No 14—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

EXTENDED PUBLIC COMMITTEES

OF

NATIONAL ASSEMBLY

THURSDAY, 6 NOVEMBER 1997

1. Members of the Extended Public Committee met in the Chamber of the National Assembly at 14:15.
2. The Chairperson of Committes, as Chairperson, took the Chair.
3. FIRST ORDER [14:18]

   Second Reading debate—*Criminal Law Amendment Bill* [B 46B—97] (National Assembly—sec 75).

   BUSINESS SUSPENDED AT 15:27 AND RESUMED AT 15:34.

   Debate concluded.
4. Precedence given to Order No 5.
5. FIFTH ORDER [16:05]

   Second Reading debate—*Criminal Procedure Second Amendment Bill* [B 84 and 84A—97] (National Assembly—sec 75).

   Debate concluded.
6. SECOND ORDER [17:25]

   Second Reading debate—*Natural Fathers of Children Born out of Wedlock Bill* [B 68B—97] (National Assembly—sec 75).

   Debate concluded.
7. THIRD ORDER [18:06]

   Second Reading debate—*Magistrates' Courts Amendment Bill* [B 43B—97] (National Assembly—sec 75).

   Debate concluded.

8. FOURTH ORDER [18:16]

   Second Reading debate—*Magistrates' Courts Second Amendment Bill* [B 77B—97] (National Assembly—sec 75).

   Debate concluded.

9. SIXTH ORDER [18:23]

   Second Reading debate—*Promotion of National Unity and Reconciliation Second Amendment Bill* [B 109—97] (National Assembly—sec 75).

   Debate concluded.

10. The Committee rose at 19:46.

S G MFENYANA,

Secretary to Parliament.

No 15—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

EXTENDED PUBLIC COMMITTEES

OF

NATIONAL ASSEMBLY

THURSDAY, 6 NOVEMBER 1997

1. Members of the Extended Public Committee met in Committee Room E249 at 14:22.

2. The Deputy Chairperson of Committees, as Chairperson, took the Chair and requested members to observe a moment of silence for prayers or meditation.

3. FIRST ORDER [14:23]

   Second Reading debate—*Intergovernmental Fiscal Relations Bill* [B 106B—97] (National Assembly—sec 76).

   Debate concluded.

4. SECOND ORDER [14:23]

   Second Reading debate—*Financial and Fiscal Commission Bill* [B 104B—97] (National Assembly—sec 76).

   Debate concluded.

5. THIRD ORDER [14:23]

   Second Reading debate—*Revenue Funds Interim Arrangements Bill* [B 103B—97] (National Assembly—sec 76).

   Debate concluded.

6. FOURTH ORDER [14:23]

   Second Reading debate—*Pension Funds Amendment Bill* [B 86B—97] (National Assembly—sec 75).

   Debate concluded.

7. FIFTH ORDER [14:23]

   Second Reading debate—*Financial and Fiscal Commission 1993 Constitutional Provisions Repeal Bill* [B 105—97] (National Assembly—sec 75).

   Debate concluded.

8. SIXTH ORDER [14:23]

   Second Reading debate—*Local Authorities Loans Fund Acts Repeal Bill* [B 96—97] (National Assembly—sec 75).

   Debate concluded.

9. The Committee rose at 16:18.

S G MFENYANA,

Secretary to Parliament.

No 16—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

EXTENDED PUBLIC COMMITTEES

OF

NATIONAL ASSEMBLY

THURSDAY, 6 NOVEMBER 1997

1. Members of the Extended Public Committee met in Committee Room E249 at 16:19.

2. The Deputy Chairperson of Committees, as Chairperson, took the Chair.

3. FIRST ORDER [16:19]

   Second Reading debate—*Correctional Services Amendment Bill* [B 99B—97] (National Assembly—sec 75).

   Debate concluded.

4. The Committee rose at 17:12.

S G MFENYANA,

Secretary to Parliament.

No 117—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 6 NOVEMBER 1997

ANNOUNCEMENTS:

National Council of Provinces:

1. The Chairperson:

In terms of Rule 1 of the Preliminary Rules of the National Council of Provinces, read with Rule 52(1)*(c)* of the Standing Rules of the Senate, the Chairperson of the National Council of Provinces, on 5 November 1997, referred the request for approval by Parliament, in terms of section 231(2) of the Constitution, of the *Agreement in respect of co-operation and mutual assistance in the field of crime combating, signed on 1 October 1997 for and on behalf of the Governments of Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe* to the Select Committee on Security and Justice, the committee to have power to confer with the Portfolio Committee on Safety and Security of the National Assembly.

2. The Chairperson:

Message from National Assembly to National Council of Provinces:

Bills passed by National Assembly on 6 November 1997 and transmitted for concurrence:

(1) *Magistrates' Courts Amendment Bill* [B 43B—97] (National Assembly—sec 75)—(Select Committee on Security and Justice—National Council of Provinces).

(2) *Criminal Law Amendment Bill* [B 46B—97] (National Assembly—sec 75)—(Select Committee on Security and Justice—National Council of Provinces).

(3) *Natural Fathers of Children born out of Wedlock Bill* [B 68B—97] (National Assembly—sec 75)—(Select Committee on Security and Justice—National Council of Provinces).

(4) *Magistrates' Courts Second Amendment Bill* [B 77B—97] (National Assembly—sec 75)—(Select Committee on Security and Justice—National Council of Provinces).

(5) *Criminal Procedure Second Amendment Bill* [B 84B—97] (National Assembly—sec 75)—(Select Committee on Security and Justice—National Council of Provinces).

(6) *Pension Funds Amendment Bill* [B 86B—97] (National Assembly—sec 75)—(Select Committee on Finance—National Council of Provinces).

(7) *Explosives Amendment Bill* [B 91—97] (National Assembly—sec 75)—(Select Committee on Security and Justice—National Council of Provinces).

(8) *Local Authorities Loans Fund Acts Repeal Bill* [B 96—97] (National Assembly—sec 75)—(Select Committee on Finance—National Council of Provinces).

(9) *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75)—(Select Committee on Labour and Public Enterprises—National Council of Provinces).

(10) *Correctional Services Amendment Bill* [B 99B—97] (National Assembly—sec 75)—(Select Committee on Security and Justice—National Council of Provinces).

(11) *Revenue Funds Interim Arrangements Bill* [B 103B—97] (National Assembly—sec 76(1))—(Select Committee on Finance—National Council of Provinces).

(12) *Financial and Fiscal Commission Bill* [B 104B—97] (National Assembly—sec 76(1))—(Select Committee on Finance—National Council of Provinces).

(13) *Financial and Fiscal Commission 1993 Constitutional Provisions Repeal Bill* [B 105—97] (National Assembly—sec 75)—(Select Committee on Finance—National Council of Provinces).

(14) *Intergovernmental Fiscal Relations Bill* [B 106B—97]—(National Assembly—sec 75)—(Select Committee on Finance—National Council of Provinces).

(15) *Promotion of National Unity and Reconciliation Second Amendment Bill* [B 109—97] (National Assembly—sec 75)—(Select Committee on Security and Justice—National Council of Provinces).

(16) *Independent Commission for the Remuneration of Public Office-bearers Bill* [B 112B—97] (National Assembly—sec 76(1))—(Select Committee on Constitutional Affairs and Public Administration—National Council of Provinces).

TABLINGS:

National Assembly and National Council of Provinces:

Petitions:

1. The Speaker:

(1) Petition from J J van Dyk of Cape Town, formerly in the employ of the South African Police, praying for an increase in his pension—(Presented by Mr P K O'Malley).

(2) Petition from H E Liebenberg of Cape Town, praying for a widow's pension—(Presented by Mr K M Andrew).

Referred to the Portfolio Committee on Private Members' Legislative Proposals and Petitions.

Papers:

1. The Speaker and the Chairperson:

(1) Report of the Auditor-General on the Health Donations Fund for 1996-97 [RP 139—97].

Referred to the Standing Committee on Public Accounts.

2. The Minister of Trade and Industry:

(1) Report of the Department of Trade and Industry for 1996-97.

(2) Export Incentives Scheme of the Department of Trade and Industry (Directorate Financial Assistance Schemes)—August 1997.

(3) Incentive Schemes of the Department of Trade and Industry—August 1997.

(4) Report of Khula Enterprise Finance, Limited, for 1997.

(5) A Guide to Exporting for Small, Medium and Micro Enterprises.

(6) Potential Small Business Partners in South Africa.

(7) Report of the Estate Agents Board for 1996.

(8) Financial Statements of the Estate Agents Board for 1996.

(9) Reports Nos 49, 50, 51, 52, 53, 54 and 56 of the Business Practice Committee.

3. The Minister of Environmental Affairs and Tourism:

(1) List relating to Government Notice—24 October 1997.

4. The Minister of Minerals and Energy:

(1) Report of the Atomic Energy Corporation for 1997.

COMMITTEE REPORTS:

National Assembly:

1. Report of the Portfolio Committee on Labour on the *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75), dated 6 November 1997, as follows:

The Portfolio Committee on Labour, having considered amendments to the *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75), recommitted to it, wishes to report that it has rejected the amendments.

2. Report of the *Ad hoc* Committee on Allegations by Mrs P de Lille, dated 6 November 1997, as follows:

The *Ad hoc* Committee on Allegations by Mrs P de Lille, in accordance with the resolution adopted by the House on 27 October 1997 that the Committee report within seven days of its appointment, reports as follows:

> At its meeting on 6 November, the Committee unanimously resolved to recommend to the House that the period for submission of its final report to the House be extended to the next sitting day of the House.

National Council of Provinces:

1. Report of the Select Committee on Constitutional Affairs and Public Administration on the *Public Service Laws Second Amendment Bill* [B 111—97] (National Assembly—sec 75), dated 6 November 1997, as follows:

> The Select Committee on Constitutional Affairs and Public Administration, having considered the subject of the *Public Service Laws Second Amendment Bill* [B 111—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

No 73—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

NATIONAL ASSEMBLY

THURSDAY, 6 NOVEMBER 1997

1.. The House met at 19:55.

2. The Speaker took the Chair.

3. The Speaker made the following announcement:

"Order! The House resolved on 27 October 1997 to appoint an *ad hoc* committee to report to the House, within seven days of its appointment, on the conduct of Mrs P de Lille.

I have been requested to provide an opportunity for the *ad hoc* committee to report as required by resolution of the House.

I will accordingly allow the Chairperson of the Committee to report to the House after the other Orders of the Day have been dealt with."

4. The Minister for the Public Service and Administration,(for the Minister for Safety and Security), moved: That the request for approval by Parliament, in terms of section 231(2) of the Constitution, of the *Agreement in respect of co-operation and mutual assistance in the field of crime combating, signed on 1 October 1997 for and on behalf of the Governments of Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe* be referred to the Portfolio Committee on Safety and Security, the committee to have power to confer with the Select Committee on Security and Justice of the National Council of Provinces.

Agreed to.

5. The Chief Whip of the Majority Party moved: That, in accordance with section 193(5)*(a)* of the Constitution, the House appoints an *ad hoc* committee consisting of 11 members to nominate persons to fill the vacancies on the Commission for Gender Equality, the committee to take into consideration the list of candidates proposed by interested parties which will be referred to the committee.

Agreed to.

6. The Chief Whip of the Majority Party moved: That the House designates the following members of the National Assembly to become members of

the Magistrates Commission, in terms of section 3(1)*(a)*(x) of the Magistrates Act, 1993, as soon as the Magistrates Amendment Act, 1996 (Act No 35 of 1996), comes into operation:

Bakker, D M
Hofmeyr, W A
Jana, D P
Van der Merwe, J H.

Agreed to.

7. The Chief Whip of the Majority Party moved: That the following members be designated to represent Parliament in the Southern African Development Community Parliamentary Forum in terms of Article 6(3) of the constitution of the said Forum:

Bhengu, M J
Geldenhuys, B L
Thabethe, E.

Agreed to.

8. Mr D H M Gibson moved: That, in the light of the withdrawal and apology by the Minister of Minerals and Energy, Mr P M Maduna, the House hereby rescinds its decision of 31 October 1997 to appoint an *ad hoc* committee to investigate allegations by Mr Maduna against the Mr J A Jordaan, MP.

Agreed to.

9. FIRST ORDER [20:06]

Decision of Question on Second Reading—*Criminal Law Amendment Bill* [B 46B—97]—(National Assembly—sec 75).

Question agreed to.

Bill read a second time. (African Christian Democratic Party dissenting).

10. SECOND ORDER [20:07]

Consideration of Report of Portfolio Committee on Justice on *Criminal Law Amendment Bill* [B 46B—97] (National Assembly—sec 75) (Announcements, Tablings and Committee Reports, p 749).

Order disposed of without debate.

Report adopted.

11. THIRD ORDER [20:08]

Decision of Question on Second Reading—*Natural Fathers of Children born out of Wedlock Bill* [B 68B—97]—(National Assembly—sec 75).

Question agreed to.

Bill read a second time.

12. FOURTH ORDER [20:08]

Consideration of Report of Portfolio Committee on Justice on *Natural Fathers of Children Born out of Wedlock Bill* [B 68B—97] (National Assembly—sec 75) (Announcements, Tablings and Committee Reports, p 754).

Order disposed of without debate.

Report adopted.

13. FIFTH ORDER [20:09]

Decision of Question on Second Reading—*Magistrates' Courts Amendment Bill* [B 43B—97]—(National Assembly—sec 75).

Question agreed to.

Bill read a second time.

14. SIXTH ORDER [20:10]

Consideration of Report of Portfolio Committee on Justice on *Magistrates' Courts Amendment Bill* [B 43B—97] (National Assembly—sec 75) (Announcements, Tablings and Committee Reports, p 749).

Order disposed of without debate.

Report adopted.

15. SEVENTH ORDER [20:10]

Decision of Question on Second Reading—*Magistrates' Courts Second Amendment Bill* [B 77B—97]—(National Assembly—sec 75).

Question agreed to.

Bill read a second time.

16. EIGHTH ORDER [20:10]

Consideration of Report of Portfolio Committee on Justice on *Magistrates' Courts Second Amendment Bill* [B 77B—97] (National Assembly—sec 75) (Announcements, Tablings and Committee Reports, p 753).

Order disposed of without debate.

Report adopted.

17. NINTH ORDER [20:11]

Decision of Question on Second Reading—*Criminal Procedure Second Amendment Bill* [B 84 and 84A—97]—(National Assembly—sec 75).

Question agreed to.

Bill read a second time.

18. TENTH ORDER [20:11]

Consideration of Report of Portfolio Committee on Justice on *Criminal Procedure Second Amendment Bill* [B 84 and 84A-97] (National Assembly—sec 75) (Announcements, Tablings and Committee Reports, p 756).

Order disposed of without debate.

Report adopted.

19. ELEVENTH ORDER [20:11]

Decision of Question on Second Reading—*Promotion of National Unity and Reconciliation Second Amendment Bill* [B 109—97]—(National Assembly—sec 75).

Question put: That the Bill be now read a second time.

Division demanded.

The House divided:

AYES—240: Abrahams, L A; Andrew, K M; Arendse, J D; Balfour, B M; Baloyi, S F; Bam, N J; Belot, S T; Bengu, S M E; Benjamin, J; Bhengu, F; Bhengu, M J; Biyela, B P; Biyela, N T; Bloem, D V; Booi, M S; Botha, N G W; Bunting, B P; Carrim, Y I; Cassim, M F; Chalmers, J; Chauke, P; Chiba, L; Chikane, M M; Chohan, F; Coetzee, M P; Cronjé, P C; Dalling, D J; Davies, R H; De Lange, J H; De Lille, P; Dexter, P D; Diale, L N; Dlamini, B O; Dlulelane, B; Du Toit, D C; Duna, M W; Ebrahim, E I; Eglin, C W; Ellis, M J; Fani, L M; Feinstein, A; Ferreira, E T; Fihla, N B; Fraser-Moleketi, G J; Gamndana, T; Gandhi, E; Gcina, C I; George, M E; Gibson, D H M; Gillwald, C E; Gininda, M S; Goniwe, T M; Goosen, A D; Gordhan, P J; Govender, P; Green, L M; Gumede, D M; Gxowa, N B; Hanekom, D A; Hangana, N E; Hani, L; Hendrickse, P A C; Hlangwana, N L; Hlengwa, M W; Hofmeyr, W A; Hogan, B A; Holomisa, S P; Jana, D P; Jordaan, J A; Jordan, P; Kati, J Z; Kekana, N N; Kgositsile, B; Khasu, M J; Khoza, T S; Kondlo, N; Kota, Z A; Landers, L T; Langa, Z; Leeuw, S J; Lekgoro, M K; Leon, A J; Ligege, M G; Lockey, D; Loots, H G; Louw, S K; Lucas, E J; Mabudafhasi, R T; Mabude, N; Mabuza, M C; Madikizela, P; Mafolo, M T; Magashule, E S; Mahlangu, G L; Mahlangu, M J; Mahlangu, N J; Mahomed, F; Maine, M S; Makume, N J; Makwetla, S P; Maloney, L; Malumise, M M; Manie, M S; Marcus, G; Marivate, C T D; Marsh, D W; Marshoff, F B; Martins, B A D; Masala, M M; Mashimbye, J N; Mathebe, P; Matosa, P Z; Maunye, M M; Mayimele, H W; Mboweni, T T; Mbuyazi, L R; Mdladlana, M M S; Mentz, J H W; Meshoe, K R; Mfono, N B; Mgidi, J S; Mkhatshwa, S; Mkhize, B R; Mlangeni, A; Mncwango, M A; Mnguni, L L A; Moatshe, P; Modise, T R; Modisenyane, L J; Moeti, S E; Mohamed, I J; Mohlamonyane, G M; Mokaba, P R; Mokgalong, M R V; Mokoena, D A; Mokoena, M L; Molekane, R S; Molewa, B G; Momberg, J H; Montsitsi, S D; Mpahlwa, M B; Mpehle, M; Mthembi-Mahanyele, S D; Mtsweni, N S; Muendane, N M; Mushwana, G M; Myakayaka-Manzini, Y L; Mzimela, S E; Mzizi, M A; Naidoo, E I; Naidoo, J; Nair, B; Nash, J H; Ncube, N Z; Ndawonde, D; Ndlovu, V B; Ndou, J A; Ndou, R S; Neerahoo, H M; Nel, A C; Netshimbupfe, M A; Ngubane, H; Ngwane, L B; Nhlanhla, J M; Nhleko, N P; Njobe, M A A; Nkomo, S A; Nkosi, D M; Ntaopane, T E; Nwedamutswu, M J; Nxumalo, S D; Nzimande, B E; Nzimande, B M; Nzo, A B; O'Malley, P K R; Olifant, D A A; Oliphant, G G; Oliphant, R; Omar, A M; Pandor, G N M; Phakathi, N E; Phohlela, S; Rabinowitz, R; Ramabulana, V E; Ramgobin, M; Ratshitanga, R; Richards, I; Ripinga, S S; Rockman, G; Routledge, N C; Saloojee, C; Seaton, S A; Sekgobela, P S; Seperepere, M S; September, R K; Shabangu, S; Shilubana, T P; Shope, N G; Sigcawu, A N; Sikakane, M R; Singh, H K; Singh, L; Sisulu, L; Sisulu, M V; Sisulu, N A; Skosana, W M; Skosane, B M; Skweyiya, Z S T; Slabbert, J H; Smuts, M; Sonjica, B P; Sosibo, J E; Thabethe, E; Thomson, B; Tiry, M; Tolo, L J; Tsenoli, S L; Tshabalala, M E; Tsheole, N M; Tshwete, S V; Turok, B; Turok, M E; Twala, N W; Vadi, I; Van den Heever, R P Z; Van Der Merwe, S; Van Wyk, J F; Verwoerd, M; Vilakazi, B H; Vilakazi, J N; Vilakazi, M I; Viljoen, V; Vos, S C; Williams, N J; Woods, G G; Xingwana, L M; Yengeni, T S; Zitha, D A; Zondo, P; Zulu, N E.

NOES—68: Abrahams, C O; Alant, T G; Albertyn, J T; Appelgryn, M S; Badenhorst, M J; Bakker, D M; Beesham, A K; Beyers, A S; Blaas, A; Botha, C J van R; Botha, W A; Botha, W J; Camerer, S M; Chait, E J; Chiolé, J; Coetzer, P W; Cupido, P W; de Wet, J F; Dowry, J J; Fourie, W L; Geldenhuys, B L; Gous, S J; Govender, D; Graaff, D d V; Grobbelaar, P W; Groenewald, P J; Groenewald, R H; Janse van Rensburg, A P; Kleinsmidt, P J; Lee, T D; Louw, L; Mangaliso, Z K; Maree, J W; Masher, M G; Mchunu, V J; Mckenzie, P C; Mnguni, Z D; Modise, K J; Mohamed, A G; Mulder, C P; Mulder, P W A; Nel, A H; Niemann, J J; Ntsizi, T C; Oosthuizen, G C; Padiachey, D K; Phenethi, M M; Pretorius, I J; Rabie, J A; Ratsoma, M; Rhoda, R T; Robertson, M O; Schoeman, R S; Schoeman,

S J; Simmons, S; Smit, F P; Smit, H A; Steenkamp, P J; Streicher, D M; Swanepoel, D W; Van der Merwe, A S; Van Heerden, F J; Van Schalkwyk, M C J; Van Wyk, A; Van Zyl, I D; Viljoen, C L; Watson, A; Williams, A.

Question agreed to.

Bill accordingly read a second time.

20. TWELFTH ORDER [20:18]

Consideration of Report of Portfolio Committee on Justice on *Promotion of National Unity and Reconciliation Second Amendment Bill* [B 109—97] (National Assembly—sec 75) (Announcements, Tablings and Committee Reports, p 758).

Order disposed of without debate.

Report adopted (Freedom Front dissenting).

21. THIRTEENTH ORDER [20:18]

Decision of Question on Second Reading—*Intergovernmental Fiscal Relations Bill* [B 106B—97] (National Assembly—sec 75).

Question agreed to.

Bill read a second time.

22. FOURTEENTH ORDER [20:18]

Decision of Question on Second Reading—*Financial and Fiscal Commission Bill* [B 104B—97] (National Assembly—sec 76).

Question agreed to.

Bill read a second time.

23. FIFTEENTH ORDER [20:19]

Decision of Question on Second Reading—*Revenue Funds Interim Arrangements Bill* [B 103B—97] (National Assembly—sec 76).

Question agreed to.

Bill read a second time.

24. SIXTEENTH ORDER [20:19]

Decision of Question on Second Reading—*Pension Funds Amendment Bill* [B 86B—97] (National Assembly—sec 75).

Question agreed to.

Bill read a second time.

25. SEVENTEENTH ORDER [20:20]

Decision of Question on Second Reading—*Financial and Fiscal Commission 1993 Constitutional Provisions Repeal Bill* [B 105—97] (National Assembly—sec 75).

Question agreed to.

Bill read a second time.

26. EIGHTEENTH ORDER [20:20]

Decision of Question on Second Reading—*Local Authorities Loans Fund Acts Repeal Bill* [B 96—97] (National Assembly—sec 75).

Question agreed to.

Bill read a second time.

27. NINETEENTH ORDER [20:20]

Decision of Question on Second Reading—*Correctional Services Amendment Bill* [B 99B—97]—(National Assembly—sec 75).

Question agreed to.

Bill read a second time.

28. TWENTIETH ORDER [20:21]

Second Reading debate—*Independent Commission for the Remuneration of Public Office-bearers Bill* [B 112B—97] (National Assembly—sec 76).

Order disposed of without debate.

Bill read a second time.

29. TWENTY FIRST ORDER [20:21]

Consideration of Report of Portfolio Committee on Labour on amendments to *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75).

Order disposed of without debate.

Question put: That the Report be adopted.

Division demanded.

The House divided:

AYES—228: Abrahams, L A; Arendse, J D; Balfour, B M; Baloyi, S F; Bam, N J; Belot, S T; Bengu, S M E; Benjamin, J; Bhengu, F; Bhengu, M J; Biyela, B P; Biyela, N T; Bloem, D V; Booi, M S; Botha, N G W; Bunting, B P; Carrim, Y I; Cassim, M F; Chalmers, J; Chauke, P; Chiba, L; Chikane, M M; Chohan, F; Coetzee, M P; Cronjé, P C; Dalling, D J; Davies, R H; De Lange, J H; De Lille, P; Dexter, P D; Diale, L N; Dlamini, B O; Dlulelane, B; Du Toit, D C; Duna, M W; Ebrahim, E I; Fani, L M; Feinstein, A; Fihla, N B; Fraser-Moleketi, G J; Gamndana, T; Gandhi, E; Gcina, C I; George, M E; Gillwald, C E; Gininda, M S; Goniwe, T M; Goosen, A D; Gordhan, P J; Govender, P; Gumede, D M; Gxowa, N B; Hanekom, D A; Hangana, N E; Hani, L; Hendrickse, P A C; Hlangwana, N L; Hlengwa, M W; Hofmeyr, W A; Hogan, B A; Holomisa, S P; Jana, D P; Jordan, P; Kati, J Z; Kekana, N N; Kgositsile, B; Khasu, M J; Khoza, T S; Kondlo, N; Kota, Z A; Landers, L T; Langa, Z; Leeuw, S J; Lekgoro, M K; Ligege, M G; Lockey, D; Loots, H G; Louw, S K; Lucas, E J; Mabudafhasi, R T; Mabude, N; Mabuza, M C; Madikizela, P; Mafolo, M T; Magashule, E S; Mahlangu, G L; Mahlangu, M J; Mahlangu, N J; Mahomed, F; Maine, M S; Makume, N J; Makwetla, S P; Maloney, L; Malumise, M M; Manie, M S; Marcus, G; Marivate, C T D; Marsh, D W; Marshoff, F B; Martins, B A D; Masala, M M; Mashimbye, J N; Mathebe, P; Matosa, P Z; Maunye, M M; Mayimele, H W; Mboweni, T T; Mbuyazi, L R; Mdladlana, M M S; Mentz, J H W; Mfono, N B; Mgidi, J S; Mkhatshwa, S; Mkhize, B R; Mlangeni, A; Mncwango, M A; Mnguni, L L A; Moatshe, P; Modise, T R; Modisenyane, L J; Moeti, S E; Mogoba, S; Mohamed, I J; Mohlamonyane, G M; Mokaba, P R; Mokgalong, M R V; Mokoena, D A; Mokoena, M L; Molekane, R S; Molewa, B G; Momberg, J H; Montsitsi, S D; Mpahlwa, M B; Mpehle, M;

Mthembi-Mahanyele, S D; Mtsweni, N S; Muendane, N M; Mushwana, G M; Myakayaka-Manzini, Y L; Mzimela, S E; Mzizi, M A; Naidoo, E I; Naidoo, J; Nair, B; Nash, J H; Ncube, N Z; Ndawonde, D; Ndlovu, V B; Ndou, J A; Ndou, R S; Neerahoo, H M; Nel, A C; Netshimbupfe, M A; Ngubane, H; Ngwane, L B; Nhlanhla, J M; Nhleko, N P; Njobe, M A A; Nkomo, S A; Nkosi, D M; Ntaopane, T E; Nwedamutswu, M J; Nxumalo, S D; Nzimande, B E; Nzimande, B M; Nzo, A B; O'Malley, P K R; Olifant, D A A; Oliphant, G G; Oliphant, R; Omar, A M; Pandor, G N M; Phakathi, N E; Phohlela, S; Ramabulana, V E; Ramgobin, M; Ratshitanga, R; Richards, I; Ripinga, S S; Rockman, G; Routledge, N C; Saloojee, C; Seaton, S A; Sekgobela, P S; Seperepere, M S; September, R K; Shabangu, S; Shilubana, T P; Shope, N G; Sigcawu, A N; Sikakane, M R; Singh, H K; Singh, L; Sisulu, L; Sisulu, M V; Sisulu, N A; Skosana, W M; Skosane, B M; Skweyiya, Z S T; Slabbert, J H; Sonjica, B P; Sosibo, J E; Thabethe, E; Thomson, B; Tiry, M; Tolo, L J; Tsenoli, S L; Tshabalala, M E; Tsheole, N M; Tshwete, S V; Turok, B; Turok, M E; Twala, N W; Vadi, I; Van den Heever, R P Z; Van Der Merwe, S; Van Wyk, J F; Verwoerd, M; Vilakazi, B H; Vilakazi, J N; Vilakazi, M I; Viljoen, V; Williams, N J; Woods, G G; Xingwana, L M; Yengeni, T S; Zitha, D A; Zondo, P.

Noes—77: Abrahams, C O; Alant, T G; Albertyn, J T; Andrew, K M; Appelgryn, M S; Badenhorst, M J; Bakker, D M; Beesham, A K; Beyers, A S; Blaas, A; Botha, C J van R; Botha, W A; Botha, W J; Camerer, S M; Chait, E J; Chiolé, J; Coetzer, P W; Cupido, P W; de Wet, J F; Dowry, J J; Eglin, C W; Ellis, M J; Fourie, W L; Geldenhuys, B L; Gibson, D H M; Gous, S J; Govender, D; Graaff, D d V; Green, L M; Grobbelaar, P W; Groenewald, P J; Groenewald, R H; Janse van Rensburg, A P; Jordaan, J A; Kleinsmidt, P J; Lee, T D; Leon, A J; Louw, L; Mangaliso, Z K; Maree, J W; Masher, M G; Mchunu, V J; Mckenzie, P C; Meshoe, K R; Mnguni, Z D; Modise, K J; Mohamed, A G; Mulder, C P; Mulder, P W A; Nel, A H; Niemann, J J; Ntsizi, T C; Oosthuizen, G C; Padiachey, D K; Phenethi, M M; Pretorius, I J; Rabie, J A; Ratsoma, M; Rhoda, R T; Robertson, M O; Schoeman, R S; Schoeman, S J; Simmons, S; Smit, F P; Smit, H A; Steenkamp, P J; Streicher, D M; Swanepoel, D W; van der Merwe, A S; Van Heerden, F J; Van Schalkwyk, M C J; Van Wyk, A; Van Zyl, I D; Viljoen, C L; Vos, S C; Watson, A; Zulu, N E.

Question agreed to.

Report accordingly adopted.

30. TWENTY SECOND ORDER [20:28]

Decision of Question on Second Reading—*Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75).

Question put: That the Bill be now read a second time.

Division demanded.

The House divided:

Ayes—229: Abrahams, L A; Arendse, J D; Balfour, B M; Baloyi, S F; Bam, N J; Belot, S T; Bengu, S M E; Benjamin, J; Bhengu, F; Bhengu, M J; Biyela, B P; Biyela, N T; Bloem, D V; Booi, M S; Botha, N G W; Bunting, B P; Carrim, Y I; Cassim, M F; Chalmers, J; Chauke, P; Chiba, L; Chikane, M M; Chohan, F; Coetzee, M P; Cronjé, P C; Dalling, D J; Davies, R H; De Lange, J H; De Lille, P; Dexter, P D; Diale, L N; Dlamini, B O; Dlulelane, B; Du Toit, D C; Duna, M W; Ebrahim, E I; Fani, L M; Feinstein, A; Fihla, N B; Fraser-Moleketi, G J; Gamndana, T; Gandhi, E; Gcina, C I; George, M E; Gillwald, C E; Gininda, M S; Goniwe, T M; Goosen, A D; Gordhan, P J; Govender, P; Gumede, D M; Gxowa, N B; Hanekom, D A; Hangana, N E; Hani, L; Hendrickse, P A C; Hlangwana, N L; Hlengwa, M W; Hofmeyr, W A; Hogan, B A; Holomisa, S P; Jana, D P; Jordan, P;

Kati, J Z; Kekana, N N; Kgositsile, B; Khasu, M J; Khoza, T S; Kondlo, N; Kota, Z A; Landers, L T; Langa, Z; Leeuw, S J; Lekgoro, M K; Ligege, M G; Lockey, D; Loots, H G; Louw, S K; Lucas, E J; Mabudafhasi, R T; Mabude, N; Mabuza, M C; Madikizela, P; Mafolo, M T; Magashule, E S; Mahlangu, G L; Mahlangu, M J; Mahlangu, N J; Mahomed, F; Maine, M S; Makume, N J; Makwetla, S P; Maloney, L; Malumise, M M; Manie, M S; Marcus, G; Marivate, C T D; Marsh, D W; Marshoff, F B; Martins, B A D; Masala, M M; Mashimbye, J N; Mathebe, P; Matosa, P Z; Maunye, M M; Mayimele, H W; Mboweni, T T; Mbuyazi, L R; Mdladlana, M M S; Mentz, J H W; Mfono, N B; Mgidi, J S; Mkhatshwa, S; Mkhize, B R; Mlangeni, A; Mncwango, M A; Mnguni, L L A; Moatshe, P; Modise, T R; Modisenyane, L J; Moeti, S E; Mogoba, S; Mohamed, I J; Mohlamonyane, G M; Mokaba, P R; Mokgalong, M R V; Mokoena, D A; Mokoena, M L; Molekane, R S; Molewa, B G; Momberg, J H; Montsitsi, S D; Mpahlwa, M B; Mpehle, M; Mthembi-Mahanyele, S D; Mtsweni, N S; Muendane, N M; Mushwana, G M; Myakayaka-Manzini, Y L; Mzimela, S E; Mzizi, M A; Naidoo, E I; Naidoo, J; Nair, B; Nash, J H; Ncube, N Z; Ndawonde, D; Ndlovu, V B; Ndou, J A; Ndou, R S; Neerahoo, H M; Nel, A C; Netshimbupfe, M A; Ngubane, H; Ngwane, L B; Nhlanhla, J M; Nhleko, N P; Njobe, M A A; Nkomo, S A; Nkosi, D M; Ntaopane, T E; Nwedamutswu, M J; Nxumalo, S D; Nzimande, B E; Nzimande, B M; Nzo, A B; Olifant, D A A; Oliphant, G G; Oliphant, R; Omar, A M; Pandor, G N M; Phakathi, N E; Phohlela, S; Rabinowitz, R; Ramabulana, V E; Ramgobin, M; Ratshitanga, R; Richards, I; Ripinga, S S; Rockman, G; Routledge, N C; Saloojee, C; Seaton, S A; Sekgobela, P S; Seperepere, M S; September, R K; Shabangu, S; Shilubana, T P; Shope, N G; Sigcawu, A N; Sikakane, M R; Singh, H K; Singh, L; Sisulu, L; Sisulu, M V; Sisulu, N A; Skosana, W M; Skosane, B M; Skweyiya, Z S T; Slabbert, J H; Sonjica, B P; Sosibo, J E; Thabethe, E; Thomson, B; Tiry, M; Tolo, L J; Tsenoli, S L; Tshabalala, M E; Tsheole, N M; Tshwete, S V; Turok, B; Turok, M E; Twala, N W; Vadi, I; Van den Heever, R P Z; Van Der Merwe, S; Van Wyk, J F; Verwoerd, M; Vilakazi, B H; Vilakazi, J N; Vilakazi, M I; Viljoen, V; Vos, S C; Williams, N J; Xingwana, L M; Yengeni, T S; Zitha, D A; Zondo, P; Zulu, N E.

Noes—78: Abrahams, C O; Alant, T G; Albertyn, J T; Andrew, K M; Appelgryn, M S; Badenhorst, M J; Bakker, D M; Beesham, A K; Beyers, A S; Blaas, A; Botha, C J van R; Botha, W A; Botha, W J; Camerer, S M; Chait, E J; Chiolé, J; Coetzer, P W; Cupido, P W; de Wet, J F; Dowry, J J; Eglin, C W; Ellis, M J; Fourie, W L; Geldenhuys, B L; Gibson, D H M; Gous, S J; Govender, D; Graaff, D d V; Green, L M; Grobbelaar, P W; Groenewald, P J; Groenewald, R H; Janse van Rensburg, A P; Jordaan, J A; Kleinsmidt, P J; Leon, A J; Louw, L; Mangaliso, Z K; Maree, J W; Masher, M G; Mchunu, V J; Mckenzie, P C; Meshoe, K R; Mnguni, Z D; Modise, K J; Mohamed, A G; Mulder, C P; Mulder, P W A; Nel, A H; Niemann, J J; Ntsizi, T C; Oosthuizen, G C; Padiachey, D K; Phenethi, M M; Pretorius, I J; Rabie, J A; Ratsoma, M; Rhoda, R T; Robertson, M O; Schoeman, R S; Schoeman, S J; Simmons, S; Smit, F P; Smit, H A; Smuts, M; Steenkamp, P J; Streicher, D M; Swanepoel, D W; van der Merwe, A S; Van Heerden, F J; Van Schalkwyk, M C J; Van Wyk, A; Van Zyl, I D; Viljoen, C L; Watson, A; Williams, A.

