water services.
3. The State is the biggest shareholder, with 44%, and 56% is divided amongst a number of smaller companies.
4. The partnerships are regulated by an independent agency controlled by the government.
5. The poor who live under a certain standard, get free basic services; there is a policy to follow and declare their socio-economic status.
6. People participate in the provision of services in rural/urban areas—they are organised in water users’ organisations.
7. With a view to sanitation, an “enviro-loo” in rural areas is being tested as an alternative.

F. Concluding remarks

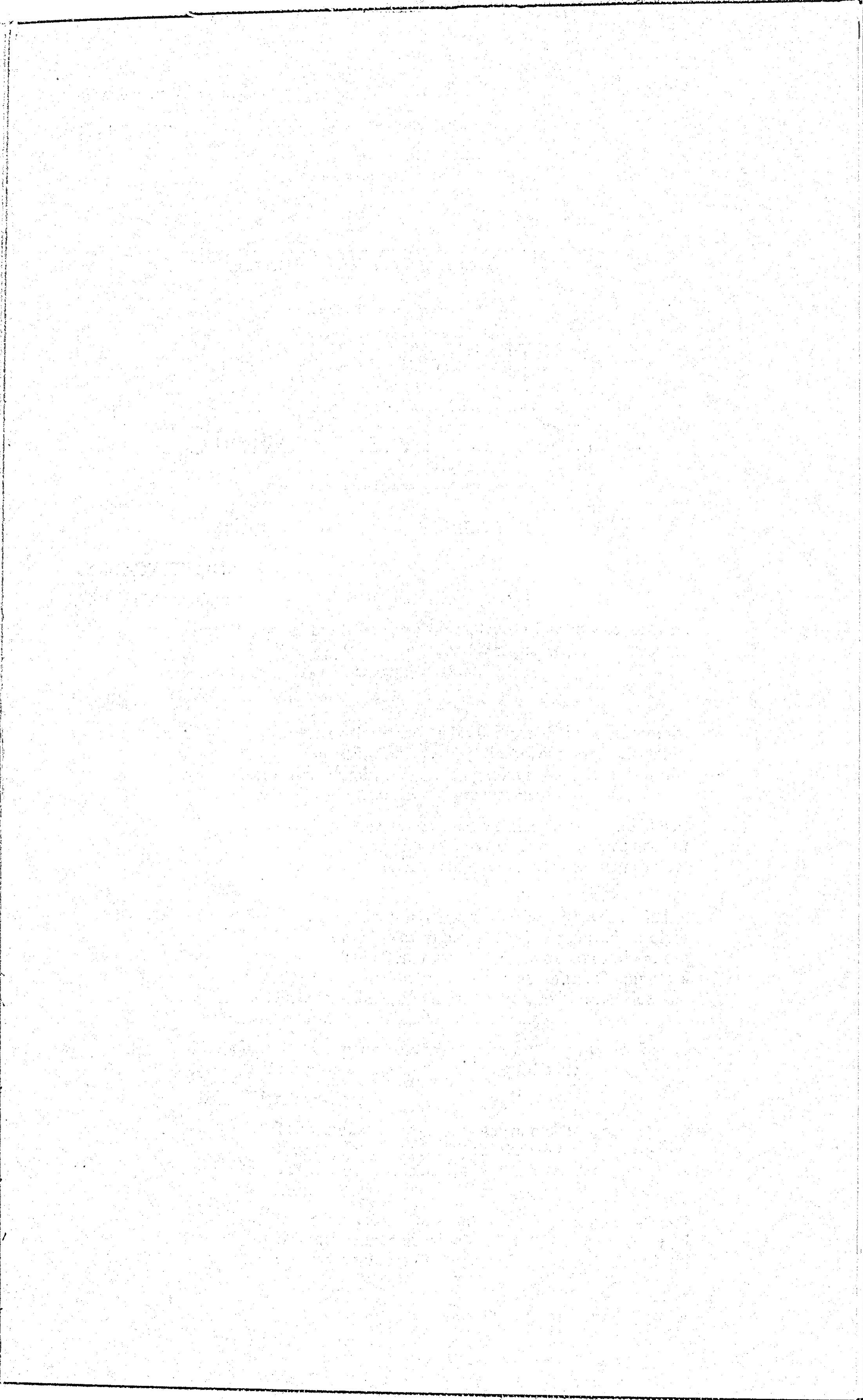
1. Following South Africa's adoption of a new water policy, it has been useful for the Committee to examine the water resources management system in Chile.
2. Water distribution in Chile is characterised by broad private sector involvement, which is reinforced by the Water Code of 1981, whereby market transactions are encouraged to distribute water and sanitation.
3. In the past, the management of multiple water uses was centralised in State hands.
4. Hence, private participation implies changes in respect of the State's role.
5. The State has had to give up some activities and take on others, exercising greater regulatory power and promoting the establishment of more participatory systems for multiple water use management.
6. After the local government elections in South Africa, municipalities have been assigned new roles (previously played by the central government). Many of these are directly related to water management services.