Question agreed to.

Bill accordingly read a second time.

31. TWENTY THIRD ORDER [20:51]

Consideration of *Extension of Security of Tenure Bill* [B 47B and 47C—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Land Affairs thereon (Announcements, Tablings and Committee Reports, p 758).

Order disposed of without debate.

Question put: That the Report be adopted.

Division demanded.

The House divided:

AYES—206: Abrahams, L A; Arendse, J D; Balfour, B M; Baloyi, S F; Bam, N J; Belot, S T; Bengu, S M E; Benjamin, J; Bhengu, F; Bhengu, M J; Biyela, N T; Bloem, D V; Booi, M S; Botha, N G W; Bunting, B P; Carrim, Y I; Chalmers, J; Chauke, P; Chiba, L; Chikane, M M; Chohan, F; Coetzee, M P; Cronjé, P C; Dalling, D J; Davies, R H; De Lange, J H; De Lille, P; Dexter, P D; Diale, L N; Dlamini, B O; Dlulelane, B; Du Toit, D C; Duna, M W; Ebrahim, E I; Fani, L M; Feinstein, A; Fihla, N B; Fraser-Moleketi, G J; Gamndana, T; Gandhi, E; Gcina, C I; George, M E; Gillwald, C E; Gininda, M S; Goniwe, T M; Goosen, A D; Gordhan, P J; Govender, P; Gumede, D M; Gxowa, N B; Hanekom, D A; Hangana, N E; Hani, L; Hendrickse, P A C; Hlangwana, N L; Hofmeyr, W A; Hogan, B A; Holomisa, S P; Jana, D P; Jordan, P; Kati, J Z; Kekana, N N; Kgositsile, B; Khasu, M J; Kondlo, N; Kota, Z A; Landers, L T; Langa, Z; Leeuw, S J; Lekgoro, M K; Ligege, M G; Lockey, D; Loots, H G; Louw, S K; Mabudafhasi, R T; Mabude, N; Mabuza, M C; Madikizela, P; Mafolo, M T; Magashule, E S; Mahlangu, G L; Mahlangu, M J; Mahlangu, N J; Mahomed, F; Maine, M S; Makume, N J; Makwetla, S P; Maloney, L; Malumise, M M; Manie, M S; Marcus, G; Marivate, C T D; Marsh, D W; Marshoff, F B; Martins, B A D; Masala, M M; Mashimbye, J N; Mathebe, P; Matosa, P Z; Maunye, M M; Mayimele, H W; Mboweni, T T; Mdladlana, M M S; Mfono, N B; Mgidi, J S; Mkhatshwa, S; Mkhize, B R; Mlangeni, A; Mnguni, L L A; Moatshe, P; Modise, T R; Modisenyane, L J; Moeti, S E; Mogoba, S; Mohamed, I J; Mohlamonyane, G M; Mokaba, P R; Mokgalong, M R V; Mokoena, D A; Mokoena, M L; Molekane, R S; Molewa, B G; Momberg, J H; Montsitsi, S D; Mpahlwa, M B; Mpehle, M; Mthembi-Mahanyele, S D; Mtsweni, N S; Muendane, N M; Mushwana, G M; Myakayaka-Manzini, Y L; Naidoo, E I; Naidoo, J; Nair, B; Nash, J H; Ncube, N Z; Ndawonde, D; Ndou, J A; Ndou, R S; Nel, A C; Netshimbupfe, M A; Ngwane, L B; Nhlanhla, J M; Nhleko, N P; Njobe, M A A; Nkomo, S A; Nkosi, D M; Ntaopane, T E; Nwedamutswu, M J; Nxumalo, S D; Nzimande, B E; Nzo, A B; Olifant, D A A; Oliphant, G G; Oliphant, R; Omar, A M; Pandor, G N M; Phakathi, N E; Phohlela, S; Ramabulana, V E; Ramgobin, M; Ratshitanga, R; Richards, I; Ripinga, S S; Rockman, G; Routledge, N C; Saloojee, C; Sekgobela, P S; Seperepere, M S; September, R K; Shabangu, S; Shilubana, T P; Shope, N G; Sigcawu, A N; Sikakane, M R; Sisulu, L; Sisulu, M V; Sisulu, N A; Skosana, W M; Skweyiya, Z S T; Sonjica, B P; Sosibo, J E; Thabethe, E; Thomson, B; Tiry, M; Tolo, L J; Tsenoli, S L; Tshabalala, M E; Tsheole, N M; Tshwete, S V; Turok, B; Turok, M E; Twala, N W; Vadi, I; Van den Heever, R P Z; Van Der Merwe, S; Van Wyk, J F; Verwoerd, M; Vilakazi, B H; Vilakazi, M I; Viljoen, V; Williams, N J; Xingwana, L M; Yengeni, T S; Zitha, D A; Zondo, P.

NOES—99: Abrahams, C O; Alant, T G; Albertyn, J T; Andrew, K M; Appelgryn, M S; Badenhorst, M J; Bakker, D M; Beesham, A K; Beyers, A S; Biyela, B P; Blaas, A; Botha, C J van R; Botha, W A; Botha, W J; Camerer, S M; Cassim, M F; Chait, E J; Chiolé, J; Coetzer, P W; Cupido, P W; de Wet, J F; Dowry, J J; Eglin, C W; Ellis, M J; Ferreira, E T; Fourie, W L; Geldenhuys, B L; Gibson, D H M; Gous, S J; Govender, D; Graaff, D d V; Grobbelaar, P W; Groenewald, P J; Groenewald, R H; Hlengwa, M W; Janse van Rensburg, A P; Jordaan, J A; Khoza, T S; Kleinsmidt, P J; Leon, A J; Louw, L; Lucas, E J; Mangaliso, Z K; Maree, J W; Masher, M G; Mchunu, V J; Mckenzie, P C; Mentz, J H W; Mncwango, M A; Mnguni, Z D; Modise, K J; Mohamed, A G; Mulder, C P; Mulder, P W A; Mzimela, S E; Mzizi, M A; Ndlovu, V B; Neerahoo, H M; Nel, A H; Ngubane, H; Niemann, J J; Ntsizi, T C; Nzimande, B M; O'Malley, P K R; Oosthuizen, G C; Padiachey, D K; Phenethi, M M; Pretorius, I J; Rabie, J A;

Rabinowitz, R; Ratsoma, M; Rhoda, R T; Robertson, M O; Schoeman, R S; Schoeman, S J; Seaton, S A; Simmons, S; Singh, H K; Singh, L; Skosane, B M; Slabbert, J H; Smit, F P; Smit, H A; Smuts, M; Steenkamp, P J; Streicher, D M; Swanepoel, D W; Van der Merwe, A S; Van Heerden, F J; Van Schalkwyk, M C J; Van Wyk, A; Van Zyl, I D; Vilakazi, J N; Viljoen, C L; Vos, S C; Watson, A; Williams, A; Woods, G G; Zulu, N E.

ABSTAIN—2: Green, L M; Meshoe, K R.

Question agreed to.

Report accordingly adopted.

32. TWENTY FOURTH ORDER [20:55]

Consideration of *Land Restitution and Reform Laws Amendment Bill* [B 64B and 64C—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Land Affairs thereon (Announcements, Tablings and Committee Reports, p 758).

Order disposed of without debate.

Question put: That the Report be adopted.

Division demanded.

The House divided:

AYES—264: Abrahams, C O; Abrahams, L A; Alant, T G; Albertyn, J T; Andrew, K M; Appelgryn, M S; Arendse, J D; Badenhorst, M J; Bakker, D M; Balfour, B M; Baloyi, S F; Bam, N J; Beesham, A K; Belot, S T; Bengu, S M E; Beyers, A S; Bhengu, F; Biyela, N T; Blaas, A; Bloem, D V; Booi, M S; Botha, C J van R; Botha, N G W; Bunting, B P; Camerer, S M; Carrim, Y I; Chait, E J; Chalmers, J; Chauke, P; Chiba, L; Chikane, M M; Chohan, F; Coetzee, M P; Coetzer, P W; Cronjé, P C; Cupido, P W; Dalling, D J; Davies, R H; De Lange, J H; De Lille, P; de Wet, J F; Dexter, P D; Diale, L N; Dlamini, B O; Dlulelane, B; Dowry, J J; Du Toit, D C; Duna, M W; Ebrahim, E I; Eglin, C W; Ellis, M J; Fani, L M; Feinstein, A; Fihla, N B; Fourie, W L; Fraser-Moleketi, G J; Gamndana, T; Gandhi, E; Geldenhuys, B L; George, M E; Gibson, D H M; Gillwald, C E; Gininda, M S; Goniwe, T M; Goosen, A D; Gordhan, P J; Gous, S J; Govender, P; Groenewald, R H; Gumede, D M; Gxowa, N B; Hanekom, D A; Hangana, N E; Hani, L; Hendrickse, P A C; Hlangwana, N L; Hofmeyr, W A; Hogan, B A; Holomisa, S P; Jana, D P; Janse van Rensburg, A P; Jordaan, J A; Jordan, P; Kati, J Z; Kekana, N N; Kgositsile, B; Khasu, M J; Kleinsmidt, P J; Kondlo, N; Kota, Z A; Landers, L T; Langa, Z; Leeuw, S J; Lekgoro, M K; Leon, A J; Ligege, M G; Lockey, D; Loots, H G; Louw, S K; Mabudafhasi, R T; Mabude, N; Mabuza, M C; Madikizela, P; Mafolo, M T; Magashule, E S; Mahlangu, G L; Mahlangu, M J; Mahlangu, N J; Mahomed, F; Maine, M S; Makume, N J; Makwetla, S P; Maloney, L; Malumise, M M; Mangaliso, Z K; Manie, M S; Marcus, G; Maree, J W; Marivate, C T D; Marsh, D W; Marshoff, F B; Martins, B A D; Masala, M M; Masher, M G; Mashimbye, J N; Mathebe, P; Matosa, P Z; Maunye, M M; Mayimele, H W; Mboweni, T T; Mchunu, V J; Mckenzie, P C; Mdladlana, M M S; Mfono, N B; Mgidi, J S; Mkhatshwa, S; Mkhize, B R; Mlangeni, A; Mnguni, L L A; Mnguni, Z D; Moatshe, P; Modise, T R; Modise, K J; Modisenyane, L J; Moeti, S E; Mogoba, S; Mohamed, A G; Mohamed, I J; Mohlamonyane, G M; Mokaba, P R; Mokgalong, M R V; Mokoena, D A; Mokoena, M L; Molekane, R S; Molewa, B G; Momberg, J H; Montsitsi, S D; Mpahlwa, M B; Mpehle, M; Mthembi-Mahanyele, S D; Mtsweni, N S; Muendane, N M; Mushwana, G M; Myakayaka-Manzini, Y L; Naidoo, E I; Naidoo, J; Nair, B; Nash, J H; Ncube, N Z; Ndawonde, D; Ndou, J A; Ndou, R S; Nel, A C; Nel, A H; Netshimbupfe,

M A; Ngwane, L B; Nhlanhla, J M; Nhleko, N P; Niemann, J J; Njobe, M A A; Nkomo, S A; Nkosi, D M; Ntaopane, T E; Ntsizi, T C; Nwedamutswu, M J; Nxumalo, S D; Nzimande, B E; Nzo, A B; Olifant, D A A; Oliphant, G G; Oliphant, R; Omar, A M; Padiachey, D K; Pandor, G N M; Phakathi, N E; Phenethi, M M; Phohlela, S; Rabie, J A; Ramabulana, V E; Ramgobin, M; Ratshitanga, R; Ratsoma, M; Rhoda, R T; Richards, I; Ripinga, S S; Robertson, M O; Rockman, G; Routledge, N C; Saloojee, C; Schoeman, R S; Schoeman, S J; Sekgobela, P S; Seperepere, M S; September, R K; Shabangu, S; Shilubana, T P; Shope, N G; Sigcawu, A N; Sikakane, M R; Simmons, S; Sisulu, L; Sisulu, M V; Sisulu, N A; Skosana, W M; Skweyiya, Z S T; Smit, F P; Smit, H A; Smuts, M; Sonjica, B P; Sosibo, J E; Steenkamp, P J; Streicher, D M; Swanepoel, D W; Thabethe, E; Thomson, B; Tiry, M; Tolo, L J; Tsenoli, S L; Tshabalala, M E; Tsheole, N M; Tshwete, S V; Turok, B; Turok, M E; Twala, N W; Vadi, I; Van den Heever, R P Z; Van der Merwe, S; Van der Merwe, A S; Van Schalkwyk, M C J; Van Wyk, A; Van Wyk, J F; Van Heerden, F J; Van Zyl, I D; Verwoerd, M; Vilakazi, B H; Vilakazi, M I; Viljoen, V; Watson, A; Williams, A; Williams, N J; Xingwana, L M; Yengeni, T S; Zitha, D A; Zondo, P.

NOES—29: Bhengu, M J; Biyela, B P; Cassim, M F; Ferreira, E T; Govender, D; Graaff, D d V; Hlengwa, M W; Khoza, T S; Lucas, E J; Mbuyazi, L R; Mentz, J H W; Mncwango, M A; Mzizi, M A; Ndlovu, V B; Neerahoo, H M; Ngubane, H; Nzimande, B M; O'Malley, P K R; Pretorius, I J; Rabinowitz, R; Seaton, S A; Singh, H K; Singh, L; Skosane, B M; Slabbert, J H; Vilakazi, J N; Vos, S C; Woods, G G; Zulu, N E.

ABSTAIN—11: Botha, W A; Botha, W J; Chiolé, J; Green, L M; Grobbelaar, P W; Groenewald, P J; Louw, L; Meshoe, K R; Mulder, C P; Mulder, P W A; Viljoen, C L.

Question agreed to.

Report accordingly adopted.

33. TWENTY FIFTH ORDER [21:00]

Consideration of Second Report of Standing Committee on Public Accounts (Announcements, Tablings and Committee Reports, p 726).

Order disposed of without debate.

Report adopted.

34. TWENTY SIXTH ORDER [21:00]

Consideration of Third Report of Standing Committee on Public Accounts (Announcements, Tablings and Committee Reports, p 740).

Order disposed of without debate.

Report adopted.

35. TWENTY SEVENTH 0RDER [21:00]

Consideration of Fourth Report of Standing Committee on Public Accounts (Announcements, Tablings and Committee Reports, p 740).

Order disposed of without debate.

Report adopted.

36. TWENTY EIGHTH ORDER [21:00]

Consideration of Report of Committee on Members' Interests (Announcements, Tablings and Committee Reports, p 745).

Order disposed of without debate.

Report adopted.

37. TWENTY NINTH ORDER [21:00]

Consideration of Report of Portfolio Committee on Foreign Affairs (Announcements, Tablings and Committee Reports, p 759—*Pelindaba Treaty*).

Order disposed of without debate.

Report adopted.

38. THIRTIETH ORDER [21:00]

Consideration of Report of Portfolio Committee on Justice (Announcements, Tablings and Committee Reports, p 759—*Extradition designation*).

Order disposed of without debate.

Report adopted.

39. THIRTY FIRST ORDER [21:00]

Consideration of Report of Portfolio Committee on Justice (Announcements, Tablings and Committee Reports, p 759—*Combating Illicit Drug Trafficking Protocol*).

Order disposed of without debate.

Report adopted.

40. THIRTY SECOND ORDER [21:00]

Consideration of *State of Emergency Bill* [B 52B and 52C—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Justice thereon (Announcements, Tablings and Committee Reports, p 760).

Order disposed of without debate.

Report adopted and Bill, as amended, agreed to.

41. THIRTY THIRD ORDER [21:00]

Consideration of *Divorce Courts Amendment Bill* [B 24B and 24C—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Justice thereon (Announcements, Tablings and Committee Reports, p 760).

Order disposed of without debate.

Report adopted and Bill, as amended agreed to.

42. THIRTY FOURTH ORDER [21:00]

Consideration of *Contingency Fees Bill* [B 33B and 33C—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Justice thereon (Announcements, Tablings and Committee Reports, p 759).

Order disposed of without debate.

Report adopted and Bill, as amended, agreed to.

No 118—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 14 NOVEMBER 1997

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) *South African Passports and Travel Documents Amendment Bill* [B 63—97]—Act No 49 of 1997;

   (ii) *Marriage Act, Extension Bill* [B 38—97]—Act No 50 of 1997;

   (iii) *Environmental Laws Rationalisation Bill* [B 48—97]—Act No 51 of 1997;

   (iv) *Organised Local Government Bill* [B 61D—97]—Act No 52 of 1997;

   (v) *Post Office Second Amendment Bill* [B 55—97]—Act No 53 of 1997;

   (vi) *Legal Deposit Bill* [B 19B—97]—Act No 54 of 1997;

   (vii) *National Advisory Council on Innovation Bill* [B 29B—97]—Act No 55 of 1997;

   (viii) *National Arts Council Bill* [B 108B—96]—Act No 56 of 1997;

   (ix) *Lotteries Bill* [B 47D—96]—Act No 57 of 1997;

   (x) *Water Amendment Bill* [B 58—97]—Act No 58 of 1997;

   (xi) *Marketing of Agricultural Products Amendment Bill* [B 76B—97]—Act No 59 of 1997;

(xii) *Livestock Improvement Amendment Bill* [B 80—97]—Act No 60 of 1997; and

(xiii) *Compensation for Occupational Injuries and Diseases Amendment Bill* [B 59D—97]—Act No 61 of 1997.

National Assembly:

Bills:

1. The Speaker:

The following Bill was introduced on 10 November 1997:

(1) *South African Maritime Safety Authority Bill* [B 116—97]—(National Assembly—sec 75)—(Portfolio Committee on Transport—National Assembly).

2. The Speaker:

The Speaker has been informed by the relevant State Law Adviser, who consulted the Department of Agriculture in this regard, that the *Land Bank Amendment Bill* [B 108—97] (National Assembly—sec 75), tabled on 21 October 1997, was incorrectly classified ("tagged") and that the Bill should actually be dealt with in accordance with the procedure set out in section 76 of the Constitution.

TABLINGS:

National Assembly and National Council of Provinces:

Papers:

1. The Speaker and the Chairperson:

Report of the National Youth Commission for 1997.

2. The Speaker and the Chairperson:

Reports of the Auditor-General on the—

(1) accounts of the Mohair Board for 1996 [RP 178—97];

(2) South African Wool Board for 1995-96 [RP 182—97];

(3) accounts of the Dried Fruit Board for 1996 [RP 183—97];

(4) Oilseeds Board for 1995-96 [RP 180—97];

(5) Council for Geoscience for 1994-95 [RP 181—97];

(6) Legal Aid Board for 1995-96 [RP 134—97].

Referred to the Standing Committee on Public Accounts.

3. The Minister of Trade and Industry:

List relating to Proclamations and Government Notices—1 April to 10 October 1997.

4. The Minister of Environmental Affairs and Tourism:

List relating to Government Notices—1 November 1997.

COMMITTEE REPORTS:

National Council of Provinces:

1. Report of the Select Committee on Security and Justice on the *Natural*

Fathers of Children Born out of Wedlock Bill [B 68B—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Natural Fathers of Children Born out of Wedlock Bill* [B 68B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

2. Report of the Select Committee on Security and Justice on the *Magistrates' Courts Amendment Bill* [B 43B—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Magistrates' Courts Amendment Bill* [B 43B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

3. Report of the Select Committee on Security and Justice on the *Promotion of National Unity and Reconciliation Second Amendment Bill* [B 109—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Promotion of National Unity and Reconciliation Second Amendment Bill* [B 109—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

4. Report of the Select Committee on Security and Justice on the *Judges' Remuneration and Conditions of Employment Amendment Bill* [B 70—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Judges' Remuneration and Conditions of Employment Amendment Bill* [B 70—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

5. Report of the Select Committee on Security and Justice on the *Criminal Procedure Amendment Bill* [B 81B—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Criminal Procedure Amendment Bill* [B 81B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

6. Report of the Select Committee on Security and Justice on the *Qualification of Legal Practitioners Amendment Bill* [B 83B—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Qualification of Legal Practitioners*

Amendment Bill [B 83B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

7. Report of the Select Committee on Security and Justice on the *Parole and Correctional Supervision Amendment Bill* [B 57B—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

The Select Committee on Security and Justice, having considered the subject of the *Parole and Correctional Supervision Amendment Bill* [B 57B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

8. Report of the Select Committee on Security and Justice on the *Correctional Services Amendment Bill* [B 99B—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

The Select Committee on Security and Justice, having considered the subject of the *Correctional Services Amendment Bill* [B 99B—97] (National Assembly—sec 75), referred to it, begs to report the Bill with proposed amendments, as follows:

CLAUSE 1

1. On page 2, in line 17, to omit the definition of "Associated Inspecting Judge".

CLAUSE 2

1. On page 4, in line 49, after "may," to insert:

with the concurrence of the Minister of Finance and

CLAUSE 16

1. On page 18, in line 7, to omit "or as Associated Inspecting Judge".

9. Report of the Select Committee on Land, Agriculture and Environmental Affairs on the *National Parks Amendment Bill* [B 73—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

The Select Committee on Land, Agriculture and Environmental Affairs, having considered the subject of the *National Parks Amendment Bill* [B 73—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

10. Report of the Select Committee on Constitutional Affairs and Public Administration on the *Independent Commission for the Remuneration of Public Office-bearers Bill* [B 112B—97] (National Assembly—sec 76), dated 14 November 1997, as follows:

The Select Committee on Constitutional Affairs and Public Administration, having considered the subject of the *Independent Commission for the Remuneration of Public Office-bearers Bill* [B 112B—97] (National Assembly—sec 76), referred to it, begs to report the Bill without amendment.

11. Report of the Select Committee on Finance on the *Pension Funds Amendment Bill* [B 86B—97] (National Assembly—sec 75), dated 14 November 1997, as follows:

> The Select Committee on Finance, having considered the subject of the *Pension Funds Amendment Bill* [B 86B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

12. Report of the Select Committee on Finance on the *Local Authorities Loans Fund Acts Repeal Bill* [B 96—97] (National Assembly—sec 75), dated 14 November 1997, as follows:

> The Select Committee on Finance, having considered the subject of the *Local Authorities Loans Fund Acts Repeal Bill* [B 96—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

13. Report of the Select Committee on Finance on the *Financial and Fiscal Commission 1993 Constitutional Provisions Repeal Bill* [B 105—97] (National Assembly—sec 75), dated 14 November 1997, as follows:

> The Select Committee on Finance, having considered the subject of the *Financial and Fiscal Commission 1993 Constitutional Provisions Repeal Bill* [B 105—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

14. Report of the Select Committee on Finance on the *Intergovernmental Fiscal Relations Bill* [B 106B—97] (National Assembly—sec 75), dated 14 November 1997, as follows:

> The Select Committee on Finance, having considered the subject of the *Intergovernmental Fiscal Relations Bill* [B 106B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

15. Report of the Select Committee on Finance on the *Revenue Funds Interim Arrangements Bill* [B 103B—97] (National Assembly—sec 76), dated 14 November 1997, as follows:

> The Select Committee on Finance, having considered the subject of the *Revenue Funds Interim Arrangements Bill* [B 103B—97] (National Assembly—sec 76), referred to it, begs to report the Bill without amendment.

16. Report of the Select Committee on Finance on the *Financial and Fiscal Commission Bill* [B 104B—97] (National Assembly—sec 76), dated 14 November 1997, as follows:

> The Select Committee on Finance, having considered the subject of the *Financial and Fiscal Commission Bill* [B 104B—97] (National Assembly—sec 76), referred to it, begs to report the Bill without amendment.

17. Report of the Select Committee on Public Services on the *Aviation Laws Amendment Bill* [B 110—97] (National Assembly—sec 75), dated 14 November 1997, as follows:

> The Select Committee on Public Services, having considered the subject of the *Aviation Laws Amendment Bill* [B 110—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

No 119—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

MONDAY, 17 NOVEMBER 1997

COMMITTEE REPORTS:

National Assembly:

1. Fifth Report of the Standing Committee on Public Accounts, dated 29 October 1997, as follows:

The Standing Committee on Public Accounts, having considered and examined the Report of the Auditor-General on the Accounts of the National Government for 1995-96 [RP40—97], and certain papers referred to it, and having heard evidence, begs to report as follows:

1. Department of Education

(1) *Unauthorised expenditure*
(Page 39, paragraph 13A(2))

During the 1996-97 financial year, the Department incurred expenditure amounting to R150 019,65 in arranging a conference on matters concerning Higher Education. This expenditure was considered to be unauthorised as State Tender Board directives had not been complied with.

The unauthorised expenditure is made up as follows:

	R
Travel and subsistence allowances to delegates	135 718,73
Fees paid to organiser	14 300,92
	150 019,65

In terms of Treasury directives, the Minister may approve the payment of subsistence and transport costs of private persons attending any meeting convened by him. In consultation with the Department of State Expenditure, it was determined that the amount of R135 718,73, paid directly to the hotel, could be dealt with in accordance with Treasury directives. The Minister, however, does not have the authority to approve the fee of R14 300,92 which was paid.

The State Attorney is of the opinion that the official in the Department responsible for arranging the conference has forfeited his legal indemnity and that he is personally liable for R14 300,92, being the fee paid to the firm arranging the conference. This amount was allocated to a suspense account, pending the recovery thereof by the Department.

The Committee is satisfied that adequate steps have been taken to rectify this matter, and that no further recommendations are necessary.

The Committee requests the accounting officer to inform it before the end of 1997 whether this amount has been recovered from the responsible official.

2. *Department of Foreign Affairs*

(1) *Unauthorised expenditure*
(Page 40-41, paragraph 13A(5)(a) and (b))

(a) The Department incurred unauthorised expenditure amounting to R397 476,22 by not complying with State Tender Board regulations in arranging the National Thanksgiving Service and the Inauguration Ceremony of the President.

The Committee wishes to express its concern at the non-compliance with the regulations, but in view of the nature and circumstances of the events, and the fact that the State reportedly suffered no losses, the Committee recommends that the amount of R397 476,22 be authorised by Parliament.

(b) Amounts of R7 768 366 (being the surplus of contributions to Channel Africa) and R2 159 692 (income of and interest on contributions to Channel Africa) were carried forward to future financial years without authorisation. These amounts were not paid back to the Department and were therefore not included in surpluses surrendered to the Treasury by the Department after closing its books. This was contrary to sections 5(1) and 9(8) of the Exchequer Act.

The Committee notes that, although the amount of R9 928 058 was not paid back by Channel Africa, it has been fully recovered by way of reducing the amount paid to Channel Africa from Vote 13: Finance, during 1996-97.

The Committee therefore recommends that no further action be taken.

(2) *Internal audit component*

A recommendation to establish an internal audit component in the Department was made by the Joint Standing Committee on Public Accounts as early as September 1995.

The Department's failure to comply effectively with that recommendation is a source of grave concern to the Committee.

The Committee therefore recommends that such an entity be established as soon as possible, but not later than the end of 1997.

(3) *Purchase, sale and utilisation of office and residential accommodation*
(Page 290, paragraph 3)

In its Fourth Report of 1996, the Joint Standing Committee on Public Accounts recommended that the Office of the Public Service Commission investigate the segregation of responsibility between the Departments of Foreign Affairs and of Public Works with regard to the acquisition of, alterations to and refurbishment of buildings in foreign countries.

The Committee wishes to express its concern that this matter has not received the necessary urgent attention. It therefore recommends that the matter be concluded without further delay, and that the responsibility be vested in the department best equipped to handle it.

(4) *Amalgamation process of foreign affairs departments of former TBVC countries with national department*
(Page 290-291, paragraph 4)

In its Fourth Report of 1996, the Joint Standing Committee on Public Accounts recommended that the Department, in collaboration with the Department of State Expenditure, take the necessary steps to attend to the various problems arising with regard to the amalgamation of the former TBVC countries with the national department. However, some matters were still unresolved in the 1995-96 financial year, and their effects on the expenditure reflected in the Appropriation Account could not be determined.

The Committee wishes to express its concern at the slow progress in finalising this matter, and recommends that the two departments manage the process in a manner that will satisfactorily bring it to a conclusion before the end of the 1997-98 financial year.

(5) *Fixed property purchased by former Government of Bophuthatswana*
(Page 291-292, paragraph 5)

A property purchased in Paris, with an estimated value of at least R18 million, has not yet been sold. It would appear that little effort has been made to identify a purchaser, as over a period of 18 months the property consultants only once requested the keys to show the property to interested buyers.

The Committee recommends that a far greater effort be made to sell this property for a reasonable, market-related price.

(6) *Alleged irregularities—hotels in Comores*
(Page 292, paragraph 6)

Allegations made about Government assets abroad referred specifically to the funding of two hotels in the Comores. Requests for information from the Department were initially not met, and when the information was finally supplied, it was contradictory and unsatisfactory. As a result, the Committee is not satisfied that it has all the information necessary to have a complete understanding of what had happened.

The Committee, however, established that a number of loans were made to the Comores Government on very favourable terms for the building and rebuilding of hotels on the island, which were then operated by the private sector.

In addition, the Committee was informed that International Economic Promotion Loans of R73 210 817,28 had been disbursed between 1969 and 1990.

The Committee accordingly recommends that—

(a) efforts to collect the R11 747 146,46 of arrear instalments as at 31 March 1997 on the International Economic Promotion Loan Fund be intensified;

(b) records on international loans be improved, kept up to date and made accessible to Parliament and the public; and

(c) the Auditor-General be requested to give an opinion as to whether, on the basis of the information supplied to the Committee, a special audit report should be compiled in respect of loans made to the Comores Government or to any other body or person connected with hotel developments in the Comores.

The Committee recommends accordingly.

Report to be printed and considered.

2. Sixth Report of the Standing Committee on Public Accounts, dated 5 November 1997, as follows:

The Standing Committee on Public Accounts, having considered and examined the Report of the Auditor-General on the Accounts of the National Government for 1995-96 [RP40—97], and certain papers referred to it, and having heard evidence, begs to report as follows:

1. Department of Housing

(1) *Unauthorised expenditure*
(Page 43, paragraph (7), and page 46, paragraph B)

In respect of the 1995-96 financial year, unauthorised expenditure totalling R729 810,89 was identified, which arose as follows:

(a) An amount of R674 423,48 was unauthorised owing to the RDP Office not complying with State Tender Board directives in appointing consultants. The Urban Infrastructure Investment Planning Team (UIIPT), identified as a Presidential Lead Project, was appointed in September 1994 by officials in the Ministry at the Office of the President (RDP Office). A number of consultants drew up the Business Plan and it was approved by the RDP Programme Steering Committee in December 1994 and accepted by the relevant Minister. This Business Plan defined the activities of the UIIPT and the consultants' fee structure. In view of a decision that all Presidential Lead Projects were to be managed by the line-function department and not the RDP Office, it was decided that the Department of Housing would take overall responsibility for managing the UIIPT.

It came to the attention of the Department that the consultants were never formally appointed and that the State Tender Board procedures were not adhered to by the RDP Office. As a result the Department immediately (in January 1995) applied to the State Tender Board for *ex post facto* approval of the appointment of the consultants, which was turned down. In the meantime the Department continued to settle the consultants' accounts in terms of the verbal contracts between them and the State (RDP Office officials) and in terms of the fee structure, as approved in terms of the Business Plan. This first phase was completed in April 1995, but the State Tender Board refused to condone the action of the Department and the expenditure of R666 576,78 on 13 July 1995. However, on the same date the State Tender Board approved the appointment of consultants to finalise phases two and three at an estimated cost of R724 000. The unauthorised amount finally totalled R674 423,48, as an additional amount of R7 846,70 had been identified.

(b) An amount of R55 387,41 was paid for the printing of a departmental publication of 20 pages, whilst the contract only provided for publications of 16, 24, 32 or 48 pages. In terms of tender regulations, quotations should have been obtained for a 20-page publication, and therefore the amount is listed as an unauthorised expenditure.

The Committee wishes to express its concern at the non-compliance with the relevant regulations, but as the State in both instances did not suffer any losses, the Committee recommends that the total amount of R729 810,89 be authorised by Parliament.

(2) *National Housing Fund*
(Page 336, paragraph 8, and page 35, paragraph 10)

The Committee notes with dismay that no material progress has been made with the implementation of the recommendations of the Joint Standing Committee on Public Accounts of 6 November 1996. The recommendations were aimed at possible solutions to the problems of the National Housing Fund, which were once again enumerated in the above-mentioned report of the Auditor-General. Of special concern is the inability of the Department to compile acceptable financial statements with regard to the National Housing and Development Funds for a number of years already.

The Committee recommends that the Department draw up a detailed project implementation plan, containing target dates and indicating how the process would involve local government authorities and other necessary role-players in the identification of assets and the transfer thereof to local authorities now that the *Housing Bill* is in the process of being passed. The plan should be submitted to the Committee by 15 January 1998.

The Committee further recommends that the Department—

(a) compile one set of financial statements for the present housing funds, covering all four years ending 31 March 1998 and all the appropriate funds. These statements must be submitted to the Auditor-General within four months after date of implementation of the proposed Housing Act;

(b) ensure that the concerns raised regarding the adequacy of the present proposed legislation, for example in respect of shared accountability arrangements at provincial level, be properly investigated and comprehensively addressed to ensure that the process envisaged by the Bill can be implemented in an orderly manner; and

(c) consider what statutory provision may be necessary to enable the Department to isolate or ring-fence the new business from Phases I and II of the old business as from the date of commencement of the new business.

2. *Department of Minerals and Energy*

(1) *Promoting Reconstruction and Development Programme*
(Page 387, paragraph 5)

The Department of Minerals and Energy and Eskom agreed to provide non-grid electrification to 16 400 schools in South Africa at a total cost of R1,2 billion during the period 1995 to 1999. During the 1995-96 financial year, the Department incurred expenditure of R17 137 220 in respect of the project. The Committee is gravely concerned about the numerous deficiencies with regard to the project, which has resulted in the Auditor-General not being in a position to express an audit opinion on the expenditure in question.

Evidence before the Committee pointed to the following serious deficiencies:

(a) No formal agreement has been entered into between the Department and Eskom with regard to the project in general.

(b) Formal arrangements in respect of the compilation and submission of audited financial statements have not been made with the agent (Eskom).

(c) The basis on which priorities in respect of the electrification of schools are determined, have not been formalised, and it was ascertained that contractors themselves sometimes decide which schools have to be electrified.

(d) The basis and frequency of reporting on progress by the agent to the Department have not been determined formally.

(e) The specific strategic planning process that has to be followed by the agent, has not been established formally. It was ascertained, for example, that certain schools which had already been electrified, were once again identified for re-electrification. In one case a school which had already been electrified, were indeed re-electrified.

(f) The agent's commission had not been formally determined.

(g) The current funding mechanism, so as to enable them to schedule the electrification process during their budget cycle.

The Committee wishes to recommend that representatives of the Department, the Programme Management Services in the Ministry of Finance and Eskom, with the Auditor-General's representatives as observers, meet without delay to explore means by which the deficiencies can be addressed urgently.

(2) *Unauthorised expenditure*
(Page 387, paragraph 4)

In the appointment of consultants for urgent drafting of the *Mine Health and Safety Amendment Bill*, certain State Tender Board procedures were not adhered to. This gave rise to unauthorised expenditure of R11 216 and R107 878 during the 1994-95 and 1995-96 financial years respectively.

As the State received value for money for the services rendered, and as the Department has indicated that active steps have been taken to rectify inadequate control over authorisations and procurement procedures, the Committee recommends that the total amount of R119 094 be authorised by Parliament.

(3) *Arrangements for upliftment of Mossgas products by oil industry and resultant payments of synthetic fuel element subsidies from Equalisation Fund [RP109—97]*

After considering the Auditor-General's Special Report

[RP109—97], dated 16 July 1997, and having heard further testimony and representations, the Committee begs to report as follows:

(a) The Auditor-General's recommendations that the Department of Minerals and Energy (DME) consider "new ways and means of securing a resolution of the apparent impasse between Mossgas and the Industry and, in the process, adjudicate on, and resolve the issue of, payments from the Equalisation Fund in respect of the Industry's position vis-à-vis Mossgas, considering the issue from all perspectives and, in particular, from the perspective of the taxpayer and the motorist" are supported. The Committee also wishes to record its disappointment at the payments in question having been allowed to continue for such an extended period, with prejudice to the interests of the taxpayer and the motorist.

(b) Furthermore, the Committee records its understanding that the Auditor-General is not able to confirm that the payments of synthetic fuel element subsidies by the Equalisation Fund for the period in question are reasonable from all perspectives and, in particular, from the perspective of the taxpayer and the motorist.

(c) In particular, and especially in view of the continued payments from the Equalisation Fund at approximately R12 000 000 per month, the Committee wishes to recommend that the DME—

(i) discharge its responsibility to the Government and to Mossgas by exercising its powers appropriately as the representative of the Government, which is the owner of Mossgas, to secure a suitable agreement between Mossgas and the Industry, and specifically to extend its role from acting merely as a facilitator of a negotiation process between Mossgas and the Industry to a role of leading and directing Mossgas and the process within a specific time-frame;

(ii) discharge its responsibility to the taxpayer and the motorist by exercising its powers as the representative of the Government, which is the owner (through CEF (Pty) Ltd) of the Equalisation Fund, and to ensure that payments made from the Equalisation Fund are reasonable, also from the perspective of the taxpayer and the motorist; and

(iii) discharge its responsibility to the Government, Mossgas, the taxpayer and the motorist by exercising whatever regulatory powers it may have, in a direct and indirect manner, to secure a suitable agreement between Mossgas and the Industry and to ensure that payments made from the Equalisation Fund are reasonable, also from the perspective of the taxpayer and the motorist.

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

(d) With regard to the matters in paragraphs *(c)*(i) and (ii) above, it is strongly recommended that, whereas note is taken of the respective positions of the various parties with regard to the past, the DME should pursue an approach that emphasises the most pragmatic way forward.

This recommendation is based on the Committee's view that, in view of the available information, and in view thereof that the Government, Mossgas and the Industry have failed to reach agreement between them on this matter since 1992, further continued efforts to resolve the impasse regarding the period covered by the *interim* agreement are not only likely to yield inconclusive results, but may also undermine and further delay efforts to conclude a satisfactory agreement.

(e) The DME must provide a plan and timetable for progressing and finalising the matters noted in paragraphs (2) and (3) above, and report to the Committee within 30 days on the plan and timetable so established, as well as on progress made in accomplishing the plan and timetable.

3. *Department of Public Service and Administration*

(1) *Unauthorised expenditure*
(Page 46, paragraph B)

The Department had not obtained timeous virement approval for savings under one division of the Vote to be applied towards the defrayment of excess expenditure under another division, giving rise to the amount of R487 616,44 being reported as unauthorised expenditure. The Department has indicated that it was due in part to the poor reporting facility of the new Basic Accounting System (BAS), and that a recurrence was not anticipated as the BAS reporting facility had been improved.

The Committee wishes to recommend that the amount be authorised, as the State did not suffer any losses. The Committee further wishes to recommend that the Department report to it whether, after eight months into the 1997-98 financial year, the improved reporting facility has indeed addressed the deficiencies in question. The Department of State Expenditure should also indicate whether any other departments have been experiencing similar problems, and if so, whether they have been resolved.

4. *Follow-up computer audit concerning important aspects of information technology in national departments*
[RP129—97]

(1) *Information technology—public sector institutions (Page 19, paragraph 3(2)(j))*

Having considered the Special Report of the Auditor-General [RP129—97], dated 30 July 1997, the Committee noted with concern the possibly disruptive implications of

non-compliance with the year 2000 requirements in respect of all public sector institutions. Its concern is further exacerbated by the fact that the 1998-99 budget is the last opportunity for the Government to make financial provision for the cost of computer system adjustments to accommodate the advent of the year 2000.

The Committee recommends that the Departments of Finance and of State Expenditure—

(a) ensure that the above-mentioned cost implications with respect to each department are determined before the 1998-99 budget is finalised; and

(b) ensure that provincial and local government administrations, as well as parastatal institutions, are fully apprised of the implications of non-compliance with the year 2000 requirements. Furthermore, these entities and institutions should make appropriate financial provision in the upcoming budget cycle for the anticipated adjustments, which will be necessary for existing computer systems.

The Committee recommends accordingly.

Report to be printed and considered.

3. Report of the Portfolio Committee on Private Members' Legislative Proposals and Petitions, dated 29 October 1997, as follows:

The Portfolio Committee on Private Members' Legislative Proposals and Petitions, having considered the legislative proposals referred to it at present, begs to report as follows:

In the light of—

1. a memorandum, dated 17 October 1997, received from the parliamentary law adviser;

2. the fact that the Committee is at present in the process of *de novo* addressing its *modus operandi* with regard to private members' legislative proposals and petitions;

3. the fact that new Rules dealing with these matters will soon be adopted by the Rules Committee;

4. the fact that a delegation of the Committee will undertake a study tour of the United Kingdom, Canada and the United States with the aim of ascertaining how those countries deal with private members' legislative proposals and petitions;

5. the fact that the Committee wishes to deal with the legislative proposals at present before it in a uniform, even and fair way; and

6. the fact that the House will rise on 6 or 7 November 1997,

it would be wrong to deal with the proposals before establishing how they should be dealt with.

The Committee is therefore of the opinion that the legislative proposals at present before it, namely the—

(1) *Council of Traditional Leaders Amendment Bill* (Inkosi M W Hlengwa);

(2) *Republic of South Africa Constitution Second Amendment Bill* (Mr V B Ndlovu);

(3) *Republic of South Africa Constitution Third Amendment Bill* (Mrs P de Lille); and

(4) *Compliance Costs Bill* (Mr K M Andrew),

stand over until the next session of Parliament.

4. Report of the Portfolio Committee on Transport on Road Safety, dated 3 November 1997, as follows:

The Portfolio Committee on Transport, having undertaken provincial tours to the Eastern Cape, the Northern Province and KwaZulu-Natal from 10 August to 15 August 1997, having held public hearings from 8 September to 10 September 1997, and having held a meeting with MECs on 17 October 1997 on the issue of National Road Safety, begs to report as follows:

A. Background

The main objective of the visits, public hearings and the MECs' briefings was to look at problems, a future programme and proposals on road safety.

B. Provincial visits—10 to 15 August

1. Eastern Cape

The provincial committee on transport held public hearings on road safety. The province has two projects on road safety to raise people's awareness on the subject.

Ukhuseleko project

This project is directed to adult pedestrians by way of—

(i) quiz programmes through radio stations;

(ii) competitions on road safety; and

(iii) choirs composing songs about road safety.

Young kids project

(i) Education programmes on road safety.

(ii) Seminars with teachers on road safety.

(iii) Workshops to remind drivers on road safety.

(1) *Causes of road accidents*

(a) Bad condition of roads.

(b) Overloading.

(c) Vehicles not roadworthy.

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5. the fact that the Committee wishes to deal with the legislative proposals at present before it in a uniform, even and fair way; and

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(iii) Workshops to remind drivers on road safety.

(1) *Causes of road accidents*

(a) Bad condition of roads.

(b) Overloading.

(c) Vehicles not roadworthy.

(d) Exceeding speed limits.

(e) Stray animals.

(f) Drunken driving.

(g) Corruption of traffic officers.

(h) Unmarked or wrongly placed road signs.

(2) *Proposals to solutions*

(a) Speed-checking devices.

(b) Patrol vehicles.

(c) Two-way radios.

(d) Portable road signs for accident scenes.

(e) Use of alcometers.

A concern was raised, emphasising that the abovementioned equipment was not enough.

2. *Northern Province*

The provincial committee on transport conducted public hearings on road safety. Causes of road accidents were identified, and solutions thereto.

(1) *Causes of road accidents*

(a) Roads are in a bad condition, and untarred.

(b) Roads are not wide enough.

(c) No roads in rural areas.

(d) No road signs, and if placed, they are unmarked or unclear.

(2) *Proposals to solutions*

(a) Upgrading of roads in rural/urban areas.

(b) Programmes to educate people on road safety.

3. *KwaZulu-Natal*

As part of addressing the high rate of accidents in KwaZulu-Natal, they have entered into a partnership with the state of Victoria in Australia, due to the success experienced in the field of road safety by the latter. This was adopted by the provincial Cabinet and the implementation phase is currently in progress.

The provincial road safety campaign focuses on the involvement of the community, schools and stakeholders. Road safety should be seen as an individual and personal responsibility. Over one million people in KwaZulu-Natal use transport. 2 000 fatalities are reported per year. In order to address the problem, more emphasis has been placed on the drink-and-drive campaign and on frequent and visible roadblocks.

C. *Public hearings: 8 to 10 September*

These hearings took place at Parliament. The main objective was

to look at issues concerning national road safety. A number of different organisations and individuals gave input. Common problems were identified. From all the presentations, it was clear that there are common causes of road accidents, and possible solutions thereto, in all the provinces.

1. Causes of road accidents

(1) Apathy and corruption of authorities.

(2) Drunken driving.

(3) Tyre blow-outs.

(4) Illegal issuing of licences.

(5) Deterioration of roads conditions.

(6) Vehicle overloading.

(7) Taxi violence.

(8) High speed.

(9) Alleged involvement of police in taxi industry.

(10) Ignorance of drivers/attitude.

(11) Cellular phones.

(12) Irresponsible and reckless driving.

2. Proposals to solutions

(1) Retesting of drivers every five years.

(2) Prosecution after every reported accident.

(3) Proper training of traffic officers.

(4) Standardisation of road traffic legislation.

(5) Road safety education.

(6) Law enforcement.

(7) Offences to be decriminalised.

(8) Advanced driving programmes

(9) Changing of attitudes towards road safety.

(10) Structure holidays to avoid congestion.

(11) Development of a national road safety policy.

(12) A task team should be formed to evaluate existing policies.

(13) Installation of speed devices.

(14) Cross-border regulation.

(15) Increased budget and resources.

(16) Co-ordination between relevant government departments.

(17) Staggering of work hours—consideration of working shifts.

D. Meeting with MECs/representatives—17 October

1. Gauteng

(1) *Background*

(a) Progress on provincial green paper and traffic quality.

(b) Law enforcement and traffic safety.

(2) *Accident rate*

The road accident rate in Gauteng is very high. Law enforcement is needed to curb the fatality rate on the road.

(3) *Problems*

(a) Low salaries for traffic officers make it difficult for them to work effectively.

(b) Little funding from the government.

(c) Lack of discipline amongst traffic officers.

(d) High speed.

(4) *Proposals to solutions*

(a) Establishment of training centres to empower traffic officers.

(b) There is a college registered at the national department.

(c) The legal alcohol level of 0,08 is still applicable until the new limit of 0,05 comes onto the statutes.

(d) Making use of overtime by staff.

(e) The national government has come up with a short-term implementation programme (STIP).

(f) A communication centre should be established to allow the free flow of information.

(g) The establishment of community road safety forums.

2. KwaZulu-Natal

(1) *Background*

They support the need for national legislation to enforce the law on South African roads.

(2) *Accident rate*

(a) KwaZulu-Natal has the third highest rate in the country. Special mechanisms have been put in place to control the problem.

(b) Many accidents are caused by exceeding the maximum speed limit and by the use of alcohol.

(3) *Problems*

(a) The major problem is the low salary scale of traffic officers.

(b) There is no job satisfaction.

(c) Another problem is that the rate of using seat belts is 50% for the front and 10% for the back, which is very low

(d) Exceeding of maximum speed limit.

(4) *Proposals to solutions*

(a) They need to increase the traffic law enforcement.

(b) There is also a Victoria (Australia) model project which is part of the STIP, and phase four is already implemented.

(c) In respect of the KwaZulu-Natal road traffic project, a green paper has been formulated and already published.

(d) Freight overloading is an expensive activity, but they have managed to control it through weigh bridges.

(e) There is a campaign which encompasses changing of public perception, education campaign and law enforcement to create public awareness on road safety.

There is the Siyabakhumbula (We remember them) project to raise people's awareness on road safety.

3. Free State

(1) *Background*

(a) They have declared the dying of people in road accidents a national disaster.

(b) As part of the STIP, they are embarking upon reducing accidents by 50% by the year 2000.

(c) The Free State is surrounded by six neighbouring provinces and one international country (Lesotho).

(d) Their road network does not cater only for the Free State people, but also for the rest of the country.

(e) 900 people die every year.

(f) They are claiming that people who cause these accidents, are from other provinces who are passing through the Free State.

(2) *Problems*

(a) There is a declining budget for the last 15 years to the Department of Transport.

(b) There are only 200 provincial inspectors—a need for additional staff is of great importance.

(c) Damage to the infrastructure and roads account for about R70 million per year.

(d) Low salaries for traffic officers.

(3) *Proposals to solutions*

(a) A special unit should be formed to look at the control of overloading—this was operated in Senegal, and 25 trucks were caught in one single night.

(b) The Committee requests that the investigation of accidents be done by the traffic department and not the SAPS.

(c) There are road safety campaigns put in place to change public perceptions.

(d) The training of traffic officers.

(e) Create discipline within the traffic department—investigating corruption.

(f) There is a need for collaboration between road and rail transport.

4. *Western Cape*

(1) *Background*

(a) A policy document has been published, with emphasis on public transport.

(b) More than one million cars are using Western Cape roads.

(c) The Western Cape is committed to implement the STIP, and a white paper is in the pipeline.

(2) *Accident rate*

The road accident rate is high.

(3) *Problems*

(a) Low salaries for traffic officers.

(b) Lack of funding to launch road safety campaigns.

(c) Drunken driving and high speed cause a lot of road accidents, and not wearing seatbelts results in many injuries.

(d) Many rural roads are not tarred.

(4) *Proposals to solutions*

(a) Special accident units should be put in place.

(b) The transportation plan for the failed Olympic bid should be implemented.

(c) A liaison structure should be established to communicate with the national Department of Transport.

(d) On 5 October 1997, a community involvement campaign was launched.

(e) Involvement with taxi organisations.

(f) Working groups should be established on district and local level to focus on priorities.

5. *Mpumalanga*

(1) *Background*

Their problem is largely rural, because roads are not tarred.

(2) *Accident rate*

In 1996 alone there were 4 500 accidents and 1 190 fatalities.

(3) *Problems*

(a) Low salaries for traffic officers.

(b) Untarred roads.

(c) Financial problems.

(d) The moratorium placed on the appointment of traffic officers and the purchase of vehicles.

(e) Many accidents on the Maputo Road.

(f) Corruption in respect of drivers' licences.

(4) *Proposals to solutions*

(a) Mayors should sign projects supporting community involvement in respect of road safety.

(b) They should become involved in the implementation of the STIP.

6. *Northern Province*

(1) *Background*

Many rural roads are not tarred.

(2) *Accident rate*

There were 7 275 road accidents in 1996, of which 1 040 involved fatalities. 1 465 occurred in respect of light vehicles.

(3) *Problems*

(a) No visible policy.

(b) Bad equipment inherited from the former Lebowa, Venda, Gazankulu and the TPA.

(c) Other offices are on the verge of closing because of fraud.

(d) Stray animals—cutting of fences by the people from the communities.

(e) Drunk pedestrians.

(f) Low salaries for traffic officers.

(4) *Proposals to solutions*

(a) Opening of college to empower officers.

(b) A rescue unit should be put in place.

(c) A drivers' licences inspectorate unit should be established

(d) Teachers should be trained to give lectures at school.

(e) Scholar patrols programme: At present there are 70 scholar patrols and 25 applications.

(f) Weigh bridges for overloading was very successful.

(g) Radio lessons- radio quiz shows—to inform people.

(h) The development of a road information system in line with rural areas.

(i) They should also be involved in the implementation of the STIP.

7. *Eastern Cape*

(1) *Background*

(a) Emphasise law enforcement.

(b) They are involved in the STIP, which is nationally co-ordinated.

(c) Programmes are scheduled to begin by October.

(2) *Accident rate*

From 5 December 1996 to 14 January 1997, the number of fatalities was 176. There is a high rate of accidents.

(3) *Problems*

(a) Stray animals—cutting of fences by people from the communities.

(b) No toll-roads in the province.

(c) The department is given 2,01% out of the whole provincial budget.

(d) A lack of funding.

(e) Low salaries for traffic officers.

(f) Damage to roads due to overloading.

(g) Staff shortage.

(h) Problems inherited from three different administrations: The former CPA, the Ciskei and the Transkei.

(4) *Proposals to solutions*

(a) Traffic safety education through scholar patrols and teacher seminars.

(b) Radio and newspaper lessons by way of quiz shows and choir competitions, targeting adult pedestrians—the Ukhuseleko Project.

(c) Driver training—*inter alia* by way of a Driver of the Year competition.

(d) The establishment of junior traffic training centres as part of the RDP project.

8. *North West*

(1) *Background*

(a) The STIP was launched on 17 October 1997.

(b) The licensed vehicles on the road number 510 000.

(2) *Accident rate*

(a) Accidents: 13 391.

(b) Deaths: Urban—139.
Rural—348.

(3) *Problems*

(a) Damage to roads due to overloading.

(b) Lack of funding for projects.

(c) Low salaries for traffic officers.

(4) *Proposals to solutions*

(a) Road safety campaigns should be undertaken—provincial Driver of the Year.

(b) Road and vehicle testing centres should be put in place.

(c) Road development programmes are under way and others are envisaged.

9. *Northern Cape*

(1) *Background*

(a) The province has many rural roads.

(b) About 152 819 licensed vehicles are used on Northern Cape roads.

(2) *Accident rate*

(a) In 1995 there were 4 005 vehicle accidents and 337 fatalities.

(b) There is a low road accident rate.

(3) *Problems*

(a) Untarred rural roads (22 275 km).

(b) High speed.

(c) Alcohol.

(d) Lack of staff.

(4) *Proposals to solutions*

(a) Control the traffic by way of road blocks.

(b) Develop roads in certain areas.

(c) Projects to make people aware of road safety are on the way.

National Council of Provinces:

1. Report of the Select Committee on Social Services on the *Identification Bill* [B 60B—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

   The Select Committee on Social Services, having considered the subject of the *Identification Bill* [B 60B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

2. Report of the Select Committee on Social Services on the *Nonprofit Organisations Bill* [B 88B—97] (National Assembly—sec 75), dated 14 November 1997, as follows:

   The Select Committee on Social Services, having considered the subject of the *Nonprofit Organisations Bill* [B 88B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

3. Report of the Select Committee on Social Services on the *Pharmacy Amendment Bill* [B 69B—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

   The Select Committee on Social Services, having considered the subject of the *Pharmacy Amendment Bill* [B 69B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

4. Report of the Select Committee on Social Services on the *Welfare Laws Amendment Bill* [B 90D—97] (National Assembly—sec 76), dated 14 November 1997, as follows:

   The Select Committee on Social Services, having considered the subject of the *Welfare Laws Amendment Bill* [B 90D—97] (National Assembly—sec 76), referred to it, begs to report the Bill with amendments [B 90E—97].

5. Report of the Select Committee on Social Services on the *Medicines and Related Substances Control Amendment Bill* [B 72B—97] (National Assembly—sec 76), dated 13 November 1997, as follows:

   The Select Committee on Social Services, having considered the subject of the *Medicines and Related Substances Control Amendment Bill* [B 72B—97] (National Assembly—sec 76), referred to it, begs to report the Bill without amendment.

6. Report of the Select Committee on Social Services on the *Chiroprac-*

tors, Homeopaths and Allied Health Service Professions Amendment Bill [B 97—97] (National Assembly—sec 76), dated 13 November 1997, as follows:

> The Select Committee on Social Services, having considered the subject of the *Chiropractors, Homeopaths and Allied Health Service Professions Amendment Bill* [B 97—97] (National Assembly—sec 76), referred to it, begs to report the Bill without amendment.

7. Report of the Select Committee on Social Services on the *Medical, Dental and Supplementary Health Service Professions Amendment Bill* [B 62B—97] (National Assembly—sec 76), dated 13 November 1997, as follows:

> The Select Committee on Social Services, having considered the subject of the *Medical, Dental and Supplementary Health Service Professions Amendment Bill* [B 62B—97] (National Assembly—sec 76), referred to it, begs to report the Bill without amendment.

8. Report of the Select Committee on Security and Justice on the *Criminal Procedure Second Amendment Bill* [B 84B—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Criminal Procedure Second Amendment Bill* [B 84B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

9. Report of the Select Committee on Security and Justice on the *Constitutional Court Complementary Act Amendment Bill* [B 87B—97] (National Assembly—sec 75), dated 13 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Constitutional Court Complementary Act Amendment Bill* [B 87B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

10. Report of the Select Committee on Security and Justice on the *Explosives Amendment Bill* [B 91—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

> The Select Committee on Security and Justice, having considered the subject of the *Explosives Amendment Bill* [B 91—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

11. Report of the Select Committee on Education on the *National Film and Video Foundation Bill* [B 17B—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

> The Select Committee on Education, having considered the subject of the *National Film and Video Foundation Bill* [B

17B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

12. Report of the Select Committee on Education on the *Higher Education Bill* [B 75B—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

    The Select Committee on Education, having considered the subject of the *Higher Education Bill* [B 75B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

13. Report of the Select Committee on Education on the *Education Laws Amendment Bill* [B 85B—97] (National Assembly—sec 76), dated 17 November 1997, as follows:

    The Select Committee on Education, having considered the subject of the *Education Laws Amendment Bill* [B 85B—97] (National Assembly—sec 76), referred to it, begs to report the Bill without amendment.

14. Report of the Select Committee on Labour and Public Enterprises on the *Overvaal Resorts Limited Amendment Bill* [B 74—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

    The Select Committee on Labour and Public Enterprises, having considered the subject of the *Overvaal Resorts Limited Amendment Bill* [B 74—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

15. Report of the Select Committee on Labour and Public Enterprises on the *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

    The Select Committee on Labour and Public Enterprises, having considered the subject of the *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

No 26—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

NATIONAL COUNCIL OF PROVINCES

TUESDAY, 18 NOVEMBER 1997

1. The Council met at 10:00.
2. The Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.
3. [10:03] Questions.
4. [10:36] Maj Gen P H Groenewald moved: That leave of absence be granted to Adv J R de Ville for the period 16 to 27 November 1997.

   Motion agreed to in accordance with Section 65 of the Constitution.
5. [10:36] Mr J Selfe moved: That leave of absence be granted to Mr E K Moorcroft for the period 7 to 25 November 1997.

   Motion agreed to in accordance with Section 65 of the Constitution.
6. FIRST ORDER [10:37]

   Consideration of *Births and Deaths Registration Amendment Bill* [B 53B—97] (National Assembly—sec 75) and of Report of Select Committee on Social Services thereon (Announcements, Tablings and Committee Reports, p 665).

   Debate concluded.

   Bill agreed to in accordance with section 75 of the Constitution.
7. SECOND ORDER [10:41]

   Consideration of *Identification Bill* [B 60B—97] (National Assembly—sec 75) and of Report of Select Committee on Social Services thereon (Announcements, Tablings and Committee Reports, p 812).

   Debate concluded.

   Bill agreed to in accordance with section 75 of the Constitution.
8. THIRD ORDER [11:19]

   Consideration of *South African Citizenship Amendment Bill* [B 42B—97] (National Assembly—sec 75) and of Report of Select Committee on Social

Services thereon (Announcements, Tablings and Committee Reports, p 665).

Debate concluded.

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

9. FOURTH ORDER [11:26]

Consideration of *National Parks Amendment Bill* [B 73—97] (National Assembly—sec 75) and of Report of Select Committee on Land, Agriculture and Environmental Affairs thereon (Announcements, Tablings and Committee Reports, p 790).

Debate concluded.

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

10. FIFTH ORDER [11:34]

Consideration of *Nonprofit Organisations Bill* [B 88B—97] (National Assembly—sec 75) and of Report of Select Committee on Social Services thereon (Announcements, Tablings and Committee Reports, p 812).

Debate concluded.

Bill agreed to in accordance with section 75 of the Constitution (Freedom Front dissenting).

11. SIXTH ORDER [12:14]

Consideration of *Mine Health and Safety Amendment Bill* [B 107B—97] (National Assembly—sec 75) and of Report of Select Committee on Economic and Foreign Affairs thereon (Announcements, Tablings and Committee Reports, p 764).

Order disposed of without debate.

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

12. SEVENTH ORDER [12:15]

Consideration of *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75) and of Report of Select Committee on Labour and Public Enterprises thereon (Announcements, Tablings and Committee Reports, p 814).

BUSINESS INTERRUPTED AT 12:42 AND RESUMED AT 14:17.

Debate concluded.

Bill and amendments recommitted.

13. EIGHTH ORDER [15:37]

Consideration of Report of Select Committee on Economic and Foreign Affairs (Announcements, Tablings and Committee Reports, p 764—*UNCLOS Convention*).

Order disposed of without debate.

Report adopted in accordance with Section 65 of the Constitution.

14. NINTH ORDER [15:38]

Consideration of Report of Select Committee on Economic and Foreign Affairs (Announcements, Tablings and Committee Reports, p 764—*Pelindaba Treaty*).

Order disposed of without debate.

Report adopted in accordance with Section 65 of the Constitution.

15. TENTH ORDER [15:39]

Consideration of Report of Select Committee on Members' Interests (Announcements, Tablings and Committee Reports, p 745—*Register for Members' Interests*).

Order disposed of without debate.

Report adopted in accordance with Section 65 of the Constitution.

16. The Council adjourned at 15:40.

S G MFENYANA,

Secretary to Parliament.

No 120—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 18 NOVEMBER 1997

COMMITTEE REPORTS:

National Council of Provinces:

1. Report of the Select Committee on Security and Justice on the *Criminal Law Amendment Bill* [B 46B—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

The Select Committee on Security and Justice, having considered the subject of the *Criminal Law Amendment Bill* [B 46B—97] (National Assembly—sec 75), referred to it, begs to report the Bill with proposed amendments, as follows:

CLAUSE 1

1. On page 4, from line 1, to omit paragraph *(b)* and to substitute:

(b) The court—

(i) shall consider the written arguments and the evidence led at the trial; and

(ii) may, if necessary, hear oral argument on such written arguments,

and advise the President, with full reasons therefor, of the need to set aside the sentence of death and of the appropriate sentence to be substituted in its place.

2. On page 4, after line 35, to insert the following subsection:

(11) A sentence of imprisonment substituted for the sentence of death in terms of this section, may be antedated by the President or the court, as the case may be, to a specified date, which shall not be earlier than the date on which the sentence of death was imposed.

CLAUSE 54

1. On page 28, in line 2, after "1997" to insert:

, and shall come into operation on a date fixed by the President by proclamation in the *Gazette*

The Committee further wishes to report as follows:

1. The above amendments relate to the procedure to be followed with the substitution of sentences of imprisonment in place of the death penalty.

2. The Committee was appraised with the views of the Chief Justice and of a Senior Counsel engaged by the Department on this matter. The issues raised by these individuals are complex and deserve careful consideration. It would have been most desirable to have had more time to consider these matters, but this would have involved a delay in the passing of the Bill, with consequent legal uncertainty surrounding those persons who have been sentenced to death.

3. The Committee deliberated at length as to whether the courts should be obliged, when substituting sentences of imprisonment for the death penalty, to calculate the sentence from the date on which the death sentence was imposed. After due consideration, the Committee felt that such a step could amount to an interference by Parliament in the independence of the courts. The Committee would, however, like to recommend that Judges consider the total time such persons have been in prison when substituting the death penalty with sentences of imprisonment.

4. This is all the more so in view of the imminent passage of the *Parole and Correctional Supervision Amendment Bill* [B 57B—97], which will have the effect that prisoners will not be eligible for parole unless and until at least half of their sentence has been served.

2. Report of the Select Committee on Security and Justice on the *Magistrates' Courts Second Amendment Bill* [B 77B—97] (National Assembly—sec 75), dated 17 November 1997, as follows:

The Select Committee on Security and Justice, having considered the subject of the *Magistrates' Courts Second Amendment Bill* [B 77B—97] (National Assembly—sec 75), referred to it, begs to report that it has agreed to the Bill.

The Committee further wishes to report as follows:

1. The Committee noted its concern that by transferring jurisdiction of decisions in relation to the validity of by-laws and regulations exclusively to the High Court, justice will become less accessible and more costly.

2. The Committee also noted that the Law Commission is

investigating this aspect and that its report is imminent, and further, that the proposed Act is an *interim* measure.

3. The Committee therefore recommends that the Department urge the Law Commission to finalise its report expeditiously, and requests that the Department monitor the volume of cases brought to the High Courts in respect of *ultra vires* challenges.

3. Report of the Select Committee on Constitutional Affairs and Public Administration on the *Public Funding of Represented Political Parties Bill* [B 67B—97] (National Assembly—sec 75), dated 14 November 1997, as follows:

The Select Committee on Constitutional Affairs and Public Administration, having considered the subject of the *Public Funding of Represented Political Parties Bill* [B 67B—97] (National Assembly—sec 75), referred to it, begs to report the Bill with a proposed amendment, as follows:

CLAUSE 10

1. On page 10, from line 49, to omit the words preceding paragraph *(a)* and to substitute:

The President, acting on the recommendation of a joint committee of the National Assembly and the National Council of Provinces, consisting of representatives of the political parties with representation in the National Assembly, and one delegate from each provincial delegation in the National Council of Provinces, respectively, may by proclamation in the *Gazette* make regulations consistent with this Act -

The Committee further recommends as follows:

1. In the interests of ensuring equality of influence and of reducing the opportunities for corruption, the regulation of private funding should be addressed as a matter of urgency during 1998.

2. A study should be made on the possibility of providing funds for political parties represented at local government level.

4. Report of the Select Committee on Public Services on the *Housing Bill* [B 82B—97] (National Assembly—sec 76), dated 17 November 1997, as follows:

The Select Committee on Public Services, having considered the subject of the *Housing Bill* [B 82B—97] (National Assembly—sec 76), referred to it, begs to report the Bill with amendments [B 82C—97].

5. Report of the Select Committee on Land, Agriculture and Environmental Affairs on the *Water Services Bill* [B 65B—97] (National Assembly—sec 76), dated 17 November 1997, as follows:

The Select Committee on Land, Agriculture and Environmental Affairs, having considered the subject of the *Water Services Bill* [B 65B—97] (National Assembly—sec 76), referred to it, begs to report the Bill with amendments [B 65C—97].

6. Report of the Select Committee on Justice on the *Extradition designation*, dated 17 November 1997, as follows:

The Select Committee on Justice, having considered the request for ratification by Parliament of the designation of the Republic of Namibia, the Republic of Zimbabwe and the United Kingdom, referred to it, begs to recommend that the House, in terms of section 2(3)*(a)* of the Extradition Act, 1962 (Act No. 67 of 1962), agree to the said designation.

Report to be considered.

No 27—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

NATIONAL COUNCIL OF PROVINCES

WEDNESDAY, 19 NOVEMBER 1997

1. The Council met at 14:20.
2. The Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.
3. FIRST ORDER [14:28]

   Consideration of *National Film and Video Foundation Bill* [B 17B—97] (National Assembly—sec 75) and of Report of Select Committee on Education thereon (Announcements, Tablings and Committee Reports, p 813).

   Debate concluded.

   Bill agreed to in accordance with section 75 of the Constitution.
4. SECOND ORDER [14:34]

   Consideration of *Overvaal Resorts Limited Amendment Bill* [B 74—97] (National Assembly—sec 75) and of Report of Select Committee on Labour and Public Enterprises thereon (Announcements, Tablings and Committee Reports, p 814).

   Debate concluded.

   Bill agreed to in accordance with section 75 of the Constitution.
5. THIRD ORDER [14:40]

   Consideration of Report of Select Committee on Labour and Public Enterprises on *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75) and amendment proposals (Announcements, Tablings and Committee Reports, dated 19 November 1997).

   Order disposed of without debate.

   Report adopted in accordance with section 75 of the Constitution (National Party and Democratic Party dissenting).
6. FOURTH ORDER [14:42]

   Decision on *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75).

Order disposed of without debate.

Question put: That the Bill be agreed to.

Division demanded.

The House divided:

AYES—42:
Permanent members: Bhabha, M; Bhengu, G B; Cwele, S C; Direko, I W; Fenyane, S L E; Foster, J A; Grové, S P; Kgoali, J L; Khobe, O N; Lebona, H J P; Lubidla, E N; Makgothi, H G; Makwela, M I; Mbeki, G A M; Metele, A T; Mongwaketse S J; Moosa, M W; Mothoagae, P K; Mukhuba, T T; Mushwana, M L; Mutsila, I; Ngcuka, B T; Nogumla, R Z; Sulliman, M A; Surty, M E; Tshivhase, M P K; Tyobeka-Lieta, V M; Zondi, K M.

Special members: Atolo, M; Burgers, M S; Creecy, B D; Cronjé, C M; Dlamini, F X; Dombo, R J; Manana, M N S; Maserumule, T; Mbuyisa, S Z; Mereeotlhe, B S; Mthembu, J M; Ngema, M V; Ntlabathi, S; Roopa, S.

Tellers: Cwele, S C; Surty, M E; Tyobeka-Lieta, V M.

NOES—17:
Permanent members: Ackermann, C; Bruwer, A A B; Fisher, S D; Groenewald, P H; Henry, M; Kanyiles, D J; Koornhof, G W; Malatsi, D M; Marais, P G; Mnisi, W F; Mokotjo, R J; Radue, R J; Selfe, J; Swanepoel, L J; Van der Walt, B J.

Special members: Reinecke, A; Wessels, T S.

Tellers: Koornhof, G W; Selfe, J.

Question agreed to.

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

7. FIFTH ORDER [15:00]

Consideration of *Criminal Procedure Amendment Bill* [B 81B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 789).

Order disposed of without debate.

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

8. SIXTH ORDER [15:00]

Consideration of *Judges' Remuneration and Conditions of Employment Amendment Bill* [B 70—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 789).

Order disposed of without debate.

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

9. SEVENTH ORDER [15:01]

Consideration of *Qualification of Legal Practitioners Amendment Bill* [B 83B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 789).

Order disposed of without debate.

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

10. EIGHTH ORDER [15:01]

Consideration of *Constitutional Court Complementary Act Amendment Bill* [B 87B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 813).

Order disposed of without debate.

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

11. NINTH ORDER [15:02]

Consideration of *Magistrates' Courts Second Amendment Bill* [B 77B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 819).

Order disposed of without debate.

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

12. TENTH ORDER [15:02]

Consideration of *Magistrates' Courts Amendment Bill* [B 43B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 789).

Order disposed of without debate.

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

13. ELEVENTH ORDER [15:03]

Consideration of *Aviation Laws Amendment Bill* [B 110—97] (National Assembly—sec 75) and of Report of Select Committee on Public Services thereon (Announcements, Tablings and Committee Reports, p 792).

Order disposed of without debate.

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

14. TWELFTH ORDER [15:03]

Consideration of *Explosives Amendment Bill* [B 91—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 813).

Order disposed of without debate.

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

15. THIRTEENTH ORDER [15:04]

Consideration of *Promotion of National Unity and Reconciliation Second Amendment Bill* [B 109—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 789).

Debate concluded.

Amendments on Order Paper (p 256) negatived (National Party dissenting).