G. Recommendations

1. The Chilean experience in privatising water has shown that there are two policy options open to governments regarding natural monopolies in public utility industries: Public ownership, as has traditionally been the case in most countries, or private ownership, in which case government intervention in the form of regulation is necessary to provide incentives for productive and allocative efficiency, which competition cannot provide in this naturally monopolistic industry.
2. The need for regulation is underlined by the fact that water utilities are suppliers of essential and indispensable services to society and the industry, and their operation has far-reaching economic and social effects, beyond those typical of most other economic activities.
3. The Committee believes that an appropriate regulatory framework must therefore be in place before private sector participation is introduced in the provision of water supply and sewerage services.
4. The Committee would not support evergreen contracts or even 30-year contracts.

H. Acknowledgements

On behalf of the Committee, the delegation would like to thank his Excellency the Ambassador to Chile, Mr Maseko, and the Hon Sen Eduardo Frei R -T (former President of Chile) for their heartwarming welcome and hospitality, support and guidance.



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PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

WEDNESDAY, 12 DECEMBER 2001

COMMITTEE REPORTS:

National Assembly:

1. Fifteenth Report of the Standing Committee on Public Accounts on the *Joint Investigation Report into the Strategic Defence Procurement Packages*, dated 11 December 2001:

A. Introduction

1. In its Fourteenth Report of 2000 to the National Assembly, the Standing Committee on Public Accounts (the Committee) raised certain concerns regarding some aspects of the Strategic Defence Package procurement process.
2. The Committee recommended an independent and expert forensic investigation to, "prove or disprove once and for all", the allegations of corruption relating to the procurement process.
3. The Joint Investigation Report (the Report) was tabled in Parliament on 14 November 2001 and referred to eight Committees. This Report of the Committee must therefore be read in conjunction with the reports of the Committees on Defence, Ethics, Finance, Justice, Public Service and Administration and Trade and Industry.

B. The Committee, having considered the matters in the Report falling within its competence, reports as follows:

1. Joint Investigation Team

- (a) The Committee expresses its appreciation to the Joint Investigation Team (JIT) for the painstaking, diligent and thorough manner in which it had conducted its investigations.
- (b) It further wishes to thank the JIT for the open and cordial manner in which it interacted with this and other committees of Parliament.

- (c) The Committee affirms its confidence in the capacity, integrity and independence of the three agencies involved in the investigation.
- (d) The Committee believes that the manner in which the JIT has conducted itself, has contributed to further strengthening accountability, transparency and respect for the Constitution and the institutions it creates to support democracy.

C. Findings and recommendations

1. The Committee accepts the findings and recommendations contained in the Report of the JIT, in particular the finding that "No evidence was found of any improper or unlawful conduct by the government. The irregularities and improprieties referred to in the findings as contained in this report, point to the conduct of certain officials of the government departments involved and cannot, in our view, be ascribed to the President or the Ministers involved in their capacity as members of the Ministers' Committee or Cabinet. There are therefore no grounds to suggest that the Government's contracting position is flawed".
2. The Committee notes that the government has accepted the findings and recommendations made by the JIT in the Report without reservation.
3. The Committee further notes and supports the ongoing criminal investigations that are being conducted, and urges that they be concluded speedily.
4. The Committee commits itself to monitor, through its ongoing oversight role, the implementation of recommendations falling within its area of competence. In this regard, the Committee wishes to draw particular attention to the following recommendations:
 - (a) With regard to acquisition policy, the Committee notes ACQ1/98, and suggests further refinement in line with the recommendations contained in paragraphs 14.2.1, 14.2.2, 14.2.4, 14.2.9, 14.2.10 and 14.2.11 of the Report.
 - (b) The Department of Defence, Armscor, the National Treasury and the Department of Public Service and Administration (DPSA), in conjunction with the Public Service Commission, should take the necessary steps to develop the rules and guidelines, referred to in paragraph 14.2.12 of the Report, to address the issues brought about by conflicts of interest. The DPSA and the National Treasury should ensure that these rules and guidelines are implemented in acquisition/procurement processes at all government departments and state-funded institutions.
 - (c) In supporting the recommendation contained in paragraph 14.2.15 of the Report, the Committee recommends that the DPSA give consideration to, and explore the development mechanisms to ensure, the

declaration of interests by senior officials of the government and state-funded institutions.

- (d) The Report of the JIT makes mention of instances where officials failed to comply with established guidelines or deviated from prescribed frameworks. The Committee recommends that the conduct of these officials be subjected to internal investigations to establish whether disciplinary action is necessary. The Committee further recommends that the relevant departments should report to Parliament in this regard by March 2002.
- (e) The Department of Trade and Industry should expedite implementation of the recommendations contained in paragraph 14.2.14 of the Report, and should take urgent measures to comply with the recommendation contained in paragraph 14.2.5 of the Report. The Committee further recommends that these measures be extended to all industrial participation offers submitted to the department.
- (f) The Committee further recommends that matters of internal controls, proper financial management and accountability be followed up urgently and implemented by the departments or parastatals concerned. Procurement processes have to be clearly defined and properly implemented. With this in mind, the Committee recommends that the refined policy (as referred to above) should be supported by detailed control measures and procedures, which should give effect to the recommendations made in paragraphs 14.2.3, 14.2.6, 14.2.7, 14.2.8 and 14.2.13 of the Report. The Committee draws attention to the fact that the Public Finance Management Act, 1999, requires Accounting Officers and officials of departments to ensure that proper financial and accountability arrangements are in place, and where these are lacking, they must ensure that appropriate corrective measures are taken as a matter of urgency.

D. Concluding comments

1. The Committee, in accepting the Report of the JIT, concludes one aspect of the process initiated in its Fourteenth Report of 2000.
2. The Committee, together with other committees of Parliament, will now interact, on an ongoing basis, with the relevant departments and parastatals to monitor proper implementation of the recommendations made in the Report of the JIT.
3. Ongoing criminal investigative work is being conducted by the relevant agencies that will report to Parliament in this regard in terms of their legal mandates and through their normal lines of accountability.

4. The Standing Committee on Public Accounts recommends that the National Assembly accept the report of the Joint Investigating Team.

Report to be considered.

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 13 DECEMBER 2001

ANNOUNCEMENTS:

National Assembly and National Council of Provinces:

1. The Speaker and the Chairperson:

(1) Assent by the Acting President of the Republic in respect of the following Bills:

- (i) *Demobilisation Amendment Bill* [B 5B—2001]—Act No 43 of 2001 (assented to and signed by Acting President on 11 December 2001);
- (ii) *Termination of Integration Intake Bill* [B 6B—2001]—Act No 44 of 2001 (assented to and signed by Acting President on 11 December 2001); and
- (iii) *Medical Schemes Amendment Bill* [B 80B—2001]—Act No 55 of 2001 (assented to and signed by Acting President on 11 December 2001).

National Assembly:

1. The Speaker:

The Minister of Finance on 23 November 2001 submitted drafts of the *Development Bank of Southern Africa Amendment Bill, 2001*, and the *Financial Services Ombudschemes Bill, 2001*, as well as the memoranda explaining the objects of the proposed legislation, to the Speaker in terms of Joint Rule 159. The drafts have been referred to the Portfolio Committee on Finance by the Speaker in accordance with Joint Rule 159(2).

2. The Speaker:

- (1) Ms N N Mapisa-Nqakula was appointed as Chief Whip of the Majority Party with effect from 1 December 2001.
- (2) The vacancy which occurred owing to Mr M A Mangena vacating his seat with effect from 30 November 2001, has been

filled with effect from 1 December 2001 by the nomination of Mr P J Nefolovhodwe.