Bill agreed to in accordance with section 75 of the Constitution (National Party and Freedom Front dissenting).

16. FOURTEENTH ORDER [15:44]

Consideration of *Criminal Law Amendment Bill* [B 46B—97] (National

Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 818).

Debate concluded.

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

17. FIFTEENTH ORDER [16:22]

Consideration of *Criminal Procedure Second Amendment Bill* [B 84B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 813).

Debate concluded.

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

18. Presedence given to Order No 19.

19. NINETEENTH ORDER [17:11]

Consideration of *Welfare Laws Amendment Bill* [B 90F—97] (National Assembly—sec 76) and of Report of Select Committee on Social Services thereon (Announcements, Tablings and Committee Reports, p 812).

Debate concluded.

Amendment on Order Paper (p 256) negatived.

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

20. SIXTEENTH ORDER [19:04]

Consideration of *Natural Fathers of Children Born out of Wedlock Bill* [B 68B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 789).

Debate concluded.

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

21. SEVENTEENTH ORDER [19:33]

Consideration of *Parole and Correctional Supervision Amendment Bill* [B 57B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 790).

Debate concluded.

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

22. EIGHTEENTH ORDER [19:51]

Consideration of *Correctional Services Amendment Bill* [B 99B—97] (National Assembly—sec 75) and of Report of Select Committee on Security and Justice thereon (Announcements, Tablings and Committee Reports, p 790).

Debate concluded.

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

23. TWENTIETH ORDER [20:10]

Consideration of Report of Select Committee on Security and Justice (Announcements, Tablings and Committee Reports, p 821—*Extradition designation*).

Order disposed of without debate.

Report adopted in accordance with section 65 of the Constitution.

24. The Council adjourned at 20:12.

S G MFENYANA,

Secretary to Parliament.

No 121—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

WEDNESDAY, 19 NOVEMBER 1997

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) *Land Restitution and Reform Laws Amendment Bill* [B 64D—97]—Act No 63 of 1997;

   (ii) *State of Emergency Bill* [B 52D—97]—Act No 64 of 1997;

   (iii) *Divorce Courts Amendment Bill* [B 24D—97]—Act No 65 of 1997; and

   (iv) *Contingency Fees Bill* [B 33D—97]—Act No 66 of 1997.

TABLINGS:

National Assembly and National Council of Provinces:

Papers:

1. The Minister for Agriculture and Land Affairs:

   Report of the Independent Auditors to the Members of the South African Veterinary Council and the Report of the South African Veterinary Council for 1996-97.

COMMITTEE REPORTS:

National Council of Provinces:

1. Report of the Select Committee on Labour and Public Enterprises on the *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75), dated 19 November 1997, as follows:

The Select Committee on Labour and Public Enterprises, having considered amendment proposals to the *Basic Conditions of Employment Bill* [B 98B—97] (National Assembly—sec 75), recommitted to it, wishes to report as follows:

AMENDMENTS REJECTED

CLAUSE 2

1. On page 7, to add the following paragraphs after paragraph *(b)*:

(c) to create an environment which is conducive to job creation by balancing the rights and privileges of employers and employees;

(d) to develop sound work ethics.

CLAUSE 9

1. On page 8, to omit subsection (3) and to substitute:

(3) Schedule 1 establishes procedures for the regulation of maximum working hours.

CLAUSE 10

1. On page 8, in line 43, to omit "one-half" and to substitute "one-third".

CLAUSE 12

1. On page 9, in line 25, after "agreement" to insert:

, provided that this period may be extended to up to six months in the case of a farm worker

CLAUSE 13

1. On page 9, in line 46, to omit "after consulting" and to substitute "in consultation with".

CLAUSE 50

1. On page 22, in line 2, after "may," to insert:

after agreement to that effect has been reached with the Commission, and

CLAUSE 55

1. On page 24, to omit subsection (1) and to substitute:

(1) After considering the report of the Commission contemplated in section 54(4), the Minister may make a sectoral determination for one or more sector and area in accordance with the recommendations of the Commission.

2. On page 24, to omit subsection (2) and to substitute:

(2) If the Minister does not accept a recommendation of the Commission made in terms of section 54(4), the Minister must reach an agreement with the Commission regarding the sectoral determination to be made.

3. On page 24, to omit subsection (3).

CLAUSE 83

1. On page 32, in line 44, to omit "on the advice of" and to substitute "in consultation with".

CLAUSE 86

1. On page 33, in line 31, to omit "after consulting the Commission" and to substitute:

in consultation with the Commission and the relevant portfolio committee of the National Assembly as well as the relevant select committee of the National Council of Provinces

CLAUSE 96

1. On page 35, in line 33, after "*Gazette*" to insert:

, which may not be earlier than the date of the issuing of the codes of good practice in terms of section 87

SCHEDULE 1

1. On page 36, to omit lines 2 to 6 and to substitute:

PROCEDURES FOR THE REGULATION OF MAXIMUM WORKING HOURS

Goal

1. This Schedule records the procedures to be adopted to regulate the working hours of employees—

2. On page 36, to omit item 3 and to substitute:

Role of Employment Conditions Commission

3. (1) The Commission may investigate the possibility of reducing or increasing working hours in a particular sector and area and make recommendations to the Minister thereon.

(2) Due consideration must be given to the situation in other emerging markets with which the Republic of South Africa is in competition when the recommendations in subitem (1) are made to the Minister, and a report in connection therewith must be compiled, which—

(a) must accompany the recommendations made to the Minister; and

(b) must be made available to parties seeking to engage in negotiations envisaged in item 2.

3. On page 36, to omit item 4.

4. On page 36, to omit item 5.

Report to be considered.

2. Report of the Select Committee on Finance on a study tour to the USA, dated 21 October 1997, as follows:

The Select Committee on Finance, having assigned a delegation to undertake a study tour to the USA in June 1997, begs to report as follows:

A. Introduction

1. Purpose of visit

The purpose of the visit was to gain insight into how international financial institutions operate. The delegation also studied local government financial management and the workings of US congressional finance committees in order to gain insight into how these systems relate to their executive and legislative levels, with a view to gathering useful and practically applicable information.

2. Tour group

The delegation consisted of Mr S L E Fenyane (MP and leader of the delegation), Mr A T Metele(MP), Mr S W Lubisi (MP), Mr G B Bhengu (MP), Dr P J Gous (MP), Mr A E van Niekerk (MP) and Ms S Pauw (committee secretary).

3. Itinerary

(1) *Washington, DC: 22 to 25 June*

Meetings were held with the IMF, the World Bank, the Congressional Budget Office, the Joint Committee on Taxation, the Trade Subcommittee of the House Ways and Means Committee, the Human Resources Sub-committee of the House Ways and Means Committee, the Senate Finance Committee, the Senate Budget Committee and the National Conference of State Legislatures.

(2) *New York: 26 to 27 June*

Meetings were held with the South African Consulate, Standard New York, Inc, the Office of the State Comptroller, the New York Stock Exchange, Rand International Securities, LLC and the Office of the Deputy Mayor for Economic Development, Planning and Administration.

(3) *Appreciation*

The Committee would like to express its appreciation to the parliamentary officials in South Africa who were instrumental in making the trip possible.

The Committee further wishes to thank the South African Embassy staff and the South African Consulate staff in the USA for their support and assistance in arranging and executing the logistics of the trip.

To the institutions, individuals, Members of Congress and Congress officials we visited in Washington, DC and New York, we would like to extend a special word of thanks for their willingness to meet us and the professional manner in which they shared their knowledge and experience with us.

B. International Monetary Fund

1. Organisation

The IMF's membership numbers 181 countries. Member-

ship is open to every country that conducts its own foreign policy and is willing to adhere to the IMF charter of rights and obligations.

The top link of the chain of command is the board of governors, one from each member, and an equal number of alternate governors. As the governors and their alternates are ministers of finance or heads of central banks, they speak authoritatively for their governments. The board meets once a year, and delegates powers to the executive board in Washington, DC. The 24 executive directors, meeting at least three times a week in formal session, supervise the implementation of policies set by member governments through the board of governors. The executive rarely makes decisions on the basis of formal voting, and relies more on consensus among its members.

South Africa's constituency is made up of 20 voting countries, and includes Burundi (French-speaking) and Mozambique and Angola (Portuguese-speaking). Sudan is also a member of our constituency, but is not a voting member.

2. *Arrangements for representation*

Each constituency votes for its executive director. This takes place every two years. Each constituency has its own arrangements for nomination. In the case of our constituency, a rotation system is used at both the IMF and the World Bank. Representatives from two countries are posted at any one time—one to the World Bank and one to the IMF.

The present alternate executive director for South Africa's constituency is from Angola. When the present executive director leaves, the alternate executive director will take his place. At the World Bank, the executive director for South Africa's constituency is from Mozambique and the alternate executive director is from Namibia.

The main meetings are held at constituency level. The opinions of constituency members are sought on matters and they are briefed in writing on matters discussed in the executive board.

3. *Quotas and voting*

On joining the IMF, each member country contributes a certain sum of money, called a quota subscription, as a sort of membership fee.

Quotas serve various purposes. Firstly, they form a pool of money that the IMF can draw from to lend to members in financial difficulty. Secondly, they form the basis for determining how much the contributing member can borrow from the IMF or receive from the IMF in periodic allocations of special assets, known as SDRs.

Thirdly, they determine the voting power of the member. The IMF itself, through an analysis of each country's

wealth and economic performance, sets the amount of the quota the member will contribute. Quotas are reviewed every five years.

In the case of funding a country, the IMF has a role to play and would like to be satisfied that a problem is a soluble one. They discuss funding on the basis of overall economic indications and conditions. There are basic rules of economic management. A country has to manage its finances in such a way that they are sustainable. It has to encourage investment and a favourable inflation rate.

4. *Allocation of resources*

The allocation of resources depends on activities in the various member countries. It depends on continental activity in terms of relying on resources. The number of African countries using fund resources has almost doubled compared to five years ago.

5. *IMF financial facilities*

The IMF makes its financial resources available to member countries through a variety of financial windows *(facilities)*. Except for the ESAF, members avail themselves of the IMF's financial resources by purchasing *(drawing)* other members' currencies or SDRs with an equivalent amount of their own currencies. The IMF levies charges on these drawings and requires that members repurchase *(repay)* their own currencies from the IMF over a specified period of time.

6. *Surveillance*

The present system demands greater transparency of members' policies and permits more scope for the IMF to monitor these policies. This is called "surveillance" or supervision over members' exchange policies. Supervision is based on the conviction that strong and consistent domestic economic policies will lead to stable exchange rates and a growing and prosperous world economy.

7. *Consultation*

Consultation typically takes place annually. Through these consultations conducted in the member country, the IMF obtains information on whether the country is acting responsibly and openly in setting the conditions under which its currency is bought and sold by governments and private citizens of other countries, as well as information on the country's overall economic position. These consultations also provide an opportunity for the IMF to encourage the elimination of any restrictions the country might have imposed on the immediate transfer of its domestic money into foreign currencies.

The IMF provides technical assistance on request to member countries.

C. *World Bank*

1. The World Bank group consists of the—

(1) International Bank for Reconstruction and Development (IBRD).

(2) International Development Association (IDA).

(3) International Finance Corporation (IFC).

(4) Multilateral Investment Guarantee Agency (MIGA).

(5) International Centre for Settlement of Investment Disputes (ICSID).

2. *Comparison between World Bank and IMF*

The IMF deals purely with stabilisation issues. The World Bank deals with the whole ambit of developmental issues. The President of the World Bank is traditionally always an American, and the President of the IMF is traditionally from Europe.

3. *South Africa and World Bank*

The first World Bank loan (for SMMEs) went through the board in June 1997. It is a relatively small loan—$46 million. The basis on which that was brought to the board, was that South Africa has determined all terms which were not restrained by the World Bank group (substitution for budget funding). It is a cheaper source of funding for this mechanism.

The net cost of funding by the World Bank and the grace period available make loans very attractive. South Africa is a small borrower and a newcomer to the loan process. There are guidelines for how much a country can borrow. The limit is approximately 10% of the total loan portfolio. The bank also takes note of a country's absorptive capacity.

One advantage of South Africa's association with the World Bank is that it offers a certain level of confidence to capital markets. It leads to mobilisation of additional resources available to South Africa.

Normally the bank cannot meet all requirements of a member, therefore it plays a catalytic role in getting further contributions.

4. *Structural adjustment in Africa*

At present the World Bank continues structural adjustment lending, partly in Africa. However, only 25% of the World Bank budget is used for structural adjustment loans. Most of the World Bank loans are earmarked for health sector reform projects, education and agricultural development. Those loans are made for specific projects and are not influenced by macro-economic policies. 75% of World Bank lending is aimed at specific projects.

5. *Public expenditure and budget process*

The World Bank is increasingly active in helping public sector development. It is a growing field. At present there is worldwide interest in improving the mechanics of budgets

and systems of policy-making capacity. This is termed "new public sector management". There is great emphasis on greater transparency, medium-term expenditure frameworks, improved reporting, greater flexibility in government departments and decentralised control of budgets shifting away from detailed line-item control.

New developments are, for instance, full accrual accounting for the government in New Zealand and, associated with that, budgeting on an accrual basis. Australia and the United Kingdom are also starting to look at this option.

A policy change will impact over a number of years. South Africa is seeking major transformation and a shift between provincial and national budgeting. South Africa needs strict coherence at the public expenditure planning stage.

D. Congressional Budget Office

The Committee on Appropriation in the House of Representatives and the Senate reviews one third of the total spending. There is a great deal of prior legislated spending (permanent spending laws), for instance the Medicare program (health care for people over 65), the social security programme and health care for the lower income group.

The taxwriting committees are the Senate Finance Committee and the House Ways and Means Committee. They earmark taxes to raise funds for, for example, social security programmes, for instance on payroll taxes. Annually this will contribute approximately 30% to the total budget.

The budget committee prepares a plan for the next five years, called the budget resolution. It is aimed at a medium-term expenditure framework and multi-year budgeting.

The congressional budget office provides technical support to the budget committees and provides budget estimates as budgets in Congress proceed. The office has an independent staff complement. Its role is to give Congress independent information on the budget.

This nonpartisan office provides independent technical information. Staff members are mostly economists, or have degrees in public administration, etc. The office is not a policy office, but makes recommendations to Congress. The office analyses policy issues on request and offers alternatives; it has an advisory role. The director of the office serves a four-year term and is appointed by the House of Representatives and the Senate.

The office publishes its projections at the beginning of each year. The congressional committees use these publications for planning purposes.

The President has his own baseline assumptions from his backup staff, which might differ from the figures and projections in the office's publication.

The office annually publishes options for reducing the deficit—with 200 different options that Congress might consider. The office also analyses the President's budget and publishes a report.

E. Joint Committee on Taxation

This committee meets once a year. Staff are nonpartisan and work with the House of Representatives as well as the Senate.

They make a qualitative analysis of policy proposals to help members of Congress create tax legislation and make sure things work well from a legal point of view. The office works most closely with the taxwriting committees, for example the House Ways and Means Committee and the Senate Finance Committee.

The Joint Committee on Taxation is also responsible for writing treaties, and for approving all large refunds that the IRS pays out, which is an oversight function. They approve refunds in excess of $1 million.

Deliberations mainly take place with the House Ways and Means Committee and the Senate Finance Committee. One fifth of the Senate are members of the Senate Finance Committee.

Houses of Congress look to the taxwriting committees for guidance, but they do not necessarily comply with what is recommended.

The Joint Committee on Taxation is made up of five members from the House of Representatives and five from the Senate. The Chairperson of the Joint Committee alternates from year to year between the Senate and the House of Representatives. The committee is not political, and serves both the minority and the majority. It is also responsible for revenue analysis and technical analysis. Work is done on a confidential basis.

F. Trade Subcommittee of House Ways and Means Committee

The subcommittee has 39 members, who are elected members of Congress. The subcommittee's jurisdiction is trade, tax, medicare and welfare policy. Each subcommittee has its own staff. Members also have personal staff dealing with constituent problems. Republicans have four professional staff members each, as well as two support staff members. Minority party members have two staffers each.

All revenue Bills must originate in the House Ways and Means Committee.

G. Human Resources Subcommittee of House Ways and Means Committee

This subcommittee deals with welfare for prisoners, illegitimate children and teenage parents.

The subcommittee has an oversight subcommittee under its jurisdiction, but not on a federal basis. A separate committee oversees the general operation of the federal government.

The Ways and Means Committee is a tax and benefits committee, and has an oversight function regarding the spending of taxes.

H. Senate Finance Committee

The key function of this committee is oversight. There is also provision for hearing processes.

The USA has a unique system of negotiating trade with foreign countries. It has to be implemented in US law. Before a trade agreement is made, Congress presents the President with a list of trade requirements. Close consultation with Congress takes place. This creates a formal role for Congress in the negotiation of trade agreements.

There is a formal legislative structure for senior members of the two finance committees to give their views to the President, more in name than in fact, because on trade issues the administration will consult closely with the finance committee members and will explain conditions to staff. Generally preparations for trade agreements start at staff level. Trade negotiations are mostly left to the US trade staff.

I. Senate Budget Committee

Congressional action on the budget commences following the submission by the President of his budget to Congress. The President's budget is only a request to Congress, but although Congress is not required to adopt his recommendations, the President's budgetary proposals often exert considerable influence over congressional revenue and spending decisions.

Budget formulation in the USA relies on budget baselines, which involve the projection of spending, revenue, and deficit or surplus levels into the future, based upon current policies. The use of baselines allows decision-makers to assess the budgetary impact of proposed policy changes.

In the course of developing the budget resolution, the budget committees obtain baseline estimates and other information from the Congressional Budget Office, receive views and estimates reports from other House and Senate committees, review the President's budget and hold hearings.

In the House, revenue and debt-limit legislation is under the jurisdiction of the Ways and Means Committee. In the Senate, jurisdiction is held by the Finance Committee.

By custom, appropriations measures originate in the House of Representatives. The House and Senate appropriations subcommittees typically begin by holding extensive hearings on appropriation requests shortly after the President's budget is submitted.

Congress's tools for enforcing the budget resolution on a yearly basis are overall spending ceilings and revenue floors, and committee allocations and subdivisions of spending.

Although appropriation limits the amounts that can be spent, it also establishes the expectation that the available funds will be used to carry out authorised activities. When an agency fails to use all or part of an appropriation, rules and procedures are prescribed for instances in which available funds are impounded.

When the budget committees have completed their mark-up of a budget resolution, they report their respective resolutions to the full Senate and the full House. All members of the Senate and the House then have an opportunity to influence the product of the budget committees by putting amendments to the budget resolution, as it is debated on the floor of each chamber.

J. National Conference of State Legislatures

The National Conference of State Legislatures is a bipartisan organisation dedicated to serving the lawmakers and staffs of the 50 states of the USA, its commonwealths and territories. The conference is a source for research, publications, consulting services, meetings and seminars. It represents the interests of the states before Congress, the administration and federal agencies.

Members are all legislators and staff from the 50 states, commonwealths and territories. Conference staff are professional researchers, editors and lobbyists in Denver and Washington, DC. Staff are nonpartisan.

The executive committee is elected annually and is composed of legislators and staff. It governs the conference under the leadership of seven officers.

The State-Federal Assembly (SFA) is composed of legislators appointed by their presiding officers in the states, and guides the lobbying efforts of the conference. The 12 SFA committees formulate conference policy on federal issues that affect states, and advocate these positions with Congress and the administration.

SFA policy positions stress three themes:

1. Opposition to unfunded mandates.

2. Prevention of unnecessary pre-empting of state laws.

3. Protection of state revenue sources.

Committee members and officers testify frequently before congressional committees, engage in face-to-face lobbying of members of Congress and agency officials, and work in a variety of other ways to influence federal decisions.

The conference provides training, professional growth opportunities and information-sharing for legislative staff.

(1) *Taxation within states*

The federal government's main source of funding is taxes on personal and business income. Payroll taxes fund social security and Medicare provisions.

Individuals in states pay direct tax to the federal government. Citizens are taxed by the federal and state governments. However, state tax is deducted against federal tax. There is no revenue sharing between states, and therefore no system of redistribution between states. However, the Medicare formula favours poorer states.

(2) *Other examples of revenue-raising*

The New York state tax amounts to 4%, but the sales tax of 4,5% goes to the city of New York. The state of Michigan has a VAT-type system, but this is almost unique in the USA. There are also a variety of small taxes, for example tax on movie tickets, sporting events and gambling. These taxes go to states or local government. Other small taxes determined by states are taxes on car hire, hotel rooms, etc. There are lobby systems throughout to get taxes sorted out between the states and local governments. Even the state legislature has local government representation.

The conference testifies at hearings and advises on the impact of legislation on states and the local governments.

K. Standard New York, Inc

The Standard Bank group is one of Africa's leading banking and financial services institutions. It expanded throughout Southern Africa, and has offices in countries like the United Kingdom, the USA, Hong Kong, Sweden and Taiwan.

Standard New York, Inc is a registered broker-dealer and provides specialised securities services on an international basis. Through the group's extensive African network, it promotes investment and business flows between these territories and North America. It assists institutional investors by providing liquidity and execution in these African markets and is a leading market-maker in New York in South African equities, bonds and foreign exchange. It also has a comprehensive precious and base metals capability. It offers 24-hour market coverage.

Standard New York trades the South African rand and other African currencies. The South African part of its trade comprises only 10% of its business.

The group provides corporate and project finance advisory services to corporations with investments and interests in sub-Saharan Africa.

US companies do not yet invest freely in the form of fixed investment, mainly because of perceived instability. The most influential factor regarding non-investment has been foreign exchange. Americans do not have knowledge of South African exchange control restrictions and are very wary of investing money because of that. South Africa does not offer good tax incentives for foreign investors and is regarded as behind the times in this respect.

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

Secondary tax on companies is an unknown tax in the USA and is a deterrent. That is why companies take the franchising route instead of investing directly. South Africa is disadvantaged in competing with emerging markets in that it is geographically far removed from the USA. Latin America is closer and better known to the USA, and therefore has an advantage over South Africa.

South Africa's investment rating is of paramount importance. Until South Africa becomes an investment rate country, investment will be slow. Militant labour organisations and an unskilled labour force also affect investment negatively.

However, South Africa's relative size is a positive factor. If South Africa could be used as a base for trade into the rest of Africa, it would be more attractive to investors, but the size of the South African market is considered relatively small compared to the perceived high risks.

Other positive factors are that South Africa conducts business in English, has a developed legal system and large human and material resources. The latter is also mentioned by the bank chairperson in the bank's 1996 annual report.

L. Office of State Comptroller (OSC)

The State Comptroller of the state of New York is the chief fiscal officer of that state and is responsible for governmental financial oversight and pension fund management. The State Comptroller audits the spending practices of the state and public authorities, and 1 600 cities, counties, towns and villages across New York state.

The State Comptroller is elected statewide, and his office is similarly structured to that of the Attorney-General of the New York state government.

If the Comptroller's office finds malpractice, he refers it to the Attorney-General, who makes a decision whether to prosecute or not.

The First Deputy Comptroller reports directly to the State Comptroller and is responsible for overseeing the day-to-day operations of the divisions, offices and bureaus in charge of governmental financial oversight, administration and pension fund management within the Comptroller's office.

In its organisation, the OSC is unique among its counterparts in the other states. It is directed by a separately elected official, and it combines the pre- and post-audit function. The State Comptroller is sole trustee of the 880 000-member State and Local Government Retirement Systems, and is responsible for investing a pension fund valued at $75 billion.

The office of the state Deputy Comptroller for New York reviews operations, audits and reports on the finances and economic conditions of New York for the State Comptroller, the Financial Control Board, the Municipal Assistance Corporation, and other interested parties.

1. New York's state budget process

The governor of the state has the responsibility for proposing the budget and its implementation. The governor serves as chief executive of the state and appoints heads of state agencies, with the consent of the Senate.

The State Comptroller does not have a constitutional role in the budget process, but uses his office's accounting and oversight responsibilities to provide the public with reports and analyses of the proposed and enacted budget.

M. New York Stock Exchange

An electronic order transmission system is used on the trading floor of the New York Stock Exchange. The SuperDot electronic system is used to speed up transactions so that orders are not lost to other markets. Most orders reach the floor via the SuperDot system. Alternative order transmission is done by member firms to specialist work stations, or to broker booth work stations. The NYSE is mostly an auction market. Some dealer participation takes place.

N. Office of Deputy Mayor for Economic Development, Planning and Administration

The Mayor of New York city is the most powerful publicly elected official in the city. The administration of the Mayor's office and the day-to-day operation of the office are handled by the Deputy Mayor for Economic Development, Planning and Administration. He oversees the creation and implementation of policies that affect the economic health and viability of the city. The Deputy Mayor works to enhance the city's overall business climate and co-ordinates efforts towards the attraction, retention and expansion of domestic and global business enterprises in the city.

The Mayor of New York city is the only elected official in the mayoral office. He appoints the heads of the various departments and the Deputy Mayor.

The various districts of New York city elect city council members. The city council has legislative powers. They can hold public hearings as part of their oversight function.

The major source of revenue for the city is real estate taxes, which make up 60% of the city's income, sales tax, income taxes paid directly to the city and parking tickets.

The Mayor proposes a budget in March, which the city council can amend.

The city council cannot change the tax structure, but will have to look to the state legislature to legislate other rates.

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

No 28—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

NATIONAL COUNCIL OF PROVINCES

THURSDAY, 20 NOVEMBER 1997

1. The Council met at 10:06.
2. The Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.
3. FIRST ORDER [10:08]

   Consideration of *Housing Bill* [B 82D—97] (National Assembly—sec 76) and of Report of Select Committee on Public Services thereon (Announcements, Tablings and Committee Reports, p 820).

   Debate concluded.

   Bill agreed to in accordance with section 65 of the Constitution.
4. SECOND ORDER [11:42]

   Consideration of *Water Services Bill* [B 65D—97] (National Assembly—sec 76) and of Report of Select Committee on Land, Agriculture and Environmental Affairs thereon (Announcements, Tablings and Committee Reports, p 820).

   Debate concluded.

   The following amendments, placed on the Order Paper by Mr R Z Nogumla, agreed to in accordance with section 65 of the Constitution:

CLAUSE 71

1. On page 56, from line 34, to omit paragraph *(e)* and to substitute:

   (2) The Minister must, within 30 days after making a regulation under this Act, table it in Parliament for consideration in terms of section 75.

CLAUSE 75

1. On page 58, in line 38, to omit "Scrutinising" and to substitute "Consideration".
2. On page 58, in line 39, to omit "scrutinising" and to substitute "considering".

3. On page 58, in line 39, to omit "the Committee" and to substitute "Parliament".

4. On pages 58 and 60, from line 45, to omit subclauses (2), (3), (4), (5), (6), (7) and (8) and to substitute:

> (2) Parliament may, within 30 days after a regulation has been tabled in terms of section 71, or within 30 days after the commencement of the first sitting after the tabling of a regulation, reject that regulation.
>
> (3) If Parliament rejects a regulation, it must state its reasons.
>
> (4) The Minister must, within 30 days after being informed in writing that Parliament has rejected a regulation, repeal that regulation.

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

BUSINESS INTERRUPTED AT 13:20 AND RESUMED AT 14:08.

5. Presedence given to Orders Nos 10—15.

6. TENTH ORDER [14:11]

Consideration of *Pension Funds Amendment Bill* [B 86B—97] (National Assembly—sec 75) and of Report of Select Committee on Finance thereon (Announcements, Tablings and Committee Reports, p 791).

Order disposed of without debate.

Declarations of vote made on behalf of the African National Congress, National Party, Inkatha Freedom Party and Freedom Front.

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

7. ELEVENTH ORDER [14:11]

Consideration of *Revenue Funds Interim Arrangements Bill* [B 103B—97] (National Assembly—sec 76) and of Report of Select Committee on Finance thereon (Announcements, Tablings and Committee Reports, p 791).

Debate concluded.

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

8. TWELFTH ORDER [14:11]

Consideration of *Financial and Fiscal Commission 1993 Constitutional Provisions Repeal Bill* [B 105—97] (National Assembly—sec 75) and of Report of Select Committee on Finance thereon (Announcements, Tablings and Committee Reports, p 791).

Order disposed of without debate.

Declarations of vote made on behalf of the African National Congress, National Party, Inkatha Freedom Party and Freedom Front.

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

9. THIRTEENTH ORDER [14:11]

Consideration of *Intergovernmental Fiscal Relations Bill* [B 106B—97] (National Assembly—sec 75) and of Report of Select Committee on Finance thereon (Announcements, Tablings and Committee Reports, p 791).

Order disposed of without debate.

Declarations of vote made on behalf of the African National Congress, National Party, Inkatha Freedom Party and Freedom Front.

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

10. FOURTEENTH ORDER [14:11]

Consideration of *Local Authorities Loans Fund Acts Repeal Bill* [B 96—97] (National Assembly—sec 75) and of Report of Select Committee on Finance thereon (Announcements, Tablings and Committee Reports, p 791).

Order disposed of without debate.

Declarations of vote made on behalf of the African National Congress, National Party, Inkatha Freedom Party and Freedom Front.

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

11. FIFTEENTH ORDER [14:11]

Consideration of *Financial and Fiscal Commission Bill* [B 104B—97] (National Assembly—sec 76) and of Report of Select Committee on Finance thereon (Announcements, Tablings and Committee Reports, p 791).

Debate concluded.

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

12. Presedence given to Orders Nos 4 and 5.

13. FOURTH ORDER [15:22]

Consideration of *Medical, Dental and Supplementary Health Service Professions Amendment Bill* [B 62B—97] (National Assembly—sec 76) and of Report of Select Committee on Social Services thereon (Announcements, Tablings and Committee Reports, p 813).

Debate concluded.

The provinces cast their votes as follows:

AYES—7: Eastern Cape, Free State, Gauteng, Mpumalanga, Northern Cape, Northern Province, North West.

NOES—2: KwaZulu-Natal, Western Cape.

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

14. FIFTH ORDER [15:22]

Consideration of *Medicines and Related Substances Control Amendment Bill* [B 72B—97] (National Assembly—sec 76) and of Report of Select Committee on Social Services thereon (Announcements, Tablings and Committee Reports, p 812).

Debate concluded.

The provinces cast their votes as follows:

AYES—7: Eastern Cape, Free State, Gauteng, Mpumalanga, Northern Cape, Northern Province, North West.

NOES—2: KwaZulu-Natal, Western Cape.

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

15. THIRD ORDER [17:56]

Consideration of *Pharmacy Amendment Bill* [B 69B—97] (National Assembly—sec 75) and of Report of Select Committee on Social Services thereon (Announcements, Tablings and Committee Reports, p 812).

Debate concluded.

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

16. SIXTH ORDER [17:57]

Consideration of *Chiropractors, Homeopaths and Allied Health Service Professions Amendment Bill* [B 97—97] (National Assembly—sec 76) and of Report of Select Committee on Social Services thereon (Announcements, Tablings and Committee Reports, p 812).

Order disposed of without debate.

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

17. SEVENTH ORDER [17:58]

Consideration of *Public Funding of Represented Political Parties Bill* [B 67B—97] (National Assembly—sec 75) and of Report of Select Committee on Constitutional Affairs and Public Administration thereon (Announcements, Tablings and Committee Reports, p 820).

Debate concluded.

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

18. EIGHTH ORDER [18:47]

Consideration of *Independent Commission for the Remuneration of Public Office-bearers Bill* [B 112B—97] (National Assembly—sec 76) and of Report of Select Committee on Constitutional Affairs and Public Administration thereon (Announcements, Tablings and Committee Reports, p 790).

Order disposed of without debate.

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

19. NINTH ORDER [18:48]

Consideration of *Public Service Laws Second Amendment Bill* [B 111—97] (National Assembly—sec 75) and of Report of Select Committee on Constitutional Affairs and Public Administration thereon (Announcements, Tablings and Committee Reports, p 773).

Order disposed of without debate.

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

No 122—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 20 NOVEMBER 1997

COMMITTEE REPORTS:

National Council of Provinces:

1. The Joint Rules Committee, having considered the draft Joint Rules presented to it by the Joint Rules Subcommittee as well as other matters on its agenda, recommends as follows:

(1) *(a)* That the Joint Rules dated 19 November 1997 be adopted subject to those parts and rules as indicated in the document being held in abeyance pending further consideration; and

(b) that the existing Rules for Joint Business and Proceedings be repealed to the extent that they are inconsistent with or are superseded by the new Rules being adopted;

(2) that in terms of Joint Rule 10 a Joint Committee on the Improvement of Quality of Life and Status of Women be established; and

(3) that smoking be prohibited in all public areas within the parliamentary buildings, except areas specifically designated.

Report to be considered.

No 29—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

NATIONAL COUNCIL OF PROVINCES

FRIDAY, 21 NOVEMBER 1997

1. The Council met at 10:04.

2. The Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.

3. [10:06] The Chief Whip of the Majority Party moved: That the Council, on the recommendation of the Chairperson of the National Council of Provinces, appoints Ms M M Sparg as Secretary to the National Council of Provinces with effect from 1 December 1997.

   Agreed to in terms of section 65 of the Constitution.

4. FIRST ORDER [10:12]

   Consideration of *Education Laws Amendment Bill* [B 85B—97] (National Assembly—sec 76) and of Report of Select Committee on Education thereon (Announcements, Tablings and Committee Reports, p 814).

   Debate concluded.

   The provinces cast their votes as follows:

   AYES—7: Eastern Cape, Free State, Gauteng, Mpumalanga, Northern Cape, Northern Province, North West.

   NOES—2: KwaZulu-Natal, Western Cape.

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

5. SECOND ORDER [12:05]

   Consideration of *Higher Education Bill* [B 75B—97] (National Assembly—sec 75) and of Report of Select Committee on Education thereon (Announcements, Tablings and Committee Reports, p 814).

   Debate concluded.

   Bill agreed to in accordance with section 75 of the Constitution (National Party and Democratic Party dissenting).

6. THIRD ORDER [13:36]

   Consideration of Report of Joint Rules Committee (Announcements, Tablings and Committee Reports, p 846).

   Order disposed of without debate.

   Report adopted in accordance with section 65 of the Constitution.

7. [13:39] The Chairperson afforded members the opportunity to address the Council on the occasion of the end of the session.

8. In terms of Rule 22, The Council adjourned at 14:05 until a date to be announced in future.

S G MFENYANA,

Secretary to Parliament.

PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

No 123—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 21 NOVEMBER 1997

COMMITTEE REPORTS:

National Assembly:

1. The Joint Rules Committee, having considered the draft Joint Rules presented to it by the Joint Rules Subcommittee as well as other matters on its agenda, recommends as follows:

   (1) *(a)* That the Joint Rules dated 19 November 1997 be adopted subject to those parts and rules as indicated in the document being held in abeyance pending further consideration; and

   (b) that the existing Rules for Joint Business and Proceedings be repealed to the extent that they are inconsistent with or are superseded by the new Rules being adopted;

   (2) that in terms of Joint Rule 10 a Joint Committee on the Improvement of Quality of Life and Status of Women be established; and

   (3) that smoking be prohibited in all public areas within the parliamentary buildings, except areas specifically designated.

   Report to be considered.

2. Report of the Portfolio Committee on Environmental Affairs and Tourism on the study tour to North West, dated 19 September 1997, as follows:

   The Portfolio Committee on Environmental Affairs and Tourism, having undertaken a fact-finding mission to North West, begs to report as follows:

   A. Introduction

   The Committee embarked on a study tour to North West from 29 July to 3 August 1997. The delegation under the leadership of

Mr M K Lekgoro (ANC) included Ms N M Twala (ANC), Mr B H Vilakazi (ANC), Mr A J D Ndou (ANC), Mr I Richards (ANC), Mr M Tiry (ANC), Mr N J J van R Koornhof (NP), Mr S B Mfayela (IFP), Mrs J N Vilakazi (IFP), Mr F Rogers (Committee Clerk) and Mr K Lobi (Administrative Assistant).

The Committee conducted a study tour of the eco-tourism destinations in the province on the invitation of the MEC for Tourism and Environmental Affairs, Mrs B E E Molewa.

The main purpose of the programme was to provide exposure to the prime eco-tourism destinations in the province, especially focusing on the economic potential thereof, and to create and obtain support and participation. The places identified for investigation were Mafikeng Game Reserve, Lotlamoreng Cultural and Heritage Site, Madikwe Game Reserve, Pilanesberg National Park and Rustenburg Nature Reserve.

B. Tourism in North West

North West can be described as the "magic corner" of South Africa. It is a dynamic region that is divided into five subregions. The Department for Tourism and Environmental Affairs was formed on 1 April 1996 by merging the Nature Conservation component of the previous Department of Agriculture and the Tourism component of the Department of Economic Affairs. This had been the result of a Cabinet decision that identified the need to elevate the two components, with tourism receiving optimal attention. It is believed that tourism will be developed through nature conservation.

Due to the fact that the department is so new, the transformation process has not been completed yet. Mrs Molewa took over from two Ministers, which resulted in a vigorous transformation process from November 1996. Initial workshops, to identify priorities in line with the macro-economic policies and the RDP, were initiated. These consultations identified the general functions of the department.

It identified promotion and marketing, nature conservation, capacity building and administration as key elements to success. Certain functions, such as capacity building, collapsed in the department. Promotion and marketing was therefore deliberately kept out of the Public Service Commission. It was kept in one government support institution, running as a corporate function in order to facilitate quick decision-making and revenue accessibility. At present the staff numbers over 500, and they will be incorporated into the new transformation process. Delivery will be fast-tracked as soon as this process is completed.

There are a number of reasons for the frustrations experienced in the transformation of the department. The first is the Bophuthatswana National Parks Act, that has not been assigned to the province, and is therefore seen as a national Act, even though it is an Act originating from Bophuthatswana. It is deemed impera

tive that this Act be assigned to the province, as it specifically relates to the area concerned.

The budget for the province is R86 million for 1997. This is the department's first budget, and is clearly not sufficient. Furthermore, great problems arise as a result of pollution from the mining and agricultural sectors. The 640 settlements in the province are responsible for a great deal of waste, only 12 sites being managed properly. The people of the area are not environmentally aware, and this issue also needs to be addressed.

Tourism should stimulate small and medium enterprise development. Cultural tourism and nature should receive priority, and the facilities surrounding these areas should be upgraded and improved. It is envisaged that the community becomes involved in bringing the "real" Africa to the tourists.

C. *Latlamoreng Cultural and Heritage Centre (community upliftment through education)*

The programmes at the Latlamoreng Cultural and Heritage Centre deal mainly with community programmes outside the protected areas. There are three programmes in the pipeline:

1. A cultural village.

2. A recreational area.

3. A Cue Centre.

The programmes are run through visits by school groups and underlined by exhibition vans and audio-visual presentations to the various schools, which serves as a follow-up. The Cue Centre provides the necessary programmes to teach teachers to implement projects at their schools after completion of the workshops. The aim of these workshops is for the teachers to be as creative as possible and to create something which can be used as an educational aid. The cultural village creates a window on the African cultures. Four tribes are represented, namely Zulu, Tswana, baPedi and baSotho. These villages are visual images of the living conditions of the tribes as they were before Western influence. The recreational areas are mainly utilised for outdoor picnics and other recreational activities such as swimming, etc.

At present, funding is required for the restoration of the cultural village. It is envisaged that the new Department of Arts and Culture might help with the technical skills required to operate such a venture. Funding for the Education and Recreation Centre is provided through the Parks Board, and for the cultural villages through the Molopo Reservation Project.

D. *Danville Mafikeng Landfill Site (Wastetech)*

The Danville Mafikeng Landfill Site is one of only 12 permitted by the Department of Water Affairs. The minimum standard for such a project is that it should be at least 500 metres away from a residential area. Due to this restriction and the close proximity to the neighbouring residential area, the site cannot expand any further, as it would become a serious health hazard to the community.

The site is situated close to a hospital. By law no hospital is allowed to dump waste, due to the serious implications such waste could have on people involved in the process. In this case it was found that the hospital does, however, generate waste, as there is no other option available to dispose of it.

The problem in the province pertaining to the generation of waste seems to be a dramatic one: There are 640 settlements generating, and disposing, of waste, yet there are not one toxic waste site in the area. The impoverished people of the area make a living from these sites and suffer great risk, as the sites include medical waste, because hospitals have poor or no incineration facilities to dispose of it.

These operations hold many opportunities for job creation through recycling, etc. It is planned that the programmes in place will develop with the local communities, focusing on storage, collection and transport of the waste. At present the infrastructure for the placement of litter is poor—the local government has no capacity to remove the dustbins.

A further problem is that of toxic waste disposed of in the south-eastern area of the province. This waste is dumped at the Ga-Rankuwa site, near Pretoria, which has not been designed for the disposal of toxins. From here the substances filter into the ground and pollutes the water. The same happens with mines generating radio-active materials and metal poisons. At Pelindaba, a programme is under way to address the uranium and fluorine disposal by the plant.

The source of funding for the various projects remains problematic. The province is trying to develop a co-operative partnership with overseas funding (linked to Masakane) for the short- and medium-term. Waste management in North West is a new department that tries to develop action plans to address these serious issues.

It is recommended that the financial limitations to develop the infrastructure and capacity at local level be recognised. Parliament should utilise its exposure to the international arena to explore the viability of co-operation with foreign contacts to deliver waste management projects throughout South Africa, but especially in rural areas.

Once Danville has reached the end of its lifespan, the ground will be reclaimed and used for sports facilities and other recreational facilities.

E. Mafikeng Game Reserve

The Mafikeng Game Reserve covers 4 000 ha and hosts animals indigenous to the area for the last 300 years, such as rhinoceros, giraffe, zebra, wildebeest and antelope, that roam freely. The reserve is close to its maximum carrying capacity, and no further developments and introductions into the reserve is envisaged.

A lease agreement between the reserve and its previous owners resulted in ignorance on the part of the public of Mafikeng, who did not know about the reserve. When this agreement came to an end, the reserve was opened to the public, on 28 February 1997. The nature of the flora of the reserve is acacia, dominated by bushveld. In 1997, for the first time since 1985, the Molopo River came down, which increased the tourism potential considerably. The main purpose of the reserve is to address the recreational, social and educational needs of the people of Mafikeng. At present there is a myriad of tourist developments in process. A dedicated marketing programme is imperative for their financial sustainability. The reserve represents a prime eco-destination within the tourism realm. This factor justifies the expansion of the reserve to maximise its economic potential—one that can be stimulated through more accessibility, not affordability. Accessible transport should therefore be stimulated to bring people to the area.

F. Madikwe Game Reserve

The Madikwe Game Reserve is situated next to the Brassback mountains, with the Zeerust/Gaborone road to the west and the Marico River to the east. The Botswana border is eight km to the north.

The reserve was established in 1991 as a joint venture between the State (North West Parks Board), the private sector and the local communities. The Parks Board supplied the infrastructure and management. It also identified sites for tourist development by the private sector. The private sector provided the capital, and operates other market activities under concession in the reserve, such as the Madikwe River Lodge, Tau Lodge and other smaller ventures.

With the establishment of the reserve, the existing fencing and alien vegetation had to be removed. At completion in 1992, 60 000 of the 75 000 ha were fenced, with some 140 km of fence. This was followed by the largest relocation of game worldwide—Operation Phoenix—through which some 10 000 animals representing 27 species were moved into the area.

In the foreseeable future, the private sector shows a lot of interest in the development of the Tolo and Wonderboom sites, and these will be initiated as soon as possible. In order to enable the local communities to benefit, they need to undertake to provide feedback to the Parks Board on their development needs regarding clinics, schools, etc, and other community problems, which may be addressed by money generated from the reserve.

G. Tau Lodge, Madikwe Game Reserve

1. Tourism development and marketing

The Madikwe Game Reserve has been established for socio-economic reasons: To create jobs and stimulate the local economy in hand with the achieving of conservation objectives.

The game in the reserve includes the big five, and was facilitated by a governmental input of R30 million and a

private sector investment of R25 million. Benefits accrued included 150 permanent and 300 temporary jobs created, with R4 million generated and injected directly into the community. The community clearly benefits through the proper structures created by the project and infrastructures facilitated by its development.

Problems that need to be addressed, are those of land restitution, which hinders private sector development due to the increased risk of these operations, road access from Gauteng, land ownership and legislative complexities.

The North West Parks Board focuses on the marketing and development of culture, adventure (outdoors) and wildlife. Marketing is done for travel within the province, nationally, regionally (southern Africa) and internationally (through the national body concerned and the province itself).

2. *Community participation*

Nature conservation can and does contribute significantly to the development of communities such as those surrounding Madikwe. The approach of the department is one of sustainable development to benefit all the people of the region, through which empowerment of the communities can be maximised. The North West Parks Board stimulated the establishment of a community development section by means of the following:

(1) Creating a link between conservation areas and the communities surrounding the park.

(2) Assisting the communities to identify and prioritise their needs.

(3) Assisting them in achieving the above.

In order to achieve these goals, the North West Parks Board initiated the establishment of community development organisations. People of the surrounding areas must benefit by having their quality of life enhanced through job creation and improved infrastructure from Madikwe.

The North West Parks Board views its role as only that of facilitator—sustainable development being only possible through empowerment and not by patronising local communities. Therefore, the aim is to assist communities to identify and prioritise their most pressing needs.

3. *Environmental problems*

There are only six technical people and two professional employees, supported by 16 technicians, in the department's environmental management sector. Four key areas of problems can be identified:

(1) *Impact of mining sector*

The mining sector is the largest contributor to the

North West economy. It is the biggest employer in the province and also constitutes its largest tax base. It does, however, hold true that the mining belts stand in direct conflict with the tourist industry. Platinum mines are responsible for toxic metal pollution in the air, surface water and ground water systems, which affect informal settlements. Gold mines utilise cyanide in the chemical processes involved, and the waste that is discarded, is often radio-active. This waste filters into the dolomitic system, and the pollution has an impact on communities far away from these mines. The diamond industry does not function with large mines, but they move from one area to another as the mineral is depleted, and they do not rehabilitate the area after destroying the alluvial ground. The construction industry removes sand and granite, which has to be rehabilitated at enormous cost. Abandoned mines also cause eroding dump sites, in particular mines from the 1920s. These do not belong to anyone and become problematic, as the question arises of who should be held accountable for the costs incurred.

(2) *Impact of agricultural sector*

Agricultural poisons are often over-applied as a result of incompetence and bad management. Soil erosion and poor farm management through bad agricultural practice is also problematic.

(3) *Impact of urban and periphery development*

Often hotels and urban developments are constructed with relatively little control. This leads to inappropriate planning and poor choice of new development sites.

(4) *Indirect pollution*

Gauteng gold mines dispose of Uranium 236, which moves through the dolomitic system, causing pollution to communities far away. These are often measured up to 20 times higher than the acceptable radiation standards.

It is therefore imperative that local communities are afforded the opportunity to facilitate capacity building in order to address the above and other problems. This is also the premise of thinking of the department. Education and empowerment can only be achieved by the following:

(a) Identifying environmental problems.

(b) Facilitating regulatory aspects that deal directly with the concerned parties. Co-operative governance and collaboration is of the utmost importance.

It is deemed necessary to build an accessible information management system. The "state of the environment" system is being implemented by the department and will

make information available to everyone. It is to be used for the purposes of regulation as well as for capacity building.

4. Hospitality training institutions

There are two hotel management institutions in North West:

(1) The Institute for Hotel and Tourist Management, in Mmabatho.

(2) The Ga-Rankuwa Hotel and Catering School.

The first comprises a hotel, restaurant and training centre, that graduated its first 22 students in 1996. This organisation is funded by the North West Tourism Council, and was initiated by the Belvoir Hotel School in Switzerland. The latter is a institution funded by the Government and falls under the administration of the North West Tourism Council.

Training is seen as a competency of the national Department of Environmental Affairs and Tourism, and both these institutions are internationally recognised. The setting of standards is also seen as a national competency in order to ensure uniformity for national and international purposes.

H. Pilanesberg National Park

1. Environmental and conservation education

The Pilanesberg National Park management tries to address the environmental crisis through the establishment of four educational centres:

(1) Gold Fields Education Centre, which focuses on scholars.

(2) The tertiary unit, which addresses the needs of tertiary institutions and renders the necessary support function for them.

(3) Community upliftment through education, which renders in-service training to primary school teachers.

(4) Taung Cultural Centre, that displays the skull identified there, and programmes aligned to it, to visiting groups.

At present all the staff are seconded to these facilities by the Department of Education, and the need has been identified for the park to recruit its own employees.

2. Socio-economic importance of Pilanesberg

Pilanesberg National Park was established in 1979 on 58 000 ha of land, with 25 animal species, totalling 10 000. Today it boasts R70 million in assets in the form of a nonprofit institution with a staff complement of 190. The park is not financially viable and therefore relies heavily on government funding. Children visiting the park can do so in groups for R25 per day. This includes bed and two meals

per day. It is important that the funding should be increased in order to allow for a third meal in this package.

The park is in partnership with the private sector in order to increase the income through recreational areas such as Kwa-Maritane. Benefits accrue to the community through -

(1) game potential;

(2) vegetable production to the lodges; and

(3) carwash facilities that can be operated by individuals.

I. Rustenburg Nature Reserve

The Rustenburg Nature Reserve covers 4 250 ha, with a further addition of 600 ha on lease from Rainbow Chicken Farms. It is a protected natural area with a number of endangered plants, and is situated in a mountainous area with a much higher rainfall than that of the surrounding flat areas. The basin forms a catchment area that causes the area to be known as Waterfall Fountain.

The reserve contains 13 large species of game, leopard being the only one of the big five there, and focuses mainly on the smaller species. These animals are the subject of continuous empirical research and study by the reserve.

The reserve has a 21-km hiking trail, regarded as one of the top five in the country, and the development of a further two is envisaged. Other developments are concerned with lodges and chalets in the Baviaanskloofkrans area, a mountain bike route and a trail for disabled persons.

J. Conclusion

The Committee felt that the following issues should be noted in retrospect of the study tour:

The organisers of the tour has displayed great creativity in compiling the itinerary, and this is to be commended. The visible teamwork and co-ordination by the logistical task team of the department ensured a successful tour that illustrated that the transformation process is on the right track, and demands a commitment from the Committee to return.

North West has set a high standard for other provinces by getting its people successfully involved in conserving and relocating game under difficult circumstances.

It is felt that the issue of community participation should, however, be addressed more thoroughly. The question of what steps are taken in order to empower people to move towards sustainable development in the province, arises. This needs further investigation, by both the portfolio and standing committees involved.

Participation by the standing committee has not been satisfactory. Interaction between the national and provincial legislatures is seen as imperative in order to facilitate a true understanding of the problems experienced. It is understood that the department is only a year old and that the members as yet are still unexposed to

the subject matter in this field. An event such as this, however, creates an ideal opportunity for interaction and exposure, which should not be disregarded.

The cultural development and promotion of tourism in this field, underpinned by the scientific approach followed, should be applauded.

The commitment displayed by the department encourages optimism for the future of South Africa in that the country will, through the work done by the people involved, enjoy a greater percentage of the world tourism market. South Africa can boast a complete tourist package, through its diversity, and the community involvement in this area will ensure success and delivery.

K. Acknowledgements

The Committee wishes to express its appreciation to the following persons, who made the study tour a success:

1. Mrs B E E Molewa, MEC for Tourism and Environmental Affairs in North West.

2. The Logistical Task Team, under the leadership of Mr Charles Ndabeni: M Yabo, E Morei, B Marobe, S Crowther and A Mdala.

3. All officials of the North West Parks Board and the Department of Tourism and Environmental Affairs (North West) involved in arrangements, presentations and other activities arranged for the Committee.

No 124—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

MONDAY, 24 NOVEMBER 1997

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 Bill:

   (i) *Extension of Security of Tenure Bill* [B 47D—97]—Act No 62 of 1997.

National Assembly:

Bills:

1. The Speaker:

   (1) The Speaker has in terms of Rule 168(2) referred the following legislative proposal which was submitted to her, together with the memorandum thereon, to the Portfolio Committee on Private Members' Legislative Proposals and Petitions:

   Constitution of the Republic of South Africa Fourth Amendment Bill, submitted by Mr P F Smith on 23 November 1997.

TABLINGS:

National Assembly and National Council of Provinces:

Papers:

1. The Minister of Finance:

   (1) Reports of the—

   (a) Registrar of Pension Funds for 1995.

   (b) Registrar of Friendly Societies for 1995.

   (2) List relating to Government Notices—24 October to 7 November 1997.

2. The Minister of Labour:

   Report of the National Economic Development and Labour Council (NEDLAC) for 1996-97.

COMMITTEE REPORTS:

National Assembly:

1. Report of the Portfolio Committee on Safety and Security on the *Security Officers Amendment Bill* [B 25B—97] (National Assembly—sec 75), dated 24 November 1997, as follows:

   The Portfolio Committee on Safety and Security, having considered the *Security Officers Amendment Bill* [B 25B—97] (National Assembly—sec 75) and proposed amendments of the National Council of Provinces, referred to the Committee, wishes to report that it has rejected the amendments.

   Report to be considered.

2. Report of the Portfolio Committee on Justice on the *Criminal Law Amendment Bill* [B 46B—97] (National Assembly—sec 75), dated 24 November 1997, as follows:

   The Portfolio Committee on Justice, having considered the *Criminal Law Amendment Bill* [B 46B—97] (National Assembly—sec 75) and proposed amendments of the National Council of Provinces, referred to the Committee, begs to report the Bill with amendments [B 46C—97].

   Report to be considered.

3. Report of the Portfolio Committee on Constitutional Affairs on the *Public Funding of Represented Political Parties Bill* [B 67B—97] (National Assembly—sec 75), dated 24 November 1997, as follows:

   The Portfolio Committee on Constitutional Affairs, having considered the *Public Funding of Represented Political Parties Bill* [B 67B—97] (National Assembly—sec 75) and a proposed amendment of the National Council of Provinces, referred to the Committee, begs to report the Bill with an amendment [B 67C—97].

   Report to be considered.

4. Report of the Portfolio Committee on Welfare on the *Welfare Laws Amendment Bill* [B 90F—97] (National Assembly—sec 76), dated 24 November 1997, as follows:

   The Portfolio Committee on Welfare, having considered the *Welfare Laws Amendment Bill* [B 90F—97] (National Assembly—sec 76), amended by the National Council of Provinces and referred to the Committee, begs to report that it has agreed to the Bill.

   Report to be considered.

5. Report of the Portfolio Committee on Agriculture, Water Affairs and Forestry on the *Water Services Bill* [B 65F—97] (National Assembly—sec 76), dated 24 November 1997, as follows:

The Portfolio Committee on Agriculture, Water Affairs and Forestry, having considered the *Water Services Bill* [B 65F—97] (National Assembly—sec 76), amended by the National Council of Provinces and referred to the Committee, begs to report that it has agreed to the Bill.

Report to be considered.

6. Report of the Portfolio Committee on Housing on the *Housing Bill* [B 82D—97] (National Assembly—sec 76), dated 24 November 1997, as follows:

The Portfolio Committee on Housing, having considered the *Housing Bill* [B 82D—97] (National Assembly—sec 76), amended by the National Council of Provinces and referred to the Committee, begs to report that it has agreed to the Bill.

Report to be considered.

7. Report of the Portfolio Committee on Foreign Affairs on the *Unclos Convention*, dated 5 November 1997, as follows:

The Portfolio Committee on Foreign Affairs, having considered the request for approval by Parliament of the *United Nations Convention of the Law of the Sea (UNCLOS)*, referred to it, and having conferred with the Portfolio Committees on Environmental Affairs and Tourism, on Transport and on Mineral and Energy Affairs and with the Select Committees on Economic and Foreign Affairs, on Land, Agriculture and Environmental Affairs and on Public Services, begs to recommend that the House, in terms of section 231(2) of the Constitution, approve the said Convention.

Report to be considered.

8. Report of the Portfolio Committee on Trade and Industry on a study tour to Singapore, Malaysia and Bangladesh, dated 27 October 1997, as follows:

The Portfolio Committee on Trade and Industry, having assigned a delegation to undertake a Small and Medium Enterprise study tour to Singapore, Malaysia and Bangladesh in September 1997, begs to report as follows:

A. Introduction

Between 20 September 1997 and 2 October 1997, a delegation from the Committee undertook a study tour of the abovementioned three Asian countries to investigate their small business support programmes. Singapore, Malaysia and Bangladesh were selected because each has a reputation for innovative and effective programmes of SMME support.

In order to get an overall perspective of the environment and conditions within which we operate, it is imperative that we look at similar situations of small enterprise development in other countries. Bangladesh, Singapore and Malaysia have grappled with similar situations as far back as the post-Second World War reconstruction period. These countries, in different ways, have a longer history and applied experience with regard to the development of a small business strategy. We do, however,

recognise that different circumstances supported their initiatives, despite common experiences of the war devastation. Despite positive circumstances in the above economies for SMMEs to prosper, the strategies took at least 10 years to unfold. This provides us with the opportunity to learn from other countries' experiences, both useful and harmful, for South Africa's unfolding small business strategy.

All three countries add a different perspective on "international best practice". International best practice in these countries suggests that a strong institutional framework displays the following characteristics:

1. A combination of financial and non-financial services delivered by separate institutions in close co-operation as part of a national strategy.

2. Targeted finance programmes—broad-based, industry-based and sector-based schemes with focused assistance, for example machinery, factory premises, raw materials, training programmes and technology.

3. A detailed and comprehensive "economic umbrella plan" with targets—an overall vision—and the inputs to be invested with clear detailed outputs within particular time frames.

4. Avoidance of *ad hoc* and disconnected programmes. Programmes are part of the larger strategy or plan. A rapid delivery of programmes and an ability to rapidly shift programme focus and resources.

5. Ease of access to user.

6. Demand-driven support.

7. A platform for interaction between public and private sectors, with a strong emphasis on the planning role of the State.

B. Objectives and motivation

The emergence of new government structures and the unfolding of the SMME strategy has led to a firm belief that it is important for the committee to gain information on international best practise. To this end it was proposed that the committee undertake a study tour to Bangladesh, Malaysia and Singapore. The tour will benefit the work in Parliament of the Working Group on Small Business of the Trade and Industry Portfolio Committee. This will among other things assist the Committee in contributing to the Second Presidential Conference on Small Business in November 1997.

The tour provided the Committee with insight into the following issues:

1. The provision of services for small businesses in these countries.

2. The established financial and non-financial services provision and the interaction of these support structures. The programmes available for SMMEs.

3. The historical development of the small business support strategy, some of the challenges faced and general lessons to be learnt from international practices.

4. The cost of loans for small businesses, for example interest rates and the costs of providing financial advice.

5. The role and effect of private sector participation in the development strategy.

6. Micro and small enterprise support for rural and targeted support.

7. The impact, role and historical development of non-governmental organisations within the development strategy, for example women groups, etc.

8. The contribution of provincial and local government support to the small business sector.

9. Marketing strategies for SMMEs.

10. Human resource development.

C. *Economic environment: Singapore, Malaysia and Bangladesh*

The Peoples' Republic of Bangladesh is one of the poorest countries in the world, and is confronted with major problems of development, with widespread poverty, malnutrition and under-employment facing an increasing population with a poor resource base. However, despite the frequency of natural disasters, food production has improved somewhat in recent years and there have been achievements in the field of export promotion, notably in cotton garments. In July 1991 the Government announced its New Industrial Policy (NIP), aimed at generating much required industrial investment. The policy involved the creation of new institutions, enhanced assistance to the many NGOs, and joint public and private partnerships.

The Federation of Malaysia's economy is primarily commodity-based and has enjoyed a dominant world position in rubber, palm oil and tropical hardwoods. The government's determined efforts to expand and diversify the country's economic base, have met with a fair degree of success, and manufacturing replaced agriculture as the largest economic sector as early as 1985. During 1993, 81,4% of Malaysia's manufactured exports (US $34 902 million) were electrical and electronic goods.

In June 1991, the successor to Malaysia's 20-year New Economic Policy (NEP), the New Development Policy (NDP), was introduced. The emphasis on "racial" economic restructuring in the NEP shifted towards economic growth and the eradication of poverty under the NDP.

Malaysia has a population of about 18 million. More than half are Bumiputras or Malay, about a third are Chinese and a tenth are of Indian origin. Most Bumiputras lived in rural areas and engaged in smallholding agriculture or fishing while the majority of the Chinese lived in urban areas, where they dominated commerce. There has been government guidance in implementing policies

that assist the Bumiputras of Malaysia in acquiring a larger share of the economic activity. Currently there is an unemployment rate of less than 3%. With the introduction of government programmes, these trends have been reversed, as indicated in the programme shift from the NEP to the NDP economic programmes.

The Republic of Singapore is now the ninth wealthiest country in the world, and in January 1996 the Organisation for Economic Co-operation and Development declared that Singapore's could no longer be classified as a developing country.

Its economic success was based largely on its central location in the region, efficient planning, advanced infrastructure and a highly trained workforce which encouraged investment. Tax incentives were introduced to promote a regional investment programme to take advantage of the rapid growth rates of less developed countries in the region. Emphasis was also laid on maintaining Singapore's competitiveness as an investment location for higher value added activities.

Singapore's development policy focuses on the need to build fundamental activities of an enterprise through self-help assistance. The holistic approach to SMME support consists of broad-based assistance, industry-based assistance and focused assistance.

The government's role has been to direct, encourage and directly assist the development of local entrepreneurship, particularly in the manufacturing sector, through a range of financial and non financial services. This has allowed Singapore to achieve a healthy and steady economic growth for the past twenty years. Singapore thus offers significant lessons for South Africa.

D. Planning holistic strategies

The Malaysian Prime Minister, Dr Mahathir Bin Mohamad, has presented his thoughts on the future growth path of the country, popularly known as Malaysia, Vision 2020. The proposal sets out a vision on how Malaysia will become an industrialised country and outlines measures that need to be taken in the short, medium and long terms.

The Malaysian Economic Planning Unit is charged with the task of formulating policies and strategies in development planning and preparing long- and medium-term plans. It acts as an overall adviser on economic issues to the government through initiating the necessary economic research and preparing projects for privatisation. The unit is charged with the task of preparing and evaluating the development budget and acts as a secretariat to the Foreign Investment Committee. As part of its planning responsibilities, the unit conducts several mid-term reviews of the medium-term plan to evaluate whether targets are being met within time and resource constraints.

The EPU co-ordinates policy proposals from federal ministries, federal agencies and state governments through the Inter-Agency Planning Group, which is then presented to the National Development Council, after inputs from the relevant stakeholders have been completed. This is forwarded to the Cabinet and thereafter to Parliament.

Some of the industrial development policies and strategies formulated during the 1990s included an intensification of capital and intermediate goods industries and enhancing technology and information technology intensive industries. This period also saw the strengthening of competitiveness of industries in international markets and the development of Malaysia's own brand of goods and services. The EPU has proposed several strategies directing the development of the small enterprise sector through government agencies like the Small and Medium Industries Development Corporation (SMIDEC).

The Malaysian Industrial Development Authority (MIDA) is the principal arm of the government charged with the promotion, co-ordination and implementation of industrial policies and development. MIDA has 15 offices overseas to assist manufacturers from those countries to invest in Malaysia. The Ministry of International Trade and Investment is charged with overseeing the second Industrial Master Plan. MIDA designs and implements programmes to meet the targets of the second Industrial Master Plan. The South African equivalent would be the IDC. The master plan moves beyond a mere focus on manufacturing to include the strengthening of industrial linkages and enhancing productivity. This requires the strengthening of reconstruction and development, supporting industries, packaging, marketing and distribution. During the second master plan there is a strategic shift to knowledge-based, technology-intensive and high technology industries. A package of fiscal and non-fiscal incentives has been drawn up by the government to encourage investments in these targeted sectors. Some of the functions of MIDA include the following:

1. The issuing of manufacturing licences and the approval of industrial projects, including the expansion of production capacity and diversification of products.

2. Providing guidelines on foreign investment, including equity policy in the manufacturing sector and the protection of foreign investment including arbitration of investment disputes.

3. Administering a range of targeted incentive packages, including tax incentives. These incentives are determined according to priorities termed "promoted products".

4. Assisting investors with entry into Malaysia, visa and passport requirements and the employment of expatriate personnel.

5. Acting as link between labour and investors and facilitates the enhancement of Malaysian human resources to meet the commercial needs of foreign investors.

6. Co-ordinating the provision of services for investors, including industrial land, electricity supply, water supply, telecommunications, air cargo facilities, ports, railways, banking, finance and exchange controls.

The Singapore's Productivity and Standards Board (PSB) is a statutory board, established in 1996, after the merger of the National Productivity Board and the Singapore Institute of Standards and Industrial Research. The South African equivalent would be merging the National Productivity Institute (NPI) with the South African Bureau of Standards (SABS). The PSB, which falls under the Ministry of Trade and Industry, is governed by an 18-member Board of Directors, comprising representatives from industry, the unions, the government and professional and academic bodies.

The PSB has six key thrusts: Productivity promotion, technology application, standards and quality development, labour force development, industry development and incentives management.

For the next five years, the PSB has prioritised five goals to build a highly productive workforce and industry in Singapore. These goals are aimed at achieving an average annual productivity growth of 4% and average annual total factor productivity growth of 2%. This is in line with the government's overall economic target of achieving a sustainable gross domestic product (GDP) growth rate of 7%. The PSB programmes are designed and implemented to meet these targets. The organisation receives 60% by means of government funding and 40% from fees charged for services. The PSB continually assesses what projects the government ought to fund and what cost in respect of other programmes should be recovered.

The Bangladesh Board of Investment (BOI) was established in 1989 by the government to accelerate private investment in Bangladesh. The board is headed by the Prime Minister. It is charged with taking decisions for speedy implementation of new industrial policies and projects which provide operational support services to these companies. It is the principal body for the promotion and development of foreign and local private investment in the country. It administers a broad range of incentives for foreign investors from tax holidays, tax exemptions, 100% foreign ownership, rebates on exporting companies, repatriation of profits and dividends, concessionaire rate of import duties on machinery, etc.

E. Access to finance and related financial incentives

The Singapore PSB administered the Local Enterprise Financing Scheme (LEFS) and Local Enterprise Technical Assistance Scheme (LETAS) last year. LEFS loans amounted to $572 million in 1996, compared to $512 million in 1995, at 6,25% interest, compared to a 9% bank rate. Of these, 90% were machinery, term-and-hire purchase loans and 5% factory loans. These figures show that despite any slow economic growth, loans

for equipment purchases rose last year. LETAS grants approved amounted to $13 million, up from $11 million in 1995. LETAS give support of up to 70% of costs incurred in engaging an external expert for an approved short-term assignment, in some cases 90%.

PSB has also been working with Singapore-based companies to encourage them to invest in technology and increase the level of innovation. Since April 1996, the PSB has assisted over 2 000 companies in technology projects worth more than $17 million.

Malaysian Industrial Development Finance (MIDF) is Malaysia's main industrial development finance institution, established in 1960. Its objective is to promote the development of the manufacturing industry in Malaysia through the provision of medium- and long-term loans for the financing of new fixed assets for industrial ventures, as well as existing enterprises undertaking modernisation and expansion. The South African equivalent would be the Development Bank. Since its inception, MIDF has granted more than 4 600 loans and leases for over RM3,8 billion to manufacturing establishments.

Over the years MIDF has been one of the institutions charged with managing and disbursing funds under the various loan schemes, such as the ASEAN, the Japan Development Fund, the Small and Medium Scale Industry Promotion Programme/OECF Fund, the New Entrepreneurs' Fund, the Bumiputera Industrial Fund, the Industrial Adjustment Fund and the Swedish Fund for Environmental Protection and Control. Following the government's decision to create lead agencies towards a more focused approach in SMME development in 1992, MIDF, being under the direction of the Ministry of International Trade and Industry, was appointed the conduit for channelling concessionary loans to SMMEs under the Modernisation and Automation Scheme.

MIDF has over the years developed into a diversified financial conglomerate, with investments in a number of subsidiaries. Under its wing, MIDF now has a commercial bank, a licensed finance company, a merchant bank, the country's largest industrial estate developer and a corporate services company, which is the first issuing house and share registrar in the country.

MIDF offers a wide range of facilities and services, including fixed-term loans and floating rate loans which can be in the form of finance for projects, machinery, factory mortgages, working capital, equity, leasing, share participation, financing for reverse investments and guarantees for bond issues of public listed companies. Many of these programmes are channelled through other institutions. Loans can range between RM100 000 to RM5 million, with interest rates between 4% and 7,75%, compared to the 11% bank interest rate. The programmes are very focused on industry, sector and project, with a maximum loan repayment period of 10 years.

The Bangladesh Micro Industries Development Assistance and

Services (MIDAS) is an NGO, established in 1982, with the objective to assist and support the promotion and development of small and micro industries in Bangladesh in order to generate income and employment opportunities for the unemployed and under-employed.

MIDAS focuses on SMMEs' strategic position between large-scale and micro enterprises. MIDAS identifies promising established small- and medium-scale industries and provides financial, managerial and technical services to these institutions. It also conducts studies on small-scale industrial subsectors with potential for growth and employment creation.

The target group of Grameen Bank, BRAC and most NGOs of Bangladesh is typically those who own less than 0,5 acres of land or are dependent on the sale of their labour, but small and medium entrepreneurs in rural and urban sectors needing loans ranging from Tk50 000 to Tk500 000 do not have much access to formal credit provided by banks and other financing institutions. MIDAS launched a credit programme called Micro Enterprise Development Initiative (MIDI) to address the credit requirement of the above group. Under the MIDI programme loans ranging from Tk50 000 to Tk500 000 are provided on easy terms to small entrepreneurs with little access to institutional credit. No collateral or security is required if the loan amounts do not exceed Tk200 000 in the case of a new loan and Tk300 000 in respect of repetitive loans. The interest rate is 14% per annum, with a three-year maximum repayment period. A loan application fee of Tk100 is charged with a one-month processing period, as security members need to give a personal guarantee in addition to a guarantee of a sponsor.

The MINI MART Programme has established marketing outlets for the products of women manufacturers.

F. Support programmes

The Singapore PSB co-ordinates a range of support programmes and provides grants for training at workforce and industry level. The PSB has designed a broad range of targeted training programmes funded through the Skills Development Fund (SDF) and financed by collections from the skills development levy. Today, one in three workers is trained. The support for the course fees ranges from 50% to 80% of the training cost. More companies have been reached through the different interdepartmental programmes—90% of companies employing more than 10 workers. Some of the training programmes targeted at enhancing labour's contribution to increased productivity include the following:

1. Skills upgrading and more optimal use of labour, encouraging companies to prepare an annual Total Company Training Plan which in turn encourages those companies to take a total approach to systematic training for all levels of employees.

2. Back-to-Work Programme and the Skills Redevelopment Programme. So far 2 500 people have responded to the Back-to-Work Programme and 500 have been job-matched. In addition, the PSB has assumed responsibility for labour force planning, developing a national skills certification system and retraining of workers for economic restructuring.

3. The PSB continues to play a role in the delivery of in-house training. It has surpassed the target of having 100 000 workers trained three years ahead of schedule. Through on-the-job training, 129 000 workers in more than 3 700 companies have been trained. The PSB has set a new target of 500 000 to be trained by the year 2005.

4. Activist Mentoring and Quality Circles Coaching Schemes.

Some of the programmes at industry level include the following:

(1) Local Enterprise Upgrading Centre (LEUC). These are in seven main areas, with most of the assistance given in technical consultancy and financing. The centres are the first stop for all SMMEs and links SMMEs with sources of assistance, administered by different government and non-government institutions. It integrates government assistance efforts. The centre, under supervision of the PSB, co-ordinates/facilitates 60 government department programmes for SMMEs.

(2) Intensive, focused Assistance. In addition, more than 40 promising companies are identified and given focused and in-depth help to upgrade their businesses under the Promising Small and Medium Enterprise programme.