- (3) The vacancy which occurred owing to Mr H A Smit vacating his seat with effect from 5 December 2001, has been filled with effect from 5 December 2001 by the nomination of Mr C B Herandien.
- (4) The vacancy which occurred owing to Adv A H Gaum vacating his seat with effect from 5 December 2001, has been filled with effect from 5 December 2001 by the nomination of Mr P Uys.
- (5) The vacancy which occurred owing to Dr R T Rhoda vacating his seat with effect from 5 December 2001, has been filled with effect from 5 December 2001 by the nomination of Mr C R Redcliffe.
- (6) The vacancy which occurred owing to Mr T L Makunyane vacating his seat, has been filled with effect from 4 December 2001 by the nomination of Ms N F Mathibela.
- (7) The vacancy which occurred owing to Mr I L Maphoto vacating his seat, has been filled with effect from 4 December 2001 by the nomination of Mr M G Phadagi.
- (8) Mr G E Baloi will vacate his seat with effect from 1 January 2002 and his seat will be filled with effect from 1 January 2002 by the nomination of Ms M A Seeco.
- (9) Ms N E Hangana vacated her seat with effect from 7 December 2001.

National Council of Provinces:

1. The Chairperson:

The vacancy in the representation of the Province of the Western Cape, which occurred owing to the resignation of Ms J Witbooi with effect from 4 December 2001, has been filled with effect from 5 December 2001 by the appointment of Dr A E van Zyl.

2. The Chairperson:

The following papers have been tabled and are now referred to the relevant committees as mentioned below:

(1) **The following papers are referred to the Select Committee on Public Services:**

- (a) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Kingdom of Sweden, tabled in terms of section 231(3) of the Constitution, 1996.
- (b) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Kingdom of Denmark, tabled in terms of section 231(3) of the Constitution, 1996.
- (c) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Kingdom of Norway, tabled in terms of section 231(3) of the Constitution, 1996.

- (d) Agreement between the Government of the Republic of South Africa and the Government of the United Arab Emirates for Air Services between and beyond their respective territories, tabled in terms of section 231(3) of the Constitution, 1996.
- (e) Agreement between the Government of the Republic of South Africa and the Government of the People's Republic of China relating to Civil Air Transport, tabled in terms of section 231(3) of the Constitution, 1996.
- (f) Air Transport Agreement between the Government of the Republic of South Africa and the Government of the Islamic Republic of Iran, tabled in terms of section 231(3) of the Constitution, 1996.
- (g) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Republic of Cuba, tabled in terms of section 231(3) of the Constitution, 1996.
- (h) Agreement between the Government of the Republic of South Africa and the Government of the Hong Kong Special Administrative Region of the People's Republic of China concerning Air Services, tabled in terms of section 231(3) of the Constitution, 1996.
- (i) Bilateral Air Service Agreement between the Government of the Republic of South Africa and the Government of the Republic of Yemen, tabled in terms of section 231(3) of the Constitution, 1996.

(2) **The following paper is referred to the Select Committee on Land and Environmental Affairs:**

Report and Financial Statements of the Land Bank for 2000, including the Report of the Auditor-General on the Financial Statements for 2000.

TABLINGS:

National Assembly and National Council of Provinces:

Papers:

1. The Speaker and the Chairperson:

Report of the Auditor-General on the Financial Statements of the Reinsurance Fund for Export Credit and Foreign Investments for 2000-2001 [RP 194-2001].

2. The Minister of Arts, Culture, Science and Technology:

(1) Report and Financial Statements of the South African Heritage Resources Agency for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001.

(2) Report and Financial Statements of the National Film and Video Foundation for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 196-2001].

(3) Report of the National Advisory Council on Innovation for 2000-2001.

3. The Minister of Public Enterprises:
 - (1) Report and Financial Statements of South African Forestry Company Limited for 1998-99.
 - (2) Report and Financial Statements of South African Forestry Company Limited for 1999-2000.
4. The Minister of Trade and Industry:
Report and Financial Statements of the Industrial Development Corporation of South Africa Limited for 2000-2001.
5. The Minister for the Public Service and Administration:
Report and Financial Statements of State Information Technology Agency for 2000-2001, including the Report of the Auditor-General on the Financial Statements for 2000-2001 [RP 127-2001].