(3) Industrial Design and Product Development Centre (IDPDC), and National Patent Information Centre (NPIC). IDPDC provides assistance on product innovation and development by providing a total service package, from design to production. NPIC aims to encourage greater use of patent information by industry, academics and the legal community for the purpose of technology application.

(4) Sustainable upgrading. To encourage local industries to upgrade, the PSB assists in the formation of 46 franchises and five economic groupings. Grant assistance of more than $227 000 in one fiscal year was approved. Seven sector-wide projects have also been implemented in strategic industry clusters to help companies raise their productivity level. These projects have been launched in the marine, aerospace and optics industry, while four projects have been initiated in the food, precision engineering, logistics and disk drive industries. This industry-wide assistance targets programmes for vulnerable but strategic sectors of the market. The government provides yearly surveys and informs industries of vulnerable or ailing sectors.

The Malaysian Small and Medium Industries Development Corporation (SMIDEC) was established in May 1996, in recognition of the need for a specialised agency to further promote the development of small and medium industries through the provision of advisory services, financial assistance, infrastructure facilities, technologies enhancement, human resource development and market access. SMIDEC was established to co-ordinate the overall SMI development programmes in the country. The programmes and incentives include the following:

(a) Industrial Technical Assistance Fund (ITAF)

This fund provides matching grants to SMMEs to participate in the Consultancy Service Scheme and product Development and Design Scheme. Some qualifying criteria include approved production facilities, a shareholders' fund not exceeding RM 2,5 million and at least 70% of the equity must be held by Malaysians and 51% of the equity must be owned by SMMEs. Assistance is given in the form of a matching grant where 50% of the project cost is borne by the government and the remainder is the responsibility of the entrepreneur. The maximum grant is RM 250 000 per project.

(b) Industrial Linkage Programme (ILP)

The ILP promotes and nurtures SMMEs into becoming reliable manufacturers and suppliers of critical components and services to the larger companies. Critical sectors have been prioritised. These companies should have paid-up capital of not less than RM250 000, and at least 70% of the equity must be held by Malaysians and 60% by the linkage supplier company. The incentives include a range of tax deductions for both companies in respect of a list of products.

(c) Modernisation and Automation Scheme for SMMEs

The scheme promotes the modernisation and automation of SMMEs through the application of modern technology. The scheme is in the form of soft loans to assist with the acquisition of new machinery and equipment. The loan will not exceed 75% of the cost of machinery and equipment, at a 4% interest rate per annum (compared to the 11% bank rate) with a 5- to 10-year repayment period and a year grace period.

(d) Soft Loan Scheme for Quality Enhancement of SMMEs

The scheme is to provide Bumiputera SMMEs involved in the manufacturing sector finance to modernise and automate the production process. The maximum amount is RM1 million at 4% interest per annum over a 5- to 10-year repayment period.

(e) Technology development/technology acquisition

The programme is to develop the capacity of SMMEs to adopt the best manufacturing and management practices

and a reconstruction and development culture among SMMEs. The companies should have a shareholders' fund of below RM2,5 million and at least 70% of the shareholders should be Malaysians. The assistance will be given in the form of matching grants or direct financial assistance for SMMEs.

(f) Skill Development Programme

This programme helps upgrade the management of SMMEs in technical skills namely in electronics, information technology, industrial design and engineering skills. SMIDEC conducts a range of training programmes as part of this scheme. Successful applicants are not charged a fee.

(g) Export Development Programme

The programme is formulated to develop and nurture export-oriented SMMEs to become world class manufacturers.

(h) Infrastructure Development. This programme assists SMMEs in purchasing or leasing affordable factories at the industrial sites and to equip these sites with the necessary common facilities such as testing labs, waste disposals, warehouse facilities, etc. About 80% of the cost of basic infrastructure will be financed while other cost are borne by the developer.

The Malaysian Ministry of Entrepreneur Development was formed in 1995 to replace the Ministry of Public Enterprises. The Ministry has the mission of creating and developing "genuine entrepreneurs who will be of quality, resilient, successful and competitive in all the growth sectors of potential in the economy and to cultivate an entrepreneurial culture among Malays". The Ministry has a number of departments, including the following:

(i) A Business Development Division, whose objectives are to facilitate mentor programmes and provide advisory and counselling services to entrepreneurs.

(ii) A Franchising Development Division, to increase commercial participation of Bumiputera entrepreneurs through franchising programmes.

(iii) An Entrepreneurship Training Division, to promote an entrepreneur culture in schools, universities and a broad range of business management skills training programmes.

(iv) A Contractor Service Centre, to develop Bumiputera civil and electrical contractors.

G. Related supporting institutions

The Malaysian Ministry of Rural Development was established in 1959 to target the 35% of the population living in rural areas. Its function is to enhance the quality of life of the rural population through infrastructure development, promotion of rural industries, creation of rural growth centres and programmes of land and regional development. It plans, implements and monitors policy of land development, land settlement, rehabilitation,

consolidation and replanting. It provides community development services for the rural population. The ministry's implementation agencies include seven regional development agencies and two land development agencies. The ministry aims to diversify rural economic activities to create rural entrepreneurs and promote rural industries through cash grants or loans at between 4% and 5% interest over seven years with a two-year grace period, compared to the 11% bank interest rate. It also provides machines, workshops, on-the-job training, advice on marketing and business premises. As part of this process, commercial and agro-based industrial growth centres have been established, comprising of industrial sites, related basic infrastructure and basic amenities, including water, electricity and communication. 20 such centres have been established as part of the government's Vision 2020.

The Malaysian National Productivity Corporation (NPC) was established in 1962 to enhance Malaysia's productivity and quality through programmes like research, training and system development and promotion. The NPC contributes to policy formulation and planning with regard to productivity and quality with the aim of enhancing the development of human resources and enterprises. This facilitates the upgrading of local expertise in the area of productivity and quality management. Registered enterprises that have contributed to the HRD levy for a period of one month, are eligible to apply for training grants for part of the cost of training their employees. To be eligible for training grants, trainees must be Malaysian citizens. All manufacturing companies with less than 50 employees and non-manufacturing companies regardless of size which undertake training in the approved training institutions, are eligible to claim directly from the Department of Revenue for double deductions in respect of expenses billed by the respective training institutions. Some of the programmes include quality management, productivity management, human resources management, production management, small- and medium-scale industry programmes and international programmes.

The public procurement management division of the Malaysian Ministry of Finance ensures co-ordination and proper efficiency in government procurement, in line with the established procedures, and contributes towards achieving government policy. The division administers an entrepreneur development programme, which encourages the transfer of technology and expertise, and also strengthens local manufacturing. The programme involves the issuing of contracts and tenders, linkages with government companies and the Bumiputra construction scheme. Products tendered for include food, furniture, machinery, stationary, petroleum and chemicals, rubber and plastics and motor vehicles. These Bumiputra entrepreneurs are encouraged to manufacture identified goods, which also enhance the technological utilisation by the enterprises. The Bumiputera construction programme offers construction contracts on a negotiated basis for between

five and ten years. Larger contractors are required to subcontract to small contractors and act as mentors. Foreign companies are encouraged to engage in joint ventures with Bumiputera companies in the heavy engineering, telecommunications, aviation, maritime and petroleum industries.

The Bangladesh Export Processing Zone Authority (BEPZA)is part of the government's strategy of an "open-door policy" to attract foreign investment. BEPZA promotes and facilitates foreign investment in the export processing zones (EPZs). These zones provide investors with a supportive investment climate, free from administrative procedures. The three programmes include the following:

1. 100% foreign-owned, including Bangladesh nationals residing abroad.

2. Joint ventures between foreign and Bangladesh entrepreneurs residing in Bangladesh.

3. 100% Bangladesh entrepreneurs residing in Bangladesh.

BEPZA provides a range of investment guarantees, telecommunication facilities, simplified administrative procedures and labour laws, including the prohibition of unions and strikes. The minimum monthly wages range from US $22 to US $63. BEPZA also provides and administers all import and export permits. It acts as a one-stop shop.

Industries in EPZs enjoy tax holidays for 10 years, exemption from income tax on borrowed capital, duty-free import of machinery, raw materials, three motor vehicles, materials for construction of factory buildings and duty-free exports of goods produced in the zones. Also, industries in the EPZs enjoy freedom from national import policy restrictions.

H. Holistic assistance

The Malaysian Majlis Amanah Rakyat (MARA) Act of 1966 directs its council to promote, stimulate, facilitate and undertake economic and social development in Malaysia, more particularly in the rural areas. It guides, trains and assist Bumiputras, particularly in the rural areas, to participate actively in commercial and industrial activities. In order to achieve the above objectives, MARA co-ordinates a range of programmes.

The entrepreneur development programme provides comprehensive supportive services and facilities, including entrepreneur evaluation and counselling, business finance, development of business infrastructure and rural transport. Entrepreneur evaluation and counselling provides training, guidance and counselling, as well as consultant services for Bumiputra enterprises. The business financing scheme is provided to enable entrepreneurs to start or upgrade their businesses. A wide scheme of loans are offered, ranging from RM250 000 to RM1 million at between 4% and 7% interest, compared to the 11% bank rate. The development of business infrastructure provides business and industrial premises to Bumiputra entrepreneurs in strategically located areas at subsidised rates. The rural transport services provide transport between rural areas and towns.

Education and training programmes produce and increase professionally trained skilled productive and resourceful Bumiputras as part of the national objectives. The education and training programmes include secondary education, vocational training, commercial education and educational sponsorships. Several schools, universities and training colleges have been established by MARA. These training programmes are conducted in a wide range of commercially relevant fields.

The Bangladesh Grameen Bank was established in 1976 by Prof Muhammad Yunus to provide microfinance to the poorest of the poor. The Bank has a worldwide reputation for innovative financing. A study into the Bank in Bangladesh has assisted the Committee to deliberate further on a recommendation made in the report on the provincial study tour, namely support for an active exploration of the option of making finance available at concessional interest rates to targeted sectors. The Bank's international success in lending to micro enterprises, and particularly to women, by using solidarity groups, is well-known. Attempts have been made to replicate the model outside Bangladesh, and much of this work is taking place in African and Latin-American countries.

The Bank has reversed conventional banking practice by removing the need for collateral, and created a banking system based on mutual trust, accountability, participation and creativity. Today the Bank serves over two million borrowers, of which over 90% are women, and works in over 37 000 villages of Bangladesh. The Bank not only lends money to the poor, but is owned by the same people that it lends money to. They become shareholders of the Bank by buying one share of the Bank for three dollars. The average loan size is 75 dollars, and the maximum loan is 180 dollars, with a 98% repayment rate. Repayment at other institutions is between 10% and 30%. The Bank does not lend to individuals but to groups of five, who form a supportive network. Two of the five members will receive the loan at a time. Several of these groups would form a centre. The Bank would then meet the combination of these groups at the village. All the bank transactions will be done during that meeting. Members generally have to ascribe to a 16-point programme which is seen as improving the conditions of their lives.

Grameen Bank borrowers pay 16% interest, compared to the 12% commercial bank rates. The loan is given at an interest rate higher than bank rates, to cover the cost of administering small loans, but lower than money lenders' rates. The cumulative number of houses built with Grameen housing loans since 1980 is nearly 400 000. Loans are generally used for income-generating activities such as buying, planting and selling rice and other products, building homes, general repairs of farming equipment, weddings, funerals or to protect a borrower from having to pay extortionate rates to money lenders.

The Bangladesh Rehabilitation Assistance Centre (BRAC) was established in 1972 as a relief organisation after the liberation

war. Later its objectives was changed to the "alleviation of poverty and empowerment of the poor". Its target is people living below the poverty line. Its strategy is focused to take resources to grassroots level. It is involved in a wide range of areas, including a rural development programme, a health and population division and non-formal primary education (NFPE). BRAC covers 61 of the 65 districts (95%), or 50 000 out of 86 000 villages. Some of the above programmes cover between 14% and 40% of the villages.

The rural development programme is a development strategy through credit facilities and capacity building initiatives. Some of the programmes include poultry, livestock, vegetable cultivation, sericulture, fish culture, plantations, small trade and essential health care. This programme is reaching over two million members and involves nearly 50 000 villages. Over 90% of the members are women.

The loans disbursed by BRAC amount to US $417 million. 89% of these loans are disbursed to women. The interest/ service charge is 15%, with a 98% repayment rate. BRAC members are organised in similar group structures as Grameen Bank members. The saving of group members account for US $34 million, at 6% interest. These loans have helped establish over 5 000 grocery shops and restaurants, plant over 25 million mulberry trees and actively employ over 13 000 people in the mulberry project.

The health and population department conducts several programmes, including reproductive health and disease control (RHDC), essential health care, family planning facilitation, an integrated nutrition programme and TB control and treatment. These programmes cover over 10 million people, employing over 12 000 people from villages as field workers. 24 health centres have been established across the country.

The non-formal primary education programme started in 1985 with 22 schools, as a response to requests from mothers of members of the rural credit programme. The programme currently assists nearly 35 000 schools with nearly 1,2 million students. Over 70% of the students are girls between the ages of eight and fourteen. They come from poor and landless families. The schools are located in 61 of the 64 districts. BRAC has facilitated the opening of nearly 64 000 schools to date, with nearly 900 000 students graduating to formal schools. They enter formal education at level four or five after the three-year BRAC education programme. The courses include Bengali, mathematics, social studies, English and religious education. BRAC has recruited over 33 000 teachers from the villages where schools are located. 97% of teachers are women, with a minimum of nine years' formal education and an intensive 12-day training course at BRAC's regional centres, followed by a monthly one-day course. The schools are housed in rented thatched structures built according to specification. There is one class per room, with between 30 and 33 students. The teaching programme does not involve any examination, punishment or homework, and school time is flexible, according to the needs of the families, since students help their parents in the household or in the field. Programme organisers are required to visit schools twice a week

and facilitate monthly parent/teacher meetings. Over 2 500 libraries have been established. Foreign donors are the main source of funding for this programme.

BRAC employs just over 50 000 workers, including teachers and health workers. Its projected budget for 1997 is US $102 million, with 50% from foreign donors and the remainder from BRAC's project income. Some of BRAC's income-generating projects include BRAC's printers, cold storage and milk processing plants. BRAC has also established a chain of marketing outlets for rural artisans.

I. Conclusion

The overall picture presented to us in many of our discussions with knowledgeable persons in the above institutions highlights the importance of planning holistic strategies. These discussions reinforced the importance of the South African National Small Business Strategy. The planning processes in Singapore and Malaysia are comprehensive, detailed and act as a guide for different ministries to set quantitative and qualitative targets for delivery institutions. The planning process involves extensive consultation and input by a broad range of stakeholders, which is then co-ordinated and submitted to the Cabinet and finally to Parliament as the industrial master plan. These plans tend to unite society around a common purpose and vision.

Integral to economic planning in Singapore and Malaysia is targeted financial assistance for broad-based, industry-based and sector-based schemes, with focused assistance programmes, for example machinery, factory premises, raw materials, training programmes, industrial linkages, technology, research and development. The interest rates for the above programmes are generally lower than those of bank loans. The overall plan identifies certain industries and sectors as crucial to the economic development of the country. Holistic support programmes, including financial incentives, are introduced for identified sectors and industries. The growth of these industries and sectors acts as a catalyst in the development of other sectors. It is seen as an investment by the government with spill-off effects. The government's financial assistance is not *ad hoc*, but part of a broader strategy.

Non-financial support programmes cover a focused and wide range of issues, including targeted training, quality circles, research, mentoring, design and product development, skills development, a local enterprise upgrading centre, infrastructure development, export development, technology development and technical assistance. These support programmes are closely linked to the financial packages, for example the buying of machinery requires optimal training in the use of such equipment. Support programmes are not seen in isolation to the broader strategy and guides entrepreneurs in fulfilling the targets set. The programmes are able to rapidly shift focus and resources. The Singapore Local Enterprise Upgrading Centre acts as a first stop for SMMEs giving assistance in technical consultancy and financing. It co-ordinates government programmes administered by a range of institutions. The first stop centre avoids bureaucracy for the entrepreneur and increases delivery efficiency.

Government procurement is clearly an important mechanism in redistributing resources and opportunities in society. In Malaysia the government has actively used procurement as a means to empower, skill and redirect resources to the Bumiputras.

Compared to the above approach, and due to different conditions, a more comprehensive strategy is used in Bangladesh by the Grameen Bank and BRAC and to some extent the Malaysian Majlis Amanah Rakyat (MARA). These programmes are generally targeted at the poorest of the poor and aim to develop all aspects of the person as part of a broader community. This approach encompasses education, human resource development, commerce, democratising local institutions and transport. It provides sustainable access to local and rural communities.

J. Recommendations

1. The Centre for Small Business Promotion should explore the impact and effect of targeted finance programmes, namely broad-based, industry-based and sector-based schemes with focused assistance, for example for machinery, factory premises, raw materials, training programmes and technology.

2. In line with the white paper objectives and time frames, a detailed and comprehensive support plan across the industry and sectors should be explored.

3. The Centre for Small Business Promotion, as an umbrella body, should integrate and co-ordinate government assistance programmes impacting on SMMEs. The Local Business Service Centres are appropriate delivery mechanisms. It has the benefit of co-ordinating assistance and avoiding duplication of government resources.

4. The Centre for Small Business Promotion needs to strengthen the setting of targets for the recently established small business delivery structures at the wholesale and retail levels—measure inputs invested with desired outputs within agreed time frames.

5. As indicated in the white paper (part six), certain "action areas" are receiving prioritised attention as part of the short-, medium- and long-term plans. The institutions established as part of this strategy should also prioritise quantitative and qualitative goals, co-ordinated within a broader framework.

6. The Department needs to evaluate the Local Business Service Centre programme. The impact of increased departmental co-operation and guidance needs to be considered. These areas include the following:

(1) Prioritising certain geographical areas for LBSC establishment—directing where LBSCs are established.

(2) Setting quantitative delivery targets.

(3) Formulating a package of programmes relevant to the SMME environment in that region.

(4) Assisting in staff recruiting, training and financial management.

(5) Acting as a first stop for SMMEs, integrating the different government programmes of government departments, including the provision of finance.

The above recommendations will have to be sensitive to resource constraints in the Department.

7. The Department of Trade and Industry needs to work closely with the SMME sector in attaining common economic targets. The National Small Business Council can play a crucial role and also act as an early warning system to vulnerable sectors.

No 125—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 25 NOVEMBER 1997

ANNOUNCEMENTS:

National Assembly:

The Speaker:

1. The following changes have been made to the membership of Committees, viz:

Agriculture, Water Affairs and Forestry:

Appointed: Leeuw, S J (Alternate).

Allegations by Mrs P de Lille:

Appointed : Mars, I.
Discharged: Seaton, S A.

Arts, Culture and Language, Science and Technology:

Appointed: Biyela, B P (Alternate); Govender, D (Alternate); Mpontshane, A M; Rabinowitz, R (Alternate).
Discharged: Mars, I; Mbuyazi, L R.

Communications:

Discharged: Vilikazi, B H.

Constitutional Affairs:

Appointed: Mars, I (Alternate)
Discharged: Rabinowitz, R.

Health:

Appointed: Ally, A (Alternate); Mangaliso, Z K (Alternate); Rabinowitz, R.
Discharged: Ferreira, E T; Madide, D R B.

Labour:

Appointed: Zulu, N E (Alternate).
Discharged: Khoza, T S.

Pension Benefits for Members of Parliament and of Provincial Legislatures:

Appointed: Ndlovu, V B (Alternate); Njobe, M A A.
Discharged: Thabethe, E.

Private Members' Legislative Proposals and Petitions:

Appointed: Ndlovu, V B.
Discharged: Van der Merwe, J H.

Public Accounts:

Appointed: Ally, A (Alternate).

Sport and Recreation:

Appointed: Appelgryn, M S (Alternate).

Welfare:

Appointed: O'Malley, P K R (Alternate); Zulu, N E (Alternate).
Discharged: Abraham, M; Madide, D R B.

National Council of Provinces:

The Chairperson:

1. The following changes have been made to the membership of Committees, viz:

Education:

Appointed: Kanyiles, D J; Marais, P G (Alternate).

Labour and Public Enterprises:

Appointed: Kanyiles, D J (Alternate); Marais, P G.

Public Services:

Appointed: Malatsi, D M (Alternate).

Social Services:

Appointed: Fisher, S D (Alternate); Malatsi, D M (Alternate).
Discharged: Henry, M.

COMMITTEE REPORTS:

National Assembly:

1. Report of the Portfolio Committee on Correctional Services on the *Correctional Services Amendment Bill* [B 99B—97] (National Assembly—sec 75), dated 25 November 1997, as follows:

> The Portfolio Committee on Correctional Services, having considered the *Correctional Services Amendment Bill* [B 99B—97] (National Assembly—sec 75) and proposed amendments of the National Council of Provinces, referred to the Committee, begs to report the Bill with amendments [B 99C—97].

Report to be considered.

2. Report of the *Ad hoc* Committee on Allegations by Mrs P de Lille, dated 25 November 1997, as follows:

1. The *Ad hoc* Committee on Allegations by Mrs P de Lille, was appointed in terms of a Resolution adopted by the National Assembly on 27 October 1997 to report to the House within

seven days of its appointment "on the conduct of Mrs P de Lille, in making serious allegations without substantiation against members of the House in statements she made in the House on 22 October 1997, and to recommend what, if any, action the House should take in the light of its report". On 6 November 1997, the House adopted a report of the Committee, to the effect that the period for submission of its final report to the House be extended to the next sitting day of the House.

The Committee recommends that the House—

(1) reaffirm a member's constitutional right to freedom of speech and parliamentary privilege; and

(2) reaffirm that members should not abuse that privilege, and should refrain from making serious allegations against each other, unless they do so by way of a substantive motion.

2. The Committee noted—

(1) that in terms of Rule 96 of the Standing Rules for the National Assembly it is a rule of debate that no member is allowed to use offensive or unbecoming language;

(2) that on 17 September 1996 the Speaker gave a ruling on the application of Rule 96 to the effect that—

(a) a member who wishes to bring any improper conduct on the part of another member to the attention of the House should do so by way of a separate substantive motion, comprising a clearly formulated and properly substantiated charge; and

(b) except upon such a substantive motion, members should not be allowed to "impute improper motives to other members, or cast personal reflections on their integrity as members, or verbally abuse them in any other way";

(3) that on 16 September 1997 the House adopted a report by an *ad hoc* committee supporting the said ruling of the Speaker on 17 September 1996; and

(4) that in terms of section 10(3)*(c)* of the Powers and Privileges of Parliament Act, 1963, the "wilful failure or refusal to obey any rule, order or resolution of a House" amounts to contempt of Parliament.

3. The Committee, after deliberations, concluded that Mrs De Lille made serious allegations without substantiation against certain members of the House in the statements referred to in its terms of reference. In the view of the Committee, these allegations are of a very serious nature. The Committee therefore recommends that—

(1) Mrs de Lille be directed to apologise to the House, by means of a letter addressed to the Speaker, for making the allegations; and

(2) with effect from the next sitting day of the House, Mrs De Lille be suspended for 15 parliamentary working days.

4. The Committee wishes to bring to the attention of the House that the minority of the Committee was of the view that it would suffice if the member was directed to apologise for making the allegations concerned.

Report to be considered.

3. Report of the Portfolio Committee on Arts, Culture and Language, Science and Technology on a study tour to Mpumalanga and the Northern Province, dated 24 November 1997, as follows:

The Portfolio Committee on Arts, Culture and Language, Science and Technology, having assigned a representative subcommitee to undertake a study tour to Mpumalanga and the Northern Province, begs to report as follows:

A. Introduction

The subcommittee embarked on the tour from 7 to 11 July 1997. The delegation under the leadership of Dr M W Serote (ANC) included Ms N S Mtsweni (ANC), Sister B Ncube (ANC), Ms B P Sonjica (ANC) and Mr T C Ntsizi (NP).

During the tour the subcommittee was able to meet with and hear representations from officials, councillors and communities.

B. Purpose of tour and mandate of subcommittee

The Committee plays a vital role in promoting co-operative governance between provinces and the central government, thereby improving the quality of life of all citizens. The purpose of the tour was to—

1. investigate how provinces are spending the R50 million allocated to them by the national government for reconstruction and development projects in order to target youth cultural matters;

2. view identified sites earmarked for the establishment of community arts centres;

3. acquire first-hand knowledge on the utilisation, accessibility and participation of the communities and disabled people in those centres;

4. establish whether sufficient consultation had taken place during processes to identify sites, and in respect of centres to be erected on those sites, and whether all stakeholders in the communities were involved and/or consulted during such processes; and

5. investigate and discuss the role that provinces would play in the 2004 Olympic Games, should South Africa have become the host for the said games.

The delegation therefore focused on the above primary areas of importance relating to arts and culture.

The subcommittee strove to obtain a balanced view from inputs made by officials and citizens in the communities. The inputs mentioned hereunder were received in each area and, where

possible, solutions were offered or recommended by the subcommittee.

C. Mpumalanga

1. Focus on projects

(1) *Official view—Director-General: Sport, Arts and Culture*

The community arts centres have been planned since 1995 by the province and will be erected on public property. The projects will be broadly spread within the province, namely in the Southern Highveld (Delmas and Piet Retief) and two projects in the Lowveld (Matsulu and Badplaas). Consultation processes were followed with regard to all proposed projects, and the business plans caters for all citizens, including the disabled.

The provincial government has identified the needs of the community and sites where projects are to be erected. The project management committee has involved all stakeholders in the community, but workshops need to be held to establish what progress has been made. Rural and farming communities were invited to all meetings that were held to discuss the planned projects.

The mayor of Delmas and the MEC of Sport, Arts and Culture were informed about the projects, and the Delmas town council was involved in a late stage, where meaningful consultation took place.

(2) *Comments and recommendations*

The subcommittee is of the view that the projects were specifically intended for the poorer sectors of the community, and that participation in these projects should reflect this. Communities have to carry out their objectives in order to develop the nation. Poor communication and consultation took place between the department and the community, and it is further evident that lack of communication is a major problem in the effective implementation of the proposed projects.

(3) *Identified sites for community arts centres*

(a) Visit to site in Botleng—Delmas

The site is very big and is situated between two townships. The business plan caters for sports facilities, and Public Works is actively involved in all the business plans of the project. At present the department is waiting for business approval and financial arrangements to be finalised before starting to build the project, which is already six months behind the original time-frames.

(b) *Visit to KwaNdebele traditional village*

This is a small village, where local women make crafts to sell to visiting tourists. Some developments (traditional houses) for tourists could not be completed owing to a lack of funds.

(c) *Visit to site for community library at Lynville—Witbank*

(i) *Official view—Witbank city council*

The plan to build a community library arose from a previous project that was planned by the Witbank city council during 1994-95. That project never materialised, and therefore R500 000 is still available for community projects.

The site for the project is situated next to the KwaGuqa community health centre in Lynville, and the Mpumalanga finance corporation will make available additional finances for the project.

At present there is one town library, one mobile library and four community libraries, that also have reading material for children. The council donated equipment to the library in zone 14, but it is still not up to standard. There is also a need to upgrade other existing libraries, especially the rural one at Enkumazi, as the population in the surrounding area is growing at a fast pace. Councillor Magagula supports the proposed plan to build a library, but according to him the R500 000 should rather be used to upgrade the dilapidated community hall in the area that is not in use at present. He believes it would be better to upgrade the existing community structures, as people may reject the proposal of the Witbank city council to build a new library.

The building of the new library will take place only after there has been an agreement between the Mpumalanga director-general and the national director-general, subject to approval by the council.

(ii) *Comments and recommendations*

The Committee concluded that there is a general feeling of neglect and isolation in the Witbank community. Drastic and thorough consultation has to take place, and

consultative processes need to be put in place, as there is the fear that people in the area may reject the proposed project.

Ineffective implementation of the proposed project is the result of poor communication between the Witbank city council and the community. The voice of the community plays a vital role, especially when such projects are to be implemented.

(d) Visit to site at Matsulu

(i) *Official view—director-general and members of Matsulu TLC*

It is envisaged that a multi-cultural centre, together with a training centre, will be erected on the site. This project is aimed at the entire population of South Africa, as the site is close to the road that leads to the Maputo corridor, and will thus bring tourists to the area.

The project is seen as a pilot project for the entire province, and youths will be encouraged to actively participate. It is also envisaged that the multi-cultural centre will have a theatre, and that traditional healers will be given an office where youths and tourists will be taught traditional practice and culture.

RDP funding will build the core project, and will also serve as a museum, that will link the neighbouring Swazi village. The area where this centre will be built, is part of the greater Nelspruit TLC. Unfortunately the site is situated near the N4, where many accidents occur.

There is a broad partnership with the parks board, the Nelspruit TLC and Eskom for supplying the site with electricity. Bongani Lodge also expressed their wish to be a partner in the project.

Mass meetings have been called to inform people about the project, and SAPPI and the SAB have also been contacted for funding. Standard Bank, FNB and People's Bank will install autobank machines in the centre. Public Works is not involved in the project, as the site where the project will be built, is owned by the TLC.

There are women in the area with skills in crafts, but due to a lack of resources and

funding they cannot pursue their skills, and they are happy that this centre will be built in this area.

(ii) *Comments and reccommendations*

The subcommittee is of the opinion that 80% of the people in the country are Christians, and that the majority of people in the country do not speak English or Afrikaans and are women. The centre should address the needs of the majority of the people in the community, who are women and Christians, and also cater for gender issues.

(e) Visit to Langeloop—cultural village

(i) *Official view—Mrs M Zwane*

A cultural house was built in 1993. The material to build the house was bought with the villagers' own money. This was a people-driven project, with virtually no support from the government. It proved to be a difficult task as the lack of funds tended to push people away from the project. The government's assistance amounted to 10%. Funding has been applied for from the Nelspruit treasury. The request for this project was made to the TLC in Inkomazi West. RDP funds of R500 000 has also been allocated to this area—it will be used to build a library for pupils.

(ii) *Comments and recommendations*

The Committee wishes to stress that children should be encouraged to visit the village in order to learn about and experience the different cultures of the country. This village could be educative to youths in respect of historic cultural traditions, but a broad consultative process needs to be followed in order to achieve this through the fullest possible participation of the community and all stakeholders involved.

(f) Visit to site at Badplaas

(i) *Official view—Badplaas TLC*

The site for a multi-cultural project is situated next to the R38 national road, opposite the holiday resort, Aventura Spa, in Badplaas. The R38 is frequently used by tourists who visit the province. To build a community arts centre in the area will benefit the community and the entire prov-

ince, and the Badplaas TLC is fully in support of the project.

(ii) *Comments and recommendations*

It is Committee's opinion that the centre should meet the needs of the people in the area, and that it should be accessible and within reach of all people in the community and neigbouring communities. The centres should be attractive to youths and should also have educational and training value for them.

People in the community should feel that they are the owners of the centre and should benefit from the use of the structure. It should also be utilised for the development of children.

Communities in all areas where community arts centres are erected, should feel that they are the owners of such centres.

(4) *Utilisation/accessibility of, and participation in, community arts centres by youths and the disabled*

(a) Official view—chairperson of provincial youth commission

The proposed project at Matsulu is seen as a pilot project for the entire province. Youths will be encouraged to participate fully in community arts centres and will be involved in all their activities. The business plan for the project at Matsulu caters for everybody in the province, including the physically disabled. The chosen sites for community arts centres are mostly accessible to needy people, and are within easy reach of all people in the province.

(5) *Consultative processes followed with stakeholders on chosen sites*

(a) Official view—Sport, Arts and Culture

All stakeholders from communities in the province have been involved or have been consulted with extensively with regard to proposed projects. Communities and stakeholders have given their full support to proposed projects and are very keen to see them actively implemented.

(b) Comments and recommendations

Effective administration should be implemented by the officials who are to run the arts centres. It is also envisaged that the department should employ people in the various communities with administrative skills who are able to run the projects efficiently. People with creative, man-

agement and public relations skills should also be employed to further ensure the success of community arts centres.

(6) *Olympic Bid 2004*

(a) Briefing by Sister B Ncube (MP)—convenor of subcommittee

Broad discussions took place between the ministry, department and communities on the issue of the 2004 Olympic Bid. The Committee is paving the way for the international world in the event that the "country will host the 2004 Olympic games". Provinces should be targeting the opening of the great ceremony in Africa and Southern Africa at provincial level—the African way of hosting the Games, the duration of the games (how is the country going to utilise the time-frames) and the closing of the Games, which should instill memories of the Olympic event.

It is envisaged that Olympic villages will be built for each province. People from the various provinces can then utilise the villages by displaying and selling traditional crafts, food and clothes. It will be the task of every province to co-ordinate activities in the respective villages in order to make a success of it and impact on the Olympics so that every province can benefit financially and economically.

In relation to development, the province should define its own goals and objectives in order to establish how its people will benefit from the Games. The youth in every province should be encouraged to participate in sport, to make it possible for South Africa to have future athletes and champions that can participate in the Games. It is therefore the duty of the province, the MEC and local structures to popularise the Games and to make it an overwhelming success in South Africa, and it will also be a great challenge.

(b) Official view—MEC of Sport, Arts and Culture

The department has targeted major programmes in the province by awarding people in the sphere of arts and culture and by developing and broadening the arenas of arts and culture. On 10 May 1997, a great event was staged in the province: Musicians were honoured in order to strengthen and encourage a commitment towards arts and culture.

The department will ensure that the communities maintain and utilise the community arts centres fully, but problems are experienced with the location of some of the centres. Critical areas that came to the attention of the Committee, will be investigated.

As science and technology is not part of their function, it should be a national competence, and for the province to facilitate the process, funds should be allocated for science and technology projects, as people are lobbying for the erectment of archives. The department has no intention to initiate projects, and the main aim is to get community arts centres efficiently functioning. The department understands its task as that of assisting people to help themselves, and to do this in a manner that is satisfactory to the entire province.

Much potential exist in the province that can be of benefit to the film industry. It is the intention of the province to become the most popular location for the shooting of films, and lobbying with the national film school has been done. There is still a lot to be done by and for the province that could contribute positively in respect of this matter.

The National Committee on Gambling and Lotteries has not yet finalised the percentage of money that will be allocated to sport, arts and culture in the province.

(c) Comments and recommendation

The subcommittee is of the opinion that youths are being marginalised in the province by not being given funds, and that the MEC should find ways to rectify the situation.

Especially in Witbank, local people were neither consulted nor included or involved in the decision-making regarding the erecting of the proposed library.

The intentions of people in all visited areas are very good. Community arts centres should educate the youth and people of the country. The Committee recommends that people who will be appointed to run the arts centres, should have expertise and skills in administration, marketing, management, education and production in order to ensure efficient and effective community participation.

The poor communication between the department and communities results in ineffective administration, management, participation and co-operation.

D. Northern Province

1. Official view—MEC of Education, Arts and Culture

Certain RDP projects have been approved in the province, but no funding could be obtained from the RDP to help community-driven projects. Projects undertaken, were community-driven; where not, they were funded by the RDP. The RDP funds that were available, had to be used for the salaries of officials who were involved in the projects. Previously there has been little interest in issues relating to arts and culture.

2. Visit to site for stadium—Giyani

There was never any planning for the erection of the stadium. The proposed site is very big and sufficient for a multi-cultural centre. Because it is situated next to a national road, there is fear that road accidents may occur in the area, and such a situation could endanger the lives of visitors to the centre. There is also a dangerous power supply in the vicinity of the proposed site, and as a result an alternative site has been identified in the township. The process has started in 1996, but is taking too long to finalise. Business plans have been completed, and the TLC is waiting for responses from the Department of Education to release funds.

3. Visit to Akanani craft centre

(1) This is a non-governmental project. The land on which the centre was erected, was initially a farm. The project started in 1980, with a few women sewing and printing, and now it is a permanent structure. As more women joined the centre, an adult education literacy programme was started. Within the bounds of the adult education programme, a programme of popular education was launched to recruit more people to go to the centre. Specific communities go .and seek assistance at the centre and benefit from programmes that are offered there.

In 1991, an Aids-awareness programme was launched, and Akanani also offers youth programmes in conjunction with organisations in Venda. Akanani regularly consults with various organisations in order to plan programmes, but they work mostly with NGOs in the area. The women's programmes are funded by Creative Art, situated in Johannesburg. Additional funding is received from the Belgium government. Akanani's budget, programmes, activities and business plans are regularly submitted to them, as they are the main funders of the centre.

(2) *Comments and recommendation*

The Committee views Akanani as an extremely positive initiative that proved to be very educative to the women and youths in the area. It is a non-governmental initiative, but the government should consider assisting the centre in their projects, as they are very valuable to the community. The government should also revise the existing policies that are utilised in deciding who qualifies for funding from them.

4. *Visit to Tsonga Textiles (handprinted)*

Tsonga Textiles is a factory situated on the escarpment overlooking Gazankulu, east of Louis Trichardt, at Elim. The structure was erected 20 years ago and has been a private company for the last two years.

It produces a broad range of high quality, screen-printed fabrics of various designs that are used for different products. There are eight highly skilled personnel working on a part-time basis in the factory.

5. *Visit to site—Thohoyandou*

The site is very big and suitable for the erection of any chosen RDP project. The site is situated next to Acacia Park Caravan Chalets and Thohoyandou stadium, and is also close to the national road that leads to Louis Trichardt and the Kruger National Park. It is furthermore situated between two townships and electricity and waterpipelines can be installed without difficulty. The site has been chosen by stakeholders, business people, the Thohoyandou TLC and the Department of Arts and Culture. Extensive consultation has taken place and people in the community gave input.

6. *Visit to Ditike Arts and Crafts*

The centre was officially opened on 11 March 1986. There are four artists working there and they specialise in the making of crafts and sculptures that are usually sold to tourists who visit the area.

The centre does not receive any sponsorship or funding from the government; the artists work for themselves. No profit is generated from the centre as artists sell their goods for their own profit. Additionally, there are 52 artists who bring crafts to the centre and they receive only 20% of the profit from articles that they sell there.

7. *Visit to Vuwa Arts and Crafts*

This centre is situated next to the Mpunda Maria road that leads to the Kruger National Park. It is an NGO that does not receive funding from the government. Few tourists visit the area, with the result that few crafts are sold. Local

people make crafts and bring them to the centre for selling. A group of women make mats at Pfanani Weaving, which are also for sale at the centre.

8. *Venda university progress report on African arts festival*

This year will see the third African arts festival, which will be held in September 1997 at the University of Venda. The festival is aimed at educating people and creating jobs, as many people are unemployed. Many organisations have been contacted for sponsorship. People from rural areas and students are also encouraged to participate in the festival.

As regards Heritage Day, no funds are available and financial assistance will be requested from the provincial Department of Arts and Culture.

9. *Comments and recommendations*

The concept of community arts centres has been accepted in the country—this were evident in six other provinces as well.

The Committee believes that universities themselves should obtain funds to participate in the African arts festival. Their participation will contribute positively towards youth development.

It is also recommended that the Department of Arts and Culture in the province should fulfil its task of searching for skilled women in the province. The subcommittee encountered many highly skilled people in the province, of whom many are women, and the department should help them find employment.

Community arts centres should be viable structures with the potential to generate economic growth, as many areas in the province possess a rich traditional history.

The province should attempt to make co-operative governance a reality by implementing policy in conjunction with the national government. The Committee is also of the view that African culture has been completely destroyed in all provinces. Consultative processes must be intensified and citizens of the country should form part of such processes in order to impact positively on the governance of the country. Community arts centres should support youth activities in order to develop, train and educate the youth of the country.

Because 1998 is the year of science and technology, provinces have the task to—

(1) do an audit of their existing science and technology;

(2) find and train science and mathematics teachers and enable them to educate youths in these subjects;

(3) investigate the culture of science and technology to find ways to impact positively on the economy of each province and the country as a whole;

(4) initiate different types of campaigns that would target various layers of our society in the field of science and technology.

10. *Official view—MEC of Arts and Culture*

The province is regarded as the poorest and most backward, but it has a rich cultural heritage. During the Rugby World Cup and the South African Cup of Nations, the province was not involved. At present, 30 people have been selected as sport coaches to train pupils who show talent in sports, in preparation for the 2004 Olympic Games. The province is thoroughly preparing for the big event.

The RDP should be expedited to enable the province to have centres that could reflect the culture of the province to the world.

The province is aware that 1998 is the year of science and technology, and as a result the province is the host of numerous conferences relating to this field, as science and technology is an unfamiliar subject to many people.

The province will choose 30 schools, from which 160 students will receive bursaries; 120 computers will also be donated for training purposes. The project has already been started in some schools. A R3 million sponsorship has been received for the project and an additional sponsorship, amounting to R9 million, was received from Britain.

At present there are 58 000 teachers in the province. In addition, there are 22 000 unemployed teachers in the province. There are also 45 000 students, enrolled at teachers colleges, who will be unemployed after graduation. The MEC had a meeting with the Deputy President, Thabo Mbeki, with regard to these worrysome statistics.

Inservice training was provided for teachers in the province, targeting teachers who educate St 2-, St 5- and St 8-pupils. The department will appeal to students to choose a career in science, technology and engineering in order to equip them to practice in these fields so that the province and the country as a whole can develop and benefit.

There are few students studying at universities in in the province in mathematics and technology, with the result that only 20 students graduate in that field annually. Students are encouraged by means of orientation to choose a career in these fields.

E. Acknowledgments

The Committee expresses its sincere appreciation to all the provinces that were visited. Their co-operation and efforts to accommodate the subcommittee are greatly appreciated.

No 74—1997] FIRST SESSION, SECOND PARLIAMENT

REPUBLIC OF SOUTH AFRICA

MINUTES OF PROCEEDINGS

OF

NATIONAL ASSEMBLY

TUESDAY, 25 NOVEMBER 1997

1. The House met at 14:20.

2. The Speaker took the Chair and requested members to observe a moment of silence for prayers or meditation.

3. Ms L M Xingwana moved without notice: That the House, noting with shock and abhorrence the racist remarks allegedly made by a prominent boxing trainer and reported on television last night—

   (1) requests the Minister of Sport and Recreation to raise the concerns of the House with the Boxing Board;

   (2) urges the Boxing Board to investigate this matter and take appropriate disciplinary steps in this regard; and

   (3) calls on all sports administrators to embark on programmes aimed at stamping out racism and discrimination in sport.

   Agreed to.

4. The Deputy Speaker moved without notice: That the House—

   (1) notes—

      (a) that today, 25 November 1997, is the International Day of the Prevention of Violence Against Women and marks the first day of the 16 days of activism against violence against women—a global campaign;

      (b) the commitment which the Government has made in terms of the Constitution, CEDAW and the Beijing Platform for Action, to ending violence against women; and

      (c) the UN Special Rapportteur's report on the continuation of violence against women in South Africa;

   (2) resolves that—

      (a) the report be discussed in the House in 1998; and

(b) 1998 be the year when necessary and outstanding legislation, including resource allocation, be adopted by the House to give full effect to the constitutional guarantee of gender equality and the right to be free from violence; and

(3) calls on—

(a) the Ministers of Justice, for Safety and Security, of Correctional Services and for Welfare and Population Development to table reports early in 1998, outlining specific programmes to address the above; and

(b) all members to address the issue of violence against women in their constituencies.

Agreed to.

5. Mr D K Padiachey moved without notice: That the House—

(1) compliments the President on his peace efforts in Lesotho, Nigeria and East Timor;

(2) calls on the President to use his expertise in this field to assist the Sri Lankan Government and its people to resolve their internal crisis which has resulted in a civil war that has thus far claimed approximately 70 000 lives and has devastated the country in more ways than one; and

(3) affirms that in bringing a peaceful settlement to Sri Lanka, South Africa will enjoy great advantages in tourism and trade with the people of Sri Lanka.

Agreed to.

6. The Chief Whip of the Majority Party moved: That the House—

(1) congratulates the Minister of Defence on the steps taken by the SANDF to destroy the stockpile of landmines in this country; and

(2) recognises the important signal this gives to the international community in the campaign to eradicate these destructive and harmful weapons of war.

Debate concluded.

Motion agreed to.

7. Dr M W Serote, with leave, altered his notice of motion and moved: That the House—

(1) expresses its support for—

(a) the declaration of 1998 as the Year of Science and Technology, as it will contribute to—

(i) social and economic upliftment;
(ii) human resources development;
(iii) the meeting of basic needs;
(iv) the democratisation of the country; and
(v) assist the Republic to compete favourably with other countries in the world; and

(b) the Audit of Indigenous Knowledge, as it will contribute to—

(i) the African Renaissance;
(ii) the Reconstruction and Development Programme;
(iii) ensuring the integration of the grassroots as a social group in the mainstream of the community;

(iv) the building of self-esteem and self-respect; and
(v) the moral fibre of our country as its history, culture, sociology, anthropology, traditions and customs are rewritten; and

(2) endorses the launching of 1998 as the Year of Science and Technology, and will consider holding appropriate functions from 5 February 1998, in order to conscientise the nation to the importance of science and technology and indigenous knowledge as national heritage.

Agreed to.

8. Dr R H Davies moved: That the House, noting that—

(1) a number of European Union member countries have not yet ratified the revised Lomé IV Convention;

(2) this prevents South Africa from gaining access to the benefits arising from our qualified accession to the convention; and

(3) delegations from Parliament continue, as a consequence, to be accorded only observer status at ACP-EU Joint Assemblies,

calls upon the Speaker to write to the Speakers of the Parliaments of EU member countries that have not yet ratified the revised Lomé IV Convention, urging them to ensure that ratification takes place as soon as possible.

Agreed to.

9. The Chief Whip of the Majority Party moved: That, notwithstanding Rule 141, all the orders of the day in respect of Bills in the possession of the House when it rises on the last sitting day of 1997, including entries on the Order Paper relating to all Bills that have been referred to portfolio committees, shall not lapse but remain on the Order Paper in order for the House and the relevant committees to continue their consideration of such Bills in 1998.

Agreed to.

10. The Chief Whip of the Majority Party moved: That, notwithstanding Rule 11, the hours of sitting on Parliamentary working days shall be as follows:

Mondays to Thursdays:

From 14:00, or such later time as the Speaker determines, to adjournment.

Fridays:

On the second Friday of a session, and thereafter:

From 09:00, or such later time as the Speaker determines, to adjournment.

Agreed to.

11. FIRST ORDER [14:59]

Consideration of *Correctional Services Amendment Bill* [B 99B and 99C—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Correctional Services thereon (Announcements, Tablings and Committee Reports, p 880).

Order disposed of without debate.

Report adopted and Bill, as amended, agreed to (African Christian Democratic Party dissenting).

12. SECOND ORDER [14:59]

Consideration of *Public Funding of Represented Political Parties Bill* [B 67B and 67C—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Constitutional Affairs thereon (Announcements, Tablings and Committee Reports, p 860).

Question put: That the report be adopted and that the Bill, as amended, be agreed to.

Declaration of vote made on behalf of Inkatha Freedom Party.

Question agreed to.

Report accordingly adopted and Bill, as amended, agreed to.

13. THIRD ORDER [15:00]

Consideration of *Security Officers Amendment Bill* [B 25B—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Safety and Security thereon (Announcements, Tablings and Committee Reports, p 860).

Order disposed of without debate.

Report adopted and Bill, as amended, agreed to.

14. FOURTH ORDER [15:01]

Consideration of *Criminal Law Amendment Bill* [B 46B and 46C—97] (National Assembly—sec 75) and of Report of Portfolio Committee on Justice thereon (Announcements, Tablings and Committee Reports, p 860).

Order disposed of without debate.

Report adopted and Bill, as amended, agreed to (African Christian Democratic Party dissenting).

15. FIFTH ORDER [15:01]

Consideration of *Welfare Laws Amendment Bill* [B 90F—97] (National Assembly—sec 76) and of Report of Portfolio Committee on Welfare thereon (Announcements, Tablings and Committee Reports, p 860).

Order disposed of without debate.

Question put: That the report be adopted and that the Bill, as amended, be agreed to.

Division demanded.

The House divided:

AYES—223: Abrahams, L A; Ally, A; Arendse, J D; Asmal, A K; Balfour, B M N; Baloyi, S F; Bam, N J; Belot, S T; Benjamin, J; Bhengu, F; Bhengu, M J; Biyela, N T; Bloem, D V; Booi, M S; Botha, N G W; Bunting, B P; Cassim, M F; Chalmers, J; Chauke, P; Chiba, L; Chohan-Kota, F I; Coetzee-Kasper, M P; Cronjé, P C; Dalling, D J; Davhana, M K D; Davies, R H; De Lange, J H; Dexter, P D; Diale, L N; Didiza, A T; Dlamini, B O; Dlulelane, B N; Doidge, G Q; Duna, M W; Ebrahim, E I; Fazzie, E; Fazzie, H M; Ferreira, E T; Fihla, N B; Fraser-Moleketi, G J; Gamndana, T; Gandhi, E; Geabashe, S J; Geina, C I; George, M E; Gillwald, C E; Gininda, M S; Goniwe, T M; Goosen, A D; Govender, P; Green, L M; Hajaij, F; Hanekom, D A; Hofmeyr, W A; Hogan, B A; Jana, D P; Jassat, E E; Jordan, P; Kati, J Z; Kekana, N N; Kgauwe, Q J; Kondlo, N; Kota, Z A; Landers, L T; Langa, Z; Leeuw, S J; Lekgoro, M K; Ligege, M G; Loots, H G; Love, J Y; Mabudafhasi, R T; Mabude, N; Mabuza, M C; Madikizela, P; Mafolo,

M T; Magashule, E S; Maharaj, S R; Mahlalela, A F; Mahlangu, G L; Mahlangu, M J; Mahomed, F; Maine, M S; Makume, N J; Makwetla, S P; Maloney, L; Malumise, M M; Manie, M S; Manuel, T A; Mapisa-Nqakula, N N; Marivate, C T D; Mars, I; Marsh, D W; Marshoff, F B; Martins, B A D; Masala, M M; Mathebe, P; Matthews, V J; Maunye, M M; Mayimele, H W; Mbete-Kgositsile, B; Mbongwe, R R; Mdladlana, M M S; Mentz, J H W; Meshoe, K R; Mfayela, S B; Mfono, N B; Mgidi, J S; Mkhize, B R; Mlangeni, A; Mngomezulu, G P; Moatshe, P; Modise, T R; Moeti, S E; Mohamed, I J; Mohlamonyane, G M; Mokaba, P R; Mokgalong, M R V; Mokoena, M L; Molekane, R S; Molewa, B G; Momberg, J H; Mpahlwa, M B; Mpehle, M; Mpontshane, A M; Msomi, M D; Mthembi-Mahanyele, S D; Mtsweni, N S; Mushwana, G M; Myakayaka-Manzini, Y L; Mzimela, S E; Mzizi, M A; Naidoo, E I; Naidoo, J; Nair, B; Nash, J H; Ncinane, Z I; Ndawonde, D; Ndlovu, M C; Ndou, A J D; Ndou, R S; Neerahoo, H M; Nel, A C; Netshimbupfe, M A; Ngubane, H; Ngwane, L B; Ngwenya, M L; Nhlanhla, J M; Nhleko, N P; Njobe, M A A; Nkomo, S A; Nkosi, D M; Nqwemesha, K W; Ntaopane, T E; Ntuli, B M; Nxumalo, S D; Nyembe, N D; Nzimande, B E; Nzimande, B M; Nzo, A B; Olifant, D A A; Oliphant, G G; Oliphant, R; Pandor, G N M; Phakathi, N E; Phohlela, S; Radebe, J T; Rajoo, K; Ramabulana, V E; Ramgobin, M; Rantho, M M; Ratshitanga, T R; Richards, I; Ripinga, S S; Rockman, G; Saloojee, C; Scott, M I; Seaton, S A; Sekgobela, P S; Seperepere, M S; September, R K; Serote, M W; Shabangu, S; Shope, N G; Sigcawu, A N; Sikakane, M R; Singh, H K; Singh, L; Sisulu, M V; Sisulu, N A; Sisulu-Guma, L N; Skosana, B M; Skosana, W M; Skweyiya, Z S T; Slabbert, J H; Solomon, G; Sonjica, B P; Sosibo, J E; Tambo, A F; Thabethe, E; Tiry, M; Tolo, L J; Tsenoli, S L; Tshabalala, M E; Tsheole, N M; Tshivhase, T J; Turok, B; Twala, N M; Vadi, I; Van den Heever, R P Z; Van der Merwe, S C; Van Wyk, J F; Verwoerd, M; Vilakazi, B H; Vilakazi, M I; Viljoen, V; Vos, S C; Williams, N J; Woods, G G; Xingwana, L M; Yengeni, T S; Zitha, D A; Zondo, P; Zulu, N E.

NOES—59: Abrahams, C O; Alant, T G; Albertyn, J T; Appelgryn, M S; Badenhorst, M J; Bester, B C; Bikitsha, P I; Blaas, A; Botha, W A; Camerer, S M; Carelse, G M E; Chait, E J; Chiolé, J; Chuenyane, L D; Coetzer, P W; Cupido, P W; de Wet, J F; Dowry, J J; Fourie, A; Fourie, W L; Gogotya, N J; Graaff, D d V; Greyling, C H F; Groenewald, R H; Janse van Rensburg, A P; Koornhof, NJJvR; Le Roux, J W; Lee, T D; Malan, T J; Mangaliso, Z K; Marais, J A; Masher, M G; Mavuso, J S A; Mchunu, V J; Mckenzie, P C; Mnguni, Z D; Mohamed, A G; Nel, A H; Niemann, J J; Ntsizi, T C; Odendaal, W A; Oosthuizen, G C; Padiachey, D K; Pretorius, I J; Rabie, J A; Ramaremisa, N G; Ratsoma, M; Rhoda, R T; Schoeman, E A; Schoeman, R S; Schoeman, S J; Simmons, S; Smit, F P; Smit, H A; Streicher, D M; van der Merwe, A S; Van Wyk, A; Viljoen, C L; Wyngaard, C A.

ABSTAIN—4: Gibson, D H M; Jordaan, J A; Muendane, N M; Smuts, M.

Question agreed to.

Report accordingly adopted and Bill, as amended, agreed to.

16. SIXTH ORDER [15:08]

Consideration of *Housing Bill* [B 82D—97] (National Assembly—sec 76) and of Report of Portfolio Committee on Housing thereon (Announcements, Tablings and Committee Reports, p 861). Order disposed of without debate.

Report adopted and Bill, as amended, agreed to.

17. SEVENTH ORDER [15:08]

Consideration of *Water Services Bill* [B 65F—97] (National Assembly—sec 76) and of Report of Portfolio Committee on Agriculture, Water Affairs and Forestry thereon (Announcements, Tablings and Committee Reports, p 861).

Order disposed of without debate.

Report adopted and Bill, as amended, agreed to.

18. EIGHTH ORDER [15:09]

Consideration of Fifth Report of Standing Committee on Public Accounts (Announcements, Tablings and Committee Reports, p 793).

Order disposed of without debate.

Report adopted.

19. NINTH ORDER [15:09]

Consideration of Sixth Report of Standing Committee on Public Accounts (Announcements, Tablings and Committee Reports, p 796).

Order disposed of without debate.

Report adopted.

20. TENTH ORDER [15:09]

Consideration of Report of Portfolio Committee on Private Members' Legislative Proposals and Petitions (Announcements, Tablings and Committee Reports, p 802).

Order disposed of without debate.

Report adopted.

21. ELEVENTH ORDER [15:10]

Consideration of Report of Portfolio Committee on Foreign Affairs (Announcements, Tablings and Committee Reports, p 861—*Unclos Convention*).

Order disposed of without debate.

Report adopted.

22. TWELFTH ORDER [15:10]

Consideration of Report of Joint Rules Committee (Announcements, Tablings and Committee Reports, p 849).

Debate concluded.

Report adopted.

BUSINESS SUSPENDED AT 15:28 AND RESUMED AT 15:56.

23. THIRTEENTH ORDER [15:56]

Consideration of Report of *Ad Hoc* Committee on Allegations by Mrs P de Lille.

Mr M M Chikane, Acting Chairperson of the Committee, moved : That the report be adopted.

Ms D P Jana moved as an amendment: That in paragraph 3(1) of the report the words "to the members named and" be added after the word "apologise".

Debate concluded.

Amendment put.

Division demanded.

The House divided:

AYES—184: Abrahams, L A; Arendse, J D; Asmal, A K; Balfour, B M N; Baloyi, S F; Bam, N J; Belot, S T; Benjamin, J; Bhengu, F; Biyela, N T; Bloem, D V; Booi, M S; Botha, N G W; Bunting, B P; Chalmers, J; Chauke, P; Chiba, L; Chikane, M M; Chohan-Kota, F I; Coetzee-Kasper, M P; Cronjé, P C; Dalling, D J; Davhana, M K D; Davies, R H; Dexter, P D; Diale, L N; Didiza, A T; Dlulelane, B N; Doidge, G Q; Duna, M W; Ebrahim, E I; Fankomo, F C; Fazzie, E; Fazzie, H M; Fihla, N B; Fraser-Moleketi, G J; Gamndana, T; Gandhi, E; Gcabashe, S J; Gcina, C I; George, M E; Gillwald, C E; Gininda, M S; Goniwe, T M; Goosen, A D; Govender, P; Hajaij, F; Hanekom, D A; Hofmeyr, W A; Jana, D P; Jordan, P; Kati, J Z; Kekana, N N; Kgauwe, Q J; Kondlo, N; Kota, Z A; Landers, L T; Langa, Z; Leeuw, S J; Ligege, M G; Louw, S K; Mabuza, M C; Mafolo, M T; Magashule, E S; Maharaj, S R; Mahlalela, A F; Mahlangu, G L; Mahomed, F; Maine, M S; Makume, N J; Makwetla, S P; Maloney, L; Malumise, M M; Manie, M S; Mapisa-Nqakula, N N; Marsh, D W; Marshoff, F B; Masala, M M; Mathebe, P; Mayimele, H W; Mbete-Kgositsile, B; Mdladlana, M M S; Mfayela, S B; Mfono, N B; Mgidi, J S; Mkhize, B R; Mlangeni, A; Mngomezulu, G P; Moatshe, P; Modise, T R; Moeti, S E; Mohamed, I J; Mokaba, P R; Mokgalong, M R V; Mokoena, M L; Molekane, R S; Molewa, B G; Momberg, J H; Mpahlwa, M B; Mpehle, M; Mtsweni, N S; Mushwana, G M; Myakayaka-Manzini, Y L; Naidoo, E I; Naidoo, J; Nair, B; Nash, J H; Ncinane, Z I; Ndawonde, D; Ndlovu, M C; Ndou, A J D; Ndou, R S; Nel, A C; Netshimbupfe, M A; Ngwane, L B; Ngwenya, M L; Nhlanhla, J M; Nhleko, N P; Njobe, M A A; Nkomo, S A; Nkosi, D M; Ntaopane, T E; Ntuli, B M; Nwedamutswu, M J; Nxumalo, S D; Nyembe, N D; Nzimande, B E; Nzo, A B; Olifant, D A A; Oliphant, G G; Oliphant, R; Pandor, G N M; Phakathi, N E; Phohlela, S; Radebe, J T; Ramabulana, V E; Ramgobin, M; Rantho, M M; Ratshitanga, T R; Richards, I; Ripinga, S S; Rockman, G; Saloojee, C; Scott, M I; Sekgobela, P S; Seperepere, M S; September, R K; Serote, M W; Shabangu, S; Shilubana, T P; Shope, N G; Sigcawu, A N; Sikakane, M R; Sisulu, M V; Sisulu, N A; Sisulu-Guma, L N; Skosana, W M; Skweyiya, Z S T; Solomon, G; Sonjica, B P; Sosibo, J E; Tambo, A F; Thabethe, E; Thompson, B; Tiry, M; Tolo, L J; Tsenoli, S L; Tshabalala, M E; Tsheole, N M; Tshivhase, T J; Turok, B; Twala, N M; Vadi, I; Van den Heever, R P Z; Van der Merwe, S C; Van Wyk, J F; Verwoerd, M; Vilakazi, B H; Vilakazi, M I; Viljoen, V; Williams, N J; Xingwana, L M; Yengeni, T S; Zondo, P.

NOES—87: Abrahams, C O; Alant, T G; Albertyn, J T; Ally, A; Appelgryn, M S; Badenhorst, M J; Bester, B C; Beyers, A S; Bhengu, M J; Bikitsha, P I; Blaas, A; Botha, W A; Carelse, G M E; Cassim, M F; Chait, E J; Chiolé, J; Chuenyane, L D; Coetzer, P W; Cupido, P W; De Lille, P; de Wet, J F; Dowry, J J; Dyani, M M Z; Ferreira, E T; Fourie, A; Fourie, W L; Geldenhuys, B L; Gibson, D H M; Gogotya, N J; Graaff, D d V; Green, L M; Groenewald, R H; Jordaan, J A; Kleinsmidt, P J; Koornhof, NJJvR; Le Roux, J W; Malan, T J; Mangaliso, Z K; Marais, J A; Mars, I; Masher, M G; Mchunu, V J; Mckenzie, P C; Mentz, J H W; Meshoe, K R; Mnguni, Z D; Mohamed, A G; Mpontshane, A M; Msomi, M D; Muendane, N M; Mulder, C P; Mulder, P W A; Mzizi, M A; Neerahoo, H M; Nel, A H; Ngubane, H; Niemann, J J; Nqwemesha, K W; Ntsizi, T C; Nzimande, B M; Odendaal, W A; Oosthuizen, G C; Padiachey, D K; Phenethi, M M; Pretorius, I J; Ramaremisa, N G; Ratsoma, M; Rhoda, R T; Schoeman, E A; Schoeman, S J; Seaton, S A; Simmons, S; Singh, H K; Singh, L; Skosana, B M; Slabbert, J H; Smit, F P; Smit, H A; Smuts, M; Streicher, D M; Swanepoel,

D W; van der Merwe, A S; Van Wyk, A; Viljoen, C L; Vos, S C; Williams, A; Woods, G G.

ABSTAIN—1: Mzimela, S E.

Amendment agreed to.

Report as amended put.

Division demanded.

The House divided:

AYES—184: Abrahams, L A; Arendse, J D; Asmal, A K; Balfour, B M N; Baloyi, S F; Bam, N J; Belot, S T; Benjamin, J; Bhengu, F; Biyela, N T; Bloem, D V; Booi, M S; Botha, N G W; Bunting, B P; Chalmers, J; Chauke, P; Chiba, L; Chikane, M M; Chohan-Kota, F I; Coetzee-Kasper, M P; Cronjé, P C; Dalling, D J; Davhana, M K D; Davies, R H; Dexter, P D; Diale, L N; Didiza, A T; Dlulelane, B N; Doidge, G Q; Duna, M W; Ebrahim, E I; Fankomo, F C; Fazzie, E; Fazzie, H M; Fihla, N B; Fraser-Moleketi, G J; Gamndana, T; Gandhi, E; Gcabashe, S J; Gcina, C I; George, M E; Gillwald, C E; Gininda, M S; Goniwe, T M; Goosen, A D; Govender, P; Hajaij, F; Hanekom, D A; Hofmeyr, W A; Jana, D P; Jassat, E E; Jordan, P; Kati, J Z; Kekana, N N; Kgauwe, Q J; Kondlo, N; Kota, Z A; Landers, L T; Langa, Z; Leeuw, S J; Ligege, M G; Louw, S K; Mabuza, M C; Mafolo, M T; Magashule, E S; Maharaj, S R; Mahlalela, A F; Mahlangu, G L; Mahomed, F; Maine, M S; Makume, N J; Makwetla, S P; Maloney, L; Malumise, M M; Manie, M S; Mapisa-Nqakula, N N; Marsh, D W; Marshoff, F B; Masala, M M; Mathebe, P; Mayimele, H W; Mbete-Kgositsile, B; Mdladlana, M M S; Mfono, N B; Mgidi, J S; Mkhize, B R; Mlangeni, A; Mngomezulu, G P; Moatshe, P; Modise, T R; Moeti, S E; Mohamed, I J; Mokaba, P R; Mokgalong, M R V; Mokoena, M L; Molekane, R S; Molewa, B G; Momberg, J H; Mpahlwa, M B; Mpehle, M; Mthembi-Mahanyele, S D; Mtsweni, N S; Mushwana, G M; Myakayaka-Manzini, Y L; Naidoo, E I; Naidoo, J; Nair, B; Nash, J H; Ncinane, Z I; Ndawonde, D; Ndlovu, M C; Ndou, A J D; Ndou, R S; Nel, A C; Netshimbupfe, M A; Ngwane, L B; Ngwenya, M L; Nhlanhla, J M; Nhleko, N P; Njobe, M A A; Nkomo, S A; Nkosi, D M; Ntaopane, T E; Ntuli, B M; Nwedamutswu, M J; Nxumalo, S D; Nyembe, N D; Nzimande, B E; Nzo, A B; Olifant, D A A; Oliphant, G G; Pandor, G N M; Phakathi, N E; Phohlela, S; Radebe, J T; Ramabulana, V E; Ramgobin, M; Rantho, M M; Ratshitanga, T R; Richards, I; Ripinga, S S; Rockman, G; Saloojee, C; Scott, M I; Sekgobela, P S; Seperepere, M S; September, R K; Serote, M W; Shabangu, S; Shilubana, T P; Shope, N G; Sigcawu, A N; Sikakane, M R; Sisulu, M V; Sisulu, N A; Sisulu-Guma, L N; Skosana, W M; Skweyiya, Z S T; Solomon, G; Sonjica, B P; Sosibo, J E; Tambo, A F; Thabethe, E; Thompson, B; Tiry, M; Tolo, L J; Tsenoli, S L; Tshabalala, M E; Tsheole, N M; Tshivhase, T J; Turok, B; Twala, N M; Vadi, I; Van den Heever, R P Z; Van der Merwe, S C; Van Wyk, J F; Verwoerd, M; Vilakazi, B H; Vilakazi, M I; Viljoen, V; Williams, N J; Xingwana, L M; Yengeni, T S; Zondo, P.

NOES—89: Abrahams, C O; Alant, T G; Albertyn, J T; Ally, A; Appelgryn, M S; Badenhorst, M J; Bester, B C; Beyers, A S; Bhengu, M J; Bikitsha, P I; Blaas, A; Botha, W A; Carelse, G M E; Cassim, M F; Chait, E J; Chiolé, J; Chuenyane, L D; Coetzer, P W; Cupido, P W; De Lille, P; de Wet, J F; Dowry, J J; Dyani, M M Z; Ferreira, E T; Fourie, A; Fourie, W L; Geldenhuys, B L; Gibson, D H M; Gogotya, N J; Graaff, D d V; Green, L M; Groenewald, R H; Jordaan, J A; Kleinsmidt, P J; Koornhof, NJJvR; Le Roux, J W; Malan, T J; Mangaliso, Z K; Marais, J A; Mars, I; Masher, M G; Mchunu, V J; Mckenzie, P C; Mentz, J H W; Meshoe, K R; Mfayela, S B; Mnguni, Z D; Mohamed, A G; Mpontshane, A M; Msomi, M D; Muendane,

No 126—1997] FIRST SESSION, SECOND PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 18 DECEMBER 1997

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) *Births and Deaths Registration Amendment Bill* [B 53B—97]—Act No 67 of 1997;

(ii) *Identification Bill* [B 60B—97]—Act No 68 of 1997;

(iii) *South African Citizenship Amendment Bill* [B 42B—97]—Act No 69 of 1997;

(iv) *National Parks Amendment Bill* [B 73—97]—Act No 70 of 1997;

(v) *Nonprofit Organisations Bill* [B 88B—97]—Act No 71 of 1997;

(vi) *Mine Health and Safety Amendment Bill* [B 107B—97]—Act No 72 of 1997;

(vii) *National Film and Video Foundation Bill* [B 17B—97]—Act No 73 of 1997;

(viii) *Overvaal Resorts Limited Amendment Bill* [B 74—97]—Act No 74 of 1997;

(ix) *Basic Conditions of Employment Bill* [B 98B—97]—Act No 75 of 1997;

(x) *Criminal Procedure Amendment Bill* [B 81B—97]—Act No 76 of 1997;

(xi) *Judges' Remuneration and Conditions of Employment Amendment Bill* [B 70—97]—Act No 77 of 1997;

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(ix) *Basic Conditions of Employment Bill* [B 98B—97]—Act No 75 of 1997;

(x) *Criminal Procedure Amendment Bill* [B 81B—97]—Act No 76 of 1997;

(xi) *Judges' Remuneration and Conditions of Employment Amendment Bill* [B 70—97]—Act No 77 of 1997;

(xii) *Qualification of Legal Practitioners Amendment Bill* [B 83B—97]—Act No 78 of 1997;

(xiii) *Constitutional Court Complementary Act Amendment Bill* [B 87B—97]—Act No 79 of 1997;

(xiv) *Magistrates' Courts Second Amendment Bill* [B 77B—97]—Act No 80 of 1997;

(xv) *Magistrates' Courts Amendment Bill* [B 43B—97]—Act No 81 of 1997;

(xvi) *Aviation Laws Amendment Bill* [B 110—97]—Act No 82 of 1997;

(xvii) *Explosives Amendment Bill* [B 91—97]—Act No 83 of 1997;

(xviii) *Promotion of National Unity and Reconciliation Second Amendment Bill* [B 109—97]—Act No 84 of 1997;

(xix) *Criminal Procedure Second Amendment Bill* [B 84B—97]—Act No 85 of 1997;

(xx) *Natural Fathers of Children born out of Wedlock Bill* [B 68B—97]—Act No 86 of 1997;

(xxi) *Parole and Correctional Supervision Amendment Bill* [B 57B—97]—Act No 87 of 1997;

(xxii) *Pharmacy Amendment Bill* [B 69B—97]—Act No 88 of 1997;

(xxiii) *Medical, Dental and Supplementary Health Service Professions Amendment Bill* [B 62B—97]—Act No 89 of 1997;

(xxiv) *Medicines and Related Substances Control Amendment Bill* [B 72B—97]—Act No 90 of 1997;

(xxv) *Chiropractors, Homeopaths and Allied Health Service Professions Amendment Bill* [B 97—97]—Act No 91 of 1997;

(xxvi) *Independent Commission for the Remuneration of Public Office-bearers Bill* [B 112B—97]—Act No 92 of 1997;

(xxvii) *Public Service Laws Second Amendment Bill* [B 111—97]—Act No 93 of 1997;

(xxviii) *Pension Funds Amendment Bill* [B 86B—97]—Act No 94 of 1997;

(xxix) *Revenue Funds Interim Arrangements Bill* [B 103B—97]—Act No 95 of 1997;

(xxx) *Financial and Fiscal Commission 1993 Constitutional Provisions Repeal Bill* [B 105—97]—Act No 96 of 1997;

(xxxi) *Intergovernmental Fiscal Relations Bill* [B 106B—97]—Act No 97 of 1997;

(xxxii) *Local Authorities Loans Fund Acts Repeal Bill* [B 96—97]—Act No 98 of 1997;

(xxxiii) *Financial and Fiscal Commission Bill* [B 104B—97]—Act No 99 of 1997;

(xxxiv) *Education Laws Amendment Bill* [B 85B—97]—Act No 100 of 1997;

(xxxv) *Higher Education Bill* [B 75B —97]—Act No 101 of 1997;

(xxxvi) *Correctional Services Amendment Bill* [B 99D—97]—Act No 102 of 1997;

(xxxvii) *Public Funding of Represented Political Parties Bill* [B 67D—97]—Act No 103 of 1997;

(xxxviii) *Security Officers Amendment Bill* [B 25—97]—Act No 104 of 1997;

(xxxix) *Criminal Law Amendment Bill* [B 46D—97]—Act No 105 of 1997;

(xl) *Welfare Laws Amendment Bill* [B 90F—97]—Act No 106 of 1997; and

(xli) *Housing Bill* [B 82D—97]—Act No 107 of 1997.