COMMITTEE REPORTS:

National Assembly and National Council of Provinces:

1. Report of the Constitutional Review Committee, dated 14 November 2001:

The Constitutional Review Committee reports as follows:

1. As a result of a very full parliamentary programme and members' many other duties and commitments, the Committee met only three times. The subgroup, whose task it was to consider the submissions received and to plan the Constitutional Literacy Campaign, met twice only. The result was that the Committee did not have the time to consider the submissions it had received, as it would have liked to.
2. The Committee received 328 submissions. Because no due date had been indicated in the advertisement, submissions were received throughout the year.
3. Issues raised in the submissions included the following, in order of numbers:
 - (a) Right to possess, bear and use firearms.
 - (b) Death penalty.
 - (c) Rule of Law and fitting punishment for criminals.
 - (d) Electoral system.
 - (e) Chapter Nine bodies—appointment of members, size, performance and efficacy.
 - (f) Multilingualism.
 - (g) Rights and powers of local, traditional and indigenous leaders.
 - (h) Bill of Rights.
 - (i) Accountability of public representatives.
 - (j) Separation of powers.
4. It was apparent from the submissions received that most members of the public did not have a clear understanding of what

should be enshrined in the Constitution, and what should be provided for in legislation. The Committee was very aware of this fact, and tasked its subgroup to investigate the possibility to initiate a Constitutional Literacy Campaign, to be run country-wide, before the next general election.

5. The Committee realised that, when formulating advertisements in future, it would be wise to focus on certain issues each year, without precluding submissions from the public on general issues. Political parties should submit representations on constitutional matters which they regard in need of attention.
6. The Committee is of the view that there is a need to clarify its role in relation to other parliamentary committees, which propose and effect amendments to the Constitution. The Committee further deems it desirable that all envisaged amendments to the Constitution also be referred to it for input. The Committee deems it important that there should be a clear understanding among parliamentary committees about their individual functions and powers. This matter needs to be pursued in 2002.

Report to be considered.

National Assembly:

1. **Report of the Portfolio Committee on Public Enterprises on Report of *Ad Hoc* Committee on Report 13 of Public Protector, dated 3 October 2001:**

A. Preamble

The government has a significant investment in State-owned enterprises (SOEs), some of which are of a significantly strategic nature. Shareholding and corporate governance matters in these enterprises are critical for the government, especially in the global and competitive environment in which these entities operate. It is essential for the government to develop a focused approach in managing its shareholding portfolio in a consistent manner for it to realise maximum value on its investment.

Report 13 of the Public Protector, as contained in the Report of the *Ad Hoc* Committee's Report, which is the subject matter of this Report to the House, highlights pertinent corporate governance issues which demand urgent government attention.

The government's approach to corporate governance is reflected in the protocol on corporate governance for public entities, published in October 1997. This protocol encapsulates global and international corporate governance principles consolidated in the King Report of 1994. The intention of government in adopting the protocol was to provide for an appropriate corporate governance framework to be applicable within all SOEs, entities, bodies and organs. What the protocol did not accomplish, however, was the operationalisation and compliance mechanisms of the principles contained therein. Equally, the protocol does not provide a vehicle for a uniform, consistent, co-ordinated and non-fragmented approach towards the management of government shareholding interest in SOEs. The direct consequence of this deficiency in the protocol is the divergent approach by different government shareholding departments in the implementation of corporate governance principles and management of

shareholding matters. Whilst the Public Protector's Report highlights corporate governance shortcomings within a specific context of the CEF and SFF, in essence it calls for remedial actions on the part of government to avoid a recurrence of these and of some of the corporate governance transgressions within the general body of SOEs. The purpose of this Report therefore is to attempt to address the questions the Public Protector's Report poses.

B. Purpose

The purpose of this Report is to report to National Assembly on the following:

1. Issues of corporate governance in State-owned enterprises.
2. An integrated approach to the management of the State shareholding in State-owned enterprises.
3. To respond within a broad framework to questions arising from the Public Protector's Report and possible responses thereto.

C. Background

The need for this Report arises from a report referred to our Committee by the *Ad Hoc* Committee on Report 13 of the Public Protector, indicating corporate governance breaches and requiring that these be addressed. In view of that Report, this Committee was entrusted with a responsibility to consider certain matters and report to the National Assembly.

D. Summary

The current situation is that shareholding in the SOEs is located in different government departments, and that governance matters are handled in a diverse, varied and fragmented manner from department to department. This leads to uncertainties in both SOEs and the departments themselves, and ultimately results in difficulties in managing governance issues. The fragmented approach in handling governance matters is also experienced with other public entities at national and provincial level. To this end, some of the responsible departments at all levels of government, it is submitted, have not even had sight of the Protocol on Corporate Governance.

E. Discussion

Report 13 of the Public Protector and the *Ad Hoc* Committee's subsequent Report clearly indicate the following issues relating to Corporate Governance within the SOEs, public entities and government:

1. The need for a board with a balance of Executive and non-executive directors (refer to point 9, page 153, of that Report). The Report also indicates that reference should be

made to the King Report on Corporate Governance for guidance in addressing these matters.

2. The Report indicates a need for a uniform approach when addressing corporate governance matters within the government. It indicates that ... "the State Institutions should form the model for good Corporate Governance" (point 10, page 153, of the Report).

The Report imposes an obligation on those entrusted with the custodianship of State assets to manage those in a manner that is in compliance with the principles of corporate governance as espoused in the Corporate Governance Protocol for use in Public Entities, published in October 1997.

These principles include:

- (a) Criteria for the appointment of boards, such as appointments, remuneration, accountability, ethics, probity and overall performance of the board and public entities.
- (b) Roles of shareholders in relation to clarifying the multifaceted roles of the Government as a shareholder. This includes clarifying reporting by public entities to the respective government departments.
- (c) Financial reporting, transparency and auditing, both internal and external. Financial reporting presupposes having proper business plans, strategic plans and restructuring plans. Financial reporting also includes a report on tax, dividends, recapitalisation and other financial matters.
- (d) Communication and participation by all stakeholders.
- (e) Technology, risk management and fraud detection plans.
- (f) Compliance with instruments of good governance, which include legislation, memoranda and Articles of Association, the Protocol on Corporate Governance, Shareholder Compacts, Internal Business Policies and Procedures.

In giving effect to the Protocol and the Treasury Regulations, shareholder compacts have been developed for use in the SOEs. The shareholder compact is an annual performance agreement entered into between the boards and the shareholder. It seeks to clarify the roles and responsibilities of the parties and to set the performance targets to be attained by SOEs annually in an attempt to achieve long-term targets set out in corporate plans. If the objectives and goals are set out in the shareholder compacts and their supporting documents, as well as in the corporate plans, it is anticipated that there could be real maximisation of the shareholder value, as envisaged in the Restructuring Policy Framework of Government.

F. Recommendations

In the light of the above, the House is requested to consider the following recommendations as a way forward in handling the State's shareholding and governance matters:

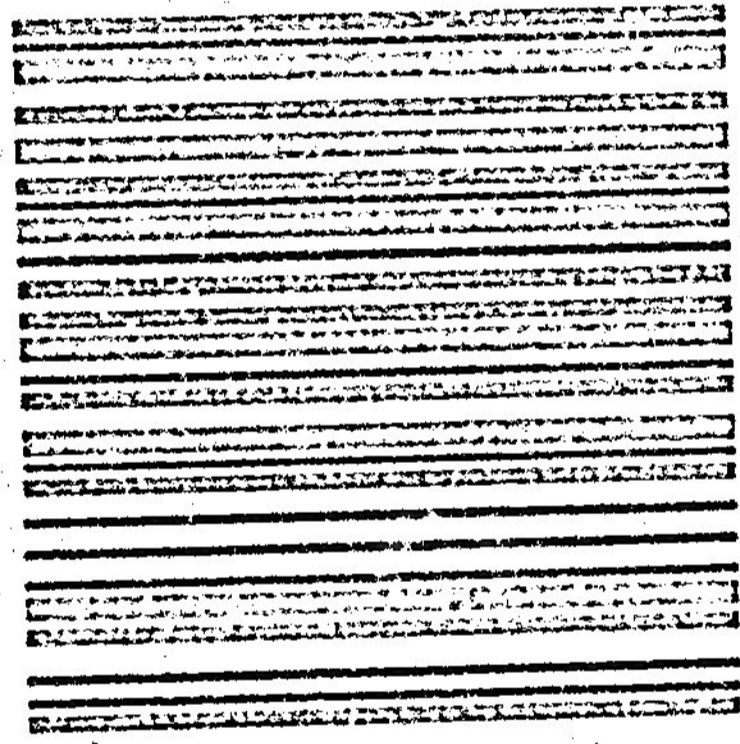
1. That government departments entrusted with responsibility of managing shareholder matters, attend to these matters in a uniform manner. This can be achieved by adopting the same processes in implementing the principles on corporate governance as reflected in the Protocol, the King Report and in paragraph E above. There has to be strict compliance with these policies as soon as they are adopted. This will assist in eliminating the fragmented approach in handling corporate governance matters.
2. The shareholding of SOEs should be handled in a manner that allows for growth and prosperity, by defining the mandate of SOEs and allowing the management to give SOEs strategic direction that will maximise their potential in business. This can be achieved by removing the uncertainties that the management of SOEs encounter on a regular basis. These uncertainties generally arise from the multifaceted role of government as a shareholder, regulator and stakeholder through various departments and at times one department performing most, if not all, of these roles.
3. A shareholding model will have to be considered by the government. This model will assist the government in addressing the fragmentation and unco-ordinated approach in handling the shareholding issues.
4. While the government is restructuring its SOEs, it is understood that this is done to achieve maximum efficiencies. It has, however, to be understood that whatever asset has not been restructured such asset, should also attain the same level of efficiency. This can be achieved where all these assets are managed through one system of shareholding, which will consider the investment possibilities and a full realisation of the shareholder value.

Various models exist in various countries, where they are being used successfully. In Ghana, for example, a Commission called the State Enterprises Commission is responsible for all state businesses and manages government shareholding therein. In Singapore, a "Holding Company Model" known as Temasek is the shareholding company used, whilst in Australia the Treasury and the Auditor-General's Office are used to manage government shareholding. In New Zealand the vehicle used is known as the Crown Company Monitoring and Advisory Unit. India has a model akin to our Department of Public Enterprises as a vehicle for managing all State-owned Enterprises' shareholding interests. These models have to be investigated further with a view to finding a model that will be able to address the South African socio-economic requirements.

5. In the meantime, extensive workshops for departments, provinces and even Parliament are necessary to enhance the level of awareness and to entrench a culture of good governance, both in government and in business. These workshops should also aim at clarifying the responsibilities of the government as a sole or major shareholder, and how it relates to other shareholders where it is not the sole shareholder. The workshops should also be extended to all public entities, popularising good governance ethos within the entities.
6. Those departments that have made significant progress in developing a culture of corporate governance, should take a lead in driving these issues to avoid reinventing the wheel, whilst others need to be fully capacitated to address these issues as a matter of urgency.
7. Some systems are already in place and others are being developed to ensure that shareholding of governance matters are given effect to. These systems include the database of all Public Entities, the database of non-executive directors, board appointments and remuneration policies and board selection processes (including the induction, training and monitoring of performance of board members). There is always a scope for learning as the processes unfold, and departments can learn from each other and can improve on what has been done.
8. Parliament should take a keen interest and play an active role in promoting corporate governance. In this regard, a Parliamentary Committee on Corporate Governance could be established. Such a step will contribute significantly in the development of a culture of corporate governance in the country and in line with international trends, namely the promotion of the role of Parliament in corporate governance.

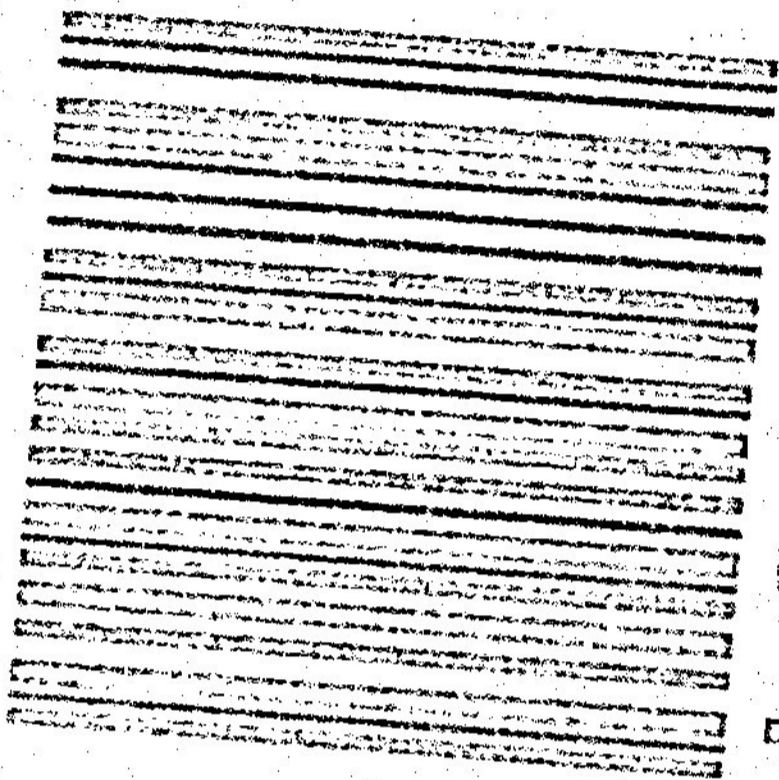
Report to be considered.

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