National Assembly:

1. The Speaker:

(1) The following members have been appointed to serve on the *Ad hoc* Committee mentioned, viz:

Filling of Vacancies on Commission on Gender Equality:

De Lille, P: Feinstein, A; Grobbelaar, P W; Hangane, N E; Khasu, M J; Malan, T J; Mbuyazi, L R; Myakayaka-Manzini, Y L; Routledge, N C; Smuts, M.

COMMITTEE REPORTS:

National Assembly:

1. Report of the Portfolio Committee on Environmental Affairs and Tourism on the study tour to Brazil, dated 15 October 1997, as follows:

The Portfolio Committee on Environmental Affairs and Tourism, having undertaken a study tour to Brazil in June 1997, begs to report as follows:

A. Introduction

The Committee embarked on a study tour to Brazil from 22 to 28 June 1997. The delegation under the leadership of Rev A Goosen (ANC) included Ms S C van der Merwe (ANC), Mr M Tiry (ANC), Mr C A Wyngaard (NP), Mr S B Mfayela (IFP) and Ms F Mokgobu (Committee Clerk).

B. Itinerary

1. Curitiba: 23 to 24 June

(1) Meeting with the municipality of Curitiba.

(2) Projects visited:

(a) Pia Ambiental Programme.

(b) "Exchange of waste" project.

(c) Citizen streets.

(d) Open University of the Environment.

(3) Meeting with Chairperson of Social Action Foundation (Fundacao de Acao Social) (FAS).

2. *Brasilia: 24 June*

Meetings were held with the following persons:

(1) Ambassador of South Africa to Brazil—Mr Wessels.

(2) Vice-President of Embratur—Marcia Kubitschek.

3. *Brasilia: 25 June*

(1) Meeting with Brazilian Parliamentarians.

(2) Sight-seeing of Senate.

(3) Meeting with Senator Eduaro Suplicy.

(4) City tour.

(5) Informal dinner. Official residence—South African Embassy.

4. *Brasilia: 26 June*

(1) Meeting with Dr Elmo Monteiro—National Parks of Brasilia.

(2) Meeting with Dr W Dallamhol—Acting President of Ibama.

5. *Rio de Janeiro: 27 June*

(1) Meeting with President of Riotour—Robert Gherardi.

C. *Brief background on country*

Brazil is a federal republic consisting of 26 states, with a population of 156 300 000. This makes it the sixth largest in the world. Each state is subdivided into municipalities. The capital is Brasilia, and the official language is Portuguese.

Brazil has the 10th largest economy in the world, based mainly on manufacturing of goods. The unemployment rate is 5,7%.

Satour's official tourism figures for 1995 places Brazil 19th in the top 20 of South Africa's tourist market. This is in respect of business as well as travel.

The Brazilian economy is essentially one of free enterprise. The privatisation of some mining concerns resulted in the biggest victory of the drive to reform the Brazilian economy. The traditional chief support of the economy was natural resources and agricultural products.

D. Purpose of tour

The main objective of the tour was to learn more about eco-tourism in Brazil, as well as to learn more about how the Brazilian tourism industry operates and the policies that govern the industry.

Of particular interest to the Committee was energy conservation and waste management. The Committee is hoping to bring back some ideas to South Africa, especially where policy has been implemented successfully.

E. Curitiba

1. Curitiba is the capital of the state of Parana. In the 17th century it was a city with Indian and Portuguese inhabitants. In the 19th century the city experienced massive immigration, mainly from Europe.

2. Eventually, Curitiba became a modern city. Great changes took place in four major areas: Urban, cultural, environmental and economical, with the mayor at the forefront hereof. The city went through yet another significant change more recently with a remarkable increase in tourism.

3. The city is now an important location for cultural activities, leisure, the environment, transportation, tourist attraction sites such as Opera de Arame (the Wire opera), the Open University of the Environment and the Rua 24 Horas (the street that never sleeps). The city has become an important trade centre, offering services and new technologies. There has been a big increase in industrialisation. The city is concerned with providing social services to its inhabitants.

F. City hall—meeting with Municipal Environment Secretariat

1. Curitiba is continuously making changes by way of a series of programmes. There is an ongoing effort to try and come up with workable solutions. The social problems are solved by implementing projects for improving the low-income population settlements. There is clear planning in terms of management of the urban environment.

2. The municipal authorities in the environmental field indicated that Curitiba's urban design aims at ensuring creative and rational solutions as well as the improvement of the quality of life of its citizens.

A number of projects, which were the initiative of the mayor of the city, were put in place to ensure that there is sustainable development in terms of the environment. It cost a lot of money for Curitiba to implement these projects, but because of the belief that it costs less to preserve than to repair what has been damaged, they are determined to make the projects a success.

3. The Pia Ambiental Programme (Environmental Children and Teenagers Integration Programme—Community Environmental Education Programme), is a project under Municipal Environment Secretariat co-ordination, which

arose as an important environmental education programme in areas in need.

(1) The objective of the programme is to instill in the communities an awareness of their local problems, and to encourage a search for solutions, at the same time creating positive attitudes, shaped according to sustainable development which contributes to protection of the environment.

(2) Environmental education resources are used at those units that attend to children aged four to 12, with the aim of changing customs and attitudes and teaching the children about the benefits of recycling. The unit provides day-care for children who attend school in the afternoon. During their stay in the morning, they are provided with meals.

(3) In units for teenagers, Pia Ambiental no Officio (Environmental Children and Teenagers Integration Programme—Community Environmental Education at a Profession Programme) training courses in gardening and floriculture are offered. After finishing the courses, they are integrated into the job market.

(4) The Municipal Environment Secretariat maintains 34 operating Pia Ambiental units in different neighbourhoods in the city. The programme, due to its informal character and low operational costs, is an interesting alternative in respect of environmental education.

4. Another important project is the "exchange of bags of waste" project. The main co-ordinator of this project is the municipality. The municipality, with the help of an association consisting of members of the community, is responsible for control measures and the running of the project.

5. There are 45 points of exchange of various types. Members of the community exchange bags of waste for food, school books, bus tickets and even concert tickets. This project was initiated in areas in which municipal vehicles are unable to get into because of poor access roads.

6. The abovementioned projects enjoy good support from the community because they are involved in the running of the projects and feel a sense of ownership of the projects.

G. Meeting with FAS

1. FAS is an NGO responsible for social action programmes. This includes co-ordination of the integration of different sectors such as health care, education, housing, food supply and child care.

The programme aims at social upliftment for people in need, some of whom come from the state's hinterland to Curitiba in search of better living conditions.

2. FAS co-ordinates 23 projects with money from the private sector. There is huge private sector involvement in community-based projects because of the good effects of the projects.

3. The Tudo Limpo (all clean) is a litter collection project which provides temporary work for adults, mostly retired men and women, in partnership with the neighbourhood association. This helps to keep the streets and public areas clean. FAS also helps them to find permanent jobs.

4. In partnership with store-owners and condominiums, the Carrinheiro-Cidadao (citizen cart) programme, assists independent paper collectors. The paper collectors are assigned to a specific work area, which ensures regular paper collection and therefore a regular income to support their families. They keep the city clean, and enhances waste recycling.

5. The Vila de Ofi'cios programme (trade villages) tries to solve two serious problems facing the low-income population, namely housing and unemployment. The programme provides two-storey houses, with the ground floor used as a workshop and the second as a home. FAS and a housing company decide on who is going to live in those houses, based on people's professions.

6. Another important project run by FAS is the street educator project. The street educators offer help to people living on the streets. Drugs and alcohol abusers are referred to rehabilitation centres, and the sick are given lodging and special treatment. Educators are identified by their uniform and are always welcomed by the street people.

7. The homeless who roam the streets have been a problem in large cities for a long time. Curitiba has successfully dealt with this through the solidarity farm project. The Fazenda Solidariedade (Solidarity Farm) is a 42-ha farm with a bakery, pigs and other projects.

   The street people participate in projects run on the farm. This is an attempt to integrate them into society. Once rehabilitated, they are employed by certain companies.

8. The Pousada de Maria (Maria's shelter) is a project that is trying to deal with domestic violence. Battered women find shelter here. They are supported and assisted until they are able to make it on their own. They are taught skills that will enable them to provide for themselves and their children.

H. Citizen streets

1. The first citizen street has been in operation for over two years. These streets are indoor malls made up of units of stalls. The traders display their products in their own stalls

and are responsible for keeping them clean. The same structure houses a variety of shops, a library, a theatre and a large leisure area, which includes a gymnasium and multipurpose sports courts.

2. The streets are managed by one of the city hall's eight regional branches. They deliver services to about 170 000 people, being the total number of dwellers in the city's most populated neighbourhood. The streets are located near transport terminals to ensure easy access.

3. The streets also offer a variety of public services. The issuing of permits, registration for public schools, tax payments and some banks and small claims courts are housed in these streets. People no longer have to take a trip downtown, because they now have access to the services right where they live.

4. The city hall of Curitiba has already established six citizen streets, and plans to have a total of eight similar facilities throughout the city. The streets have become more than just service providers—they have become a community meeting point.

I. Open University of the Environment

1. The Committee had an opportunity to visit the Open University of the Environment. The university, created by the city of Curitiba, is an institution designed to instill positive attitudes and practices about the environment.

The objective is to create in members of the communities, mainly leaders, an environmental awareness and positive attitude and to teach them how to live in harmony with the environment, as well as to further improve living standards.

2. The university offers courses designed for the general public and for professionals working in environment-related areas. It provides an environmental database, as well as an exchange programme among local, state and other organisations in this area.

Research on urban environmental issues and programmes for the exchange of information with other interested municipalities and the development of specific projects for public agencies and private companies are taking place.

3. Curitiba assigned the university to be managed by an NGO, and it has been established as a private nonprofit organisation.

J. Brasilia

1. Meeting with South African Ambassador to Brazil

The Ambassador briefed the Committee on the bilateral relations between South Africa and Brazil. Since the democratisation of South Africa, there has been normalisation of bilateral relations between the two countries.

2. Brazil, being a developing country, is faced with some of the challenges facing South Africa today. They are dealing with the problems of racism, the challenges of housing, economic disparities and problems in the field of education.

K. Embratur—Brazilian Tourism Board

1. Embratur is the Brazilian Tourism Board, which works in partnership with the Ministry of Industry, Commerce and Tourism. Their basic objective is to promote tourism to Brazil and to implement eco-tourism activities, emphasising sustainable development and at the same time strengthening international and inter-institutional co-operation.

2. The board has formulated a number of strategic steps to assist in the implementation of national policy with regard to the environment.

It is responsible for the management of information on tourism, and to make sure that communities are involved and participate in tourism. The participation of concerned communities is ensured by the engagement of those communities living in eco-tourist sites and sites with potential, stimulating them to discover in eco-tourism a viable economic alternative.

L. Meeting with Brazilian Members of Parliament: House of Representatives

1. Brazil is faced with the challenge of establishing sustainable development as far as the environment is concerned. The environment is usually not a concern for the poor, because they are concerned with basic needs.

Brazil is looking at establishing a culture among its people of caring for the environment. They are also faced with the problem of deforestation of the Amazon because of trees being chopped down without any control measures, and the communities living in the Amazon are not benefiting from this at all.

2. A group of parliamentarians formed what they call a Brazil friendship group. The group has been in existence for some time. The objective of the group is to develop a common interest in South Africa in terms of social, cultural and business issues.

M. Ibama—Brazilian Institute of Environment and Renewable Resources

1. The Ibama institute was created by the Secretary of the Environment of the Presidency of the Republic as its executive agency. This came as a result of the realisation that there is no coherent policy for resolving the ecological problems in Brazil. The institution is an independent agency, subordinate to the Ministry of the Environment, with a number of objectives.

It formulates, co-ordinates and executes a national environmental policy, and is responsible for preservation, conservation, inspection, rational use of, control of and supply of renewable natural resources.

2. Ibama activities are very diverse—from mapping of forests by satellite to urban centre pollution control, from registration and preservation of endangered species to programmes for ecological preservation, which have been used as models in other countries. There is literally no aspect of environmental and ecological activities that Ibama is not involved in.

3. The administrative structure of the institution is organised into five directorates. One characteristic of the structure is decentralisation of administration. This results in greater autonomy for the states and municipalities to solve their environmental problems.

4. There is a Directorate of Ecosystems, responsible for planning, directing, orientating and co-ordinating the activities related to conservation of representative samples of ecosystems and the management of wildlife, aimed at biodiversity maintenance.

5. Ibama has 26 state superintendents, in charge of plans and programmes of the institution in the area under their jurisdiction. They are often faced with the problem of budgets being too small for all planned projects to be successfully implemented.

6. The Committee visited the National Park of Brasilia, which is the second biggest park in South America. Brazil has a total of 36 parks. The park has different types of flowers and animals species in their natural habitation. Advanced agricultural research and environmental education are provided to school children.

N. Rio de Janeiro

1. Rio de Janeiro is one of the world's biggest and most populated cities, with a population of about six million. It is a gateway for tourists, and the main tourist destination of Brazil.

Being a major city, it has well-developed telecommunications, banking and financial services systems and an extensive transport system. The city is served by its own modern international airport, as well as a city airport, while the port is one of the busiest in Latin America.

2. 32% of the total Brazilian population live within a 500 km radius of Rio de Janeiro. The city has a 90 km beach.

O. Riotur—City of Rio Tourism Authority

1. Riotur is responsible for the promotion of tourism. It is of the view that if the city, as the main entrance to the country, is well promoted, the whole of Brazil will benefit from it.

In 1993 the mayor decided to make tourism a priority. A one-year tourist strategy plan was put in place. The plan included an assessment of tourism in the city. It identified what needed to be improved in tourism. The next step is to draw up an action plan that will define areas of priority.

2. Tourism is seen as potential to boost the economy. The municipality has for the first time received money from the government to improve tourism. Rio de Janeiro has seen a great increase in tourism since the improvements.

Improvement of the tourism industry had a positive impact on the social problems of Brazil. If the money that is available, is channelled into the improvement of the industry, more money is generated for the country, which can be used to address the social problems, and more schools and hospitals and other facilities will be built.

P. Acknowledgement

The Committee would like to express its heartfelt appreciation to the embassy staff in Brazil and also the Department of Foreign Affairs for their assistance with the logistics and for arranging the tour.

The Ambassador and the staff have really gone the extra mile to ensure a comfortable stay for the Committee in Brazil and to make the tour the success that it had been. For that, the Committee express their appreciation.

2. Report of the Portfolio Committee on Finance on the Katz Commission, dated 25 November 1997, as follows:

The Portfolio Committee on Finance, having considered and examined the Fourth, Fifth and Sixth Interim Reports of the Commission of Enquiry into certain aspects of the Tax Structure of South Africa (the Katz Commission), referred to it, begs to report as follows:

A. Fourth Interim Report

1. General comment

The Committee had extensive, wide-ranging discussions on this report, which deals with the complex issue of "wealth taxes".

The Committee decided not to comment on each individual recommendation, as was its practice in respect of the first and third reports, because the issues raised in this report are broader than those in the previous reports.

The extent of the report resulted in wide-ranging and general discussion in the Committee, a wide variety of views being expressed. These included the following:

(1) A number of views on the relative value of the taxes in

question due to their possible (minimal) yield and possible (limited) distributional impact. Some Committee members felt that the report provided insufficient economic context and no tangible numerical calculation of the possible impact of the taxes, making it difficult to reach a definitive conclusion on the proposals.

(2) With respect to the current rates of these taxes, some members felt that they were at too high a level, thus contributing to avoidance, while others felt that the level might not be high enough to impact meaningfully on equity imperatives.

(3) With regard to generation-skipping tax, some members questioned whether it would usefully address avoidance behaviour, given the existence of other avoidance vehicles such as closed corporations, trusts, etc. While acknowledging that the Commission does recommend other anti-avoidance measures such as the taxation of interest-free loans, many members felt that the Commission's efforts at curbing avoidance were too narrow in this report.

(4) Concerns about the practicality of a number of proposals made by the Commission, based on inputs made by SARS, were raised. While the Commission's assumption that SARS would be unable to handle the combining of donations tax and estate duty into a single tax was contested by SARS, SARS did feel that they were in a position to easily administer a generation-skipping tax. This reflected the need for the Commission to engage with SARS on the practical implications of recommendations before they are finalised in Commission reports.

In broad terms, the Committee felt that there is no urgent need for changes to the existing donations tax and estate duty regimes, but that it would be of benefit to review the Commission's recommendations in this regard in the context of its final, integrated report.

2. *Submissions*

Among submissions received, were the following:

(1) South African Institute of Chartered Accountants (SAICA).

(2) South African Institute of Chartered Secretaries and Administrators (SAICSA).

(3) South African Agricultural Union (SAAU).

(4) South African Chamber of Business (SACOB).

(5) Life Offices' Association of Southern Africa (LOA).

(6) Coopers and Lybrand.

(7) Van Wyk and Fouché.

(8) Magon Cranes (Pty) Ltd.

(9) Paul van der Merwe and Associates.

(10) International Fellowship of Christian Churches.

(11) Legal Resources Centre.

(12) Development Resources Centre.

(13) Free Market Foundation.

(14) South African NGO Coalition.

(15) Mr J L Venter.

(16) Mr J Anderson.

(17) Mr P G Human.

(18) Mr G H Venter.

(19) Mr B V Gerber.

(20) Mr J Bredell.

3. *Introduction*

This section assesses the inputs and recommendations of submissions received in the context of the 16 recommendations in the report. Written submissions were received from private individuals, businesses, representative organisations such as associations and unions, NGOs and financial institutions. Oral presentations were given by six of the 20 who had submitted written submissions.

The recommendations of the Commission are substantiated by detailed research and by arguments both for and against any one recommendation, which is useful in trying to define a balanced approach to taxation. Some of the recommendations are linked, for example recommendations 14.1 and 14.2 are linked by virtue of the fact that they will form the overall framework for capital transfer tax policy, or more broadly, wealth tax policy, in South Africa. Where possible, a short narrative of each recommendation is given before input contained in submissions thereon is given. This is to remind the reader that both the Commission and those who made submissions, have a number of qualifications to their recommendations which should be kept in mind.

It should be noted that most submissions agree with particular recommendations of the Commission, disagree with some and decline to comment on others. A few of the submissions received, did not make any reference to the main issues contained in the report. However, where direct reference to a particular issue was made in a submission, it is included for reference purposes.

4. *Comparison of Katz recommendations with submissions received*

(1) *Explanatory comment*

The Commission has recommended that some form of capital transfer tax (CTT) be incorporated into the South African tax system. The Commission argues that income, consumption and wealth need to be taxed for a balanced approach to a system of revenue collection. There are many arguments for and against CTT, but the Commission recognises that South Africa already has two types of CTTs in place—"at present there is both estate duty (payable on death) and donations tax, being a tax on transfer of wealth *inter vivos*".

Recommendations 14.1 and 14.2 are essentially the foundations of the report. The other 14 are basically built on these two.

It should be noted that submissions in favour of retaining estate duty and donations tax in principle do not necessarily agree with other aspects of the Commission's recommendations. However, it may be useful to have a breakdown of those that, in principle, accept or reject the retention of these two taxes. In each submission, there are substantial qualifications as to why these taxes should be retained or discarded and under what circumstances.

The recommendations made in submissions to the Committee are analysed hereunder against the recommendations in the report itself to provide a comprehensive comparison:

(2) *Katz 14.1: Donations tax should be retained*

(a) Explanatory comment

At present, donations tax is a flat rate—an annual tax of 25% applying to donations made in excess of R25 000 or a R1 million rebate in respect of an estate.

(b) Public response

(i) *Submissions in agreement*

SAICA.

LOA.

SACOB.

SAICSA.

G H Venter.

(ii) *Submissions in disagreement*

Magon Cranes (Pty) Ltd.

Free Market Foundation.

International Fellowship of Christian Churches.

NGO Coalition.

(3) *Katz 14.2: Estate duty should be retained rather than having an inheritance tax*

(a) Explanatory comment

The article in paragraph 7.3.2 summarises the fundamental differences between estate duty and inheritance tax. The issues of administration and yield are contentious since they underlie the economic sense of either retaining estate duty or adopting inheritance tax. In support of retaining estate duty, the Commission has identified a number of problems in respect of inheritance tax. These include the following: Complexity of administration, SARS capacity, judicial familiarity and precedent, and more effective use of SARS resources elsewhere. Estate duty has a number of other problems, the most severe being wide-spread evasion.

In the fiscal year 1995-96 a total of R181 million in revenue was collected through estate duty. This represented 0,14% of total tax revenue.

The following table gives a perspective on trends of both estate duties and donations tax, and an important perspective on the contribution of the existing CTTs also emerges from this table:

	CTT collection (R'000)				
Fiscal year	Donations tax	Estate duty	Total (1)	Total revenue (R million)	(1) / (2) x 100%
1991/92	6 829	78 696	85 525	78 699,6	0,11
1992/93	17 968	84 922	102 890	83 863,7	0,12
1993/94	38 956	118 312	157 268	98 108,2	0,16
1994/95	104 328	125 308	229 636	112 189,2	0,16
1995/96	60 997	181 345	242 342	127 285,2	0,19
1996/97	46 689	181 816	228 505	147 274,0	0,16
1997/98 (estim)	20 000	220 000	240 000	163 058,7	0,15

It would appear that the CTTs contributed just over 0,1% of the total revenue during the fiscal years before the 1994 election. Around the election the contribution increased to about 0,2%, apparently due to some tax planning. The contribution, however, now seems to settle at about the level of the pre-transitional years—

despite the tax rate increase from 15% to 25% during the 1996-97 fiscal year. Fair conclusions to be drawn from the above, are the following:

(aa) The contribution of CTTs to total revenue is not substantial.

(bb) The tax rate of 25% seems to be well beyond the rate that would deliver maximum yield.

(cc) If these taxes are to be retained, it is debatable whether the anti-avoidance measures proposed in the report will permanently increase the yield.

(i) *Submissions in agreement*

SAICA.

G H Venter.

LOA.

SACOB.

SAAU.

SAICSA.

(ii) *Submissions in disagreement* Non-specific (most submissions focused on the technicalities of an estate duty and the implications of closing the loopholes within existing legislation).

(3) *Katz 14.3: There is no pressing need at present to combine donations tax and estate duty into a single statute. This can be done as and when there are resources available to SARS*

(a) Explanatory comment

The report suggests that this recommendation would allow breathing space for SARS and ease of transition for individuals that would be affected by the changes, should the recommendations of the Commission be legislated.

Further, it has stated that the timeous initiation of change is crucial to ensuring that ample allowance is made for individuals to act upon forthcoming amendments. Amendments to the existing legislation are of concern to individuals, in the absence of a single statute.

(b) Public response

(i) *Submissions in agreement*

SAICA.

SAICSA.

(ii) *Submissions in disagreement*

Non-specific.

(4) *Katz 14.4: The current deficiencies in existing legislation can be cured as and when there are resources available to SARS*

(a) Explanatory comment

The Commission is recommending a slow transition to amending current legislation. As noted before, this is of crucial importance, both to individuals affected by the amendments and to SARS. It is interesting to note that SARS capacity and speed of implementation received little attention in the submissions. During discussions on complexity, the issue of administration is always a factor, but direct reference to SARS in this respect has not been made.

(5) *Katz 14.5: The determination of an appropriate rate of CTT is a policy decision which must be taken by the government*

(a) Explanatory comment

Although the government will take the ultimate decision in setting the rate of a CTT, it cannot do so in isolation. Recommendations from the various submissions are generally based on practical experience. Furthermore, rates should be analysed in terms of the ratio of yield to rate and possible negative economic impacts.

(b) Public response

The issue of the CTT rate has been discussed in a number of submissions. Below is a breakdown of the rates recommended in various submissions:

(i) SACOB—6%.

(ii) LOA—below 20%.

(iii) SAAU stated that "high tax rates on capital should therefore be avoided". No exact rate is recommended.

(iv) SAICA—maximum of 20%.

(v) SAICSA—maximum of 35%.

(vi) SACOB—16% on interest-free loans or 6% CTT levied every 10 years.

(6) *Katz 14.6: Whilst the determination of appropriate rebates is also a policy decision which must be taken by the government, it is considered that, for pragmatic reasons, the existing rebates should continue to remain in force*

(a) Explanatory comment

Rebates on both CTT and donations tax are crucial aspects of legislation, because rebates are granted under a number of circumstances designed to achieve certain aims. The primary objective of any rebate on a wealth tax is to offer relief to those who find themselves subject to estate duty or donations tax, yet earn a "relatively" low income compared to those whose wealth are essentially targeted in an attempt to enhance vertical equity. For example, if an estate worth R20 000 should not be subject to estate duty, then a rebate would be needed to exempt low-income earners. Given the serious levels of income inequality in South Africa, the determination of rebates becomes more difficult.

The minimum deductible allowance in respect of donations tax received substantial attention in the submissions received. The maximum rebate allowance on estate duty also received significant attention.

(*b*) *Recommendation—rebates for donations tax and estate duty*

(i) *LOA*

Rebates on estate duty "should be increased to at least R1,5 million and thereafter regularly adjusted for inflation". In the event that the rebate for the surviving spouse is removed, the basic rebate should be increased to R2 million.

(ii) *Development Resources Centre*

Increase the upper limit of tax deductibility for donors in the form of companies and individuals, to 10% of taxable income for both.

(iii) *International Fellowship of Christian Churches*

An exact percentage is unspecified, however "tax incentives should be given to both companies and individuals who have a desire to uplift society and help humanity".

(iv) *Magon Crane (Pty) Ltd*

All donations to "registered Churches, Synagogues, Mosques or similar Ecclesiastical Institutions should be exempt from any and all tax".

(v) *Legal Resources Centre*

"The scope of tax exemptions relating to charitable and similar institutions should be dealt with holistically at a separate presentation to the portfolio committee". Companies and individuals should be allowed to donate up to 10% of taxable income to qualifying NGOs.

(vi) *G H Venter*

Current rebates on donations tax and estate duty should be "revised to assess the impact of inflation thereon"; "exemption of annual donations (current) should be revised to assess the impact of inflation thereon".

(vii) *SACOB*

Donations tax should be retained at 25%, but soft loans (for example loans from company to employee and interfamily loans) should be taxed at a rate of 16%.

(viii) *SAAU*

"The effective level of the existing rebates in respect of gift tax (R25 000) and estate duty (R1 million) should be adjusted annually in such a way that the real value thereof is maintained, while the relevant rate of taxation must remain low". In addition, "instead of an annual non-taxable individual donation (R25 000 as in South Africa at present), such a one-off gift should be permissible to make provision for the indivisibility of certain property".

(ix) *SAICA*

Rebates should be revised every five years and the CTT rate should be below 20%.

(x) *SAICSA*

With regard to donations tax, "it is recommended that a lifetime donation limit of R1 million be allowed". On estate duty, it is contended that the exempt amount should be increased annually, in line with inflation".

(7) *Katz 14.7: There should be no specific legislation at this time to remedy the problem of interest-free loans, but specific anti-avoidance legislation to deal with this issue can be considered by SARS in future*

(a) Explanatory comment

Despite the prolific evasion of estate duty by means of interest-free loans and preference share schemes, the Commission is not recommending immediate and specific legislation to remedy the problem (*see* under recommendations 14.7 and 14.8 of the report). However, the Commission recommends specific anti-avoidance measures. The anti-avoidance measures investigated are referred to in section 9 of the report. In essence, these measures are essentially aimed at "preventing a transfer of value in advance of an asset likely to increase in value" (Ray and Redman), or avoiding artificial reductions in the value of property. The Commission favours specific, as opposed to general, anti-avoidance measures because of the complexity of anti-avoidance measures in the context of company loans and transfers.

(b) Public response

(i) *SACOB*

"SACOB... suggests that the Commissioner of SARS take steps to impose taxation on interest-free loans". It recommends taxation on interest-free loans as a means of increasing revenue.

(ii) *SAICA*

It recognises the limited time and resources of SARS and agrees with the recommendation.

(iii) *LOA*

The "proposed measures (anti-avoidance) are preferable to the alternative of trying to tax interest-free loans to trusts, and this issue should be put to rest".

(8) *Katz 14.8: There should be no specific legislation at this time to remedy the problem of preference shares in estate duty avoidance schemes, but specific anti-avoidance legislation to deal with this issue can be considered by SARS in future*

(a) Public response

This issue is a continuation of the discussion above.

(i) *LOA*

"We do not like the lack of urgency implied (in this statement) and would submit that

remedial legislation is an essential prerequisite before the new Act is promulgated".

(9) *Katz 14.9: There should not be general anti-avoidance measures in the context of estate duties, but rather specific ones*

(a) Public response

Non-specific.

(10) *Katz 14.10: There should be provisions to deal with the generation-skipping trusts which would result in CTT being imposed on a periodic basis on the value of the assets of a trust*

(a) Explanatory comment

This recommendation implies the taxation of the assets of a family trust, not the transfer of assets to beneficiaries, which could result in double taxation when those assets become part of the beneficiary's income. The exclusion of other forms of trusts from the recommendation implies that the Commission recognises that trusts or capital transfers from various trusts cannot be treated uniformly. However, recommendation 14.12 does not make any distinction between "generation-skipping trusts" and others.

(b) Public response

(i) *SAICA*

It "... is believed to be incorrect to tax the capital growth in a trust. The suggested deemed period of vesting 25-30 years is, in our opinion, unrealistic. Should an *inter vivos* trust not be used, the transfer of assets from one generation to the following will only take place every 50 years. Generation-skipping devices should be limited to every 30 year "deemed distribution" from trusts being subject to CTT to the extent that distributions have then not yet been made, taking into account indexation for inflation".

(ii) *SAAU*

"If trusts are to be taxed periodically, farmers/heirs should also be allowed a choice of winding down the particular trusts without fiscal disadvantage".

(iii) *LOA*

It prefers taxation on trusts rather than interest-free loans, and agrees with a 25-30 year period.

(iv) *G H Venter*

"Period of generation—if taxable (or dutiable) periodically, a generation should be at least 30 years".

(v) *Coopers and Lybrand*

Taxes should be levied on the asset value of the trust, not when transfers are made to beneficiaries.

(11) *Katz 14.11: In providing for CTT on the value of a trust, on a periodic basis, due regard must be had to achieve a sensible transition. This could include provision for existing trusts to be wound up without fiscal disadvantage*

(a) LOA

"In order to avoid retrospectivity, the first 25-30 year period should ideally run from the date of promulgation of the new legislation and not from the date of any earlier transfers".

(b) SAICA

"Should legislation follow, ample time should be allowed for testators to re-arrange their affairs and also avoid unproductive transfer of asset costs".

(12) *Katz 14.12: The distribution of capital from trusts should be subject to the imposition of CTT, and once again sensible provision should be made for transition*

(a) Coopers and Lybrand

They disagree with this recommendation because of the divergent usage of trust funds.

(b) SAICA

There "could be cash-flow problems where non-cash distributions from trusts were taxed".

(c) SAICSA

"Inheritances and any interest/taxable income/ income arising from funds should be taxed in the estate and tax-free in the hands of beneficiaries".

(d) LOA

They disagree with the taxation of capital transfers from trusts.

(13) *Katz 14.13: There should be exemption from the aforegoing provisions, both in respect of generation-skipping and distributions from trusts, those trusts that are established by a parent, an immediate relative or a guardian and the sole beneficiaries of which are the mentally or physically disabled children or further issue of such parent, immediate relative or guardian.*

Similarly, there should be exempted trusts established to provide for employee benefits such as death, disability, unemployment insurance and medical benefits

(a) Explanatory comment

The question of exempted trusts from CTTs and taxes on periodic valuations of the asset value of the trust, is an issue that was not discussed in a number of submissions. Essentially trusts established for purposes of an intergenerational transfer of assets (family trusts) have been the target of the recommendations of the Commission. For example, trusts established by owners of companies to limit their liability have not been addressed by the Commission. Although the Commission makes reference to "generation-skipping trusts" throughout the report, there has been little mention of other forms of trusts and other usages of trusts.

(i) *SAICA*

"The inclusion of business trusts is not supported as they function effectively as partnerships with limited liability. There seems to be no valid reason for subjecting their assets or distributions to CTT, whilst partnerships are not affected".

(ii) *LOA*

"The Commission's unsympathetic opinion (par 10.7) regarding commercial trusts caught in the net is difficult to fault, but should perhaps have been more sensitive to practical realities, especially in the transitionary phase".

(14) *Katz 14.14: The exemption from estate duty for bequests in favour of a surviving spouseshould remain in force*

(a) LOA

"We believe that the abolition of this concession will improve the overall integrity of the system (provided the issues mentioned above (section 5.2) are kept in mind)".

(15) *Katz 14.15: Bequests to certain identified NGOs, determined on a periodic basis by the government, should constitute a pro tanto discharge of the estate's obligation to pay estate duty*

(a) Explanatory comment

In respect of organisations in civil society, especially NGOs that are currently in transition, it is problematic for the government to decide on whether or not an organisation might qualify for

rebates if this recommendation is implemented. The NGO Coalition made it clear in its presentation to the Committee that the selecting of organisations by either the central or a provincial government needed to be a consultative process. Their recommendations are mentioned below. In addition to this factor, the *ad hoc* manner in which such a rebate would be granted, would not encourage testators to plan their estates so as to bequeath donations to NGOs.

(b) Public response

(i) *Legal Resources Centre*

"It is inconceivable that the category of them (NGOs) that qualify for exempt donations and bequests, should be narrowed in any material respect, for example by requiring that their operations are in line with or are covered by the RDP".

(ii) *NGO Coalition of South Africa*

It recommends an activity-based approach to the issue of identifying NGOs that should qualify for this exemption. Priority activities should be determined through a consultative process between NGOs and the government. Those organisations whose activities fall within the prioritised activities, should qualify for exempt bequests and donations. It should be noted that the coalition provides a list of priority activities.

(iii) *Development Resource Centre*

This organisation takes a similar view to that of the NGO Coalition, and argues that "tax deductions for donors should be targeted to promote and support areas that are identified as priority areas". It should be noted that the centre provides a list of priority activities.

(16) *Katz 14.16: CTT should not be imposed on a worldwide basis*

(a) Explanatory comment

This recommendation implies that "capital assets acquired offshore—for example acquired by inheritance or donation from non-residents, fall outside the net" (4th report—13). The Commission does contend that "ideally, it may be attractive to consider extending South Africa's CTT to worldwide assets—regardless of source—in respect of individuals ordinarily resi-

dent in South Africa" (4th report—13). The Commission envisages difficulties with the enforcement of CTTs on worldwide assets of residents. This is perhaps the underlying reason for the recommendation.

It should be noted that where assets have been exported from South Africa previously, domestic or foreign, those assets are taxable under current estate duty and donations tax. The Commission recommends that this be retained. The fifth report deals more specifically with the taxation of income abroad, and this issue is therefore not mentioned in many submissions on the fourth report.

(b) Public response

(i) *Coopers and Lybrand*

They agree with the recommendation.

B. Fifth Interim Report

The inevitability of South Africa's entry into world markets in the post-1994 era necessitated the Katz Commission's enquiry into relevant aspects of the South African tax system.

1. Introduction

The enquiry essentially looked at the categorisation of income arising from international transactions—whether this should be based on source or residence principles. The Commission recommended a system accommodating both principles. Proposals were made as to which types of income (active or passive) would be taxed in terms of either of the two respective principles.

Thereafter, the Commission addressed issues such as the following:

(1) Internationalisation of terms and concepts.

(2) Economic advantages.

(3) Anti-avoidance requirements.

(4) Good tax practices.

In early July 1997, three months after the release of the fifth report, economic conditions in the country prompted the Minister of Finance to lift certain important exchange control regulations. This required major amendments to be made to the Income Tax Act. Accordingly, legislation was prepared by the Department of Finance and passed by Parliament. This legislation was in line with relevant parts of the Commission's report and recommendations, but in the final analysis did not accept all the recommendations. Some were rejected, some were only introduced in part and others were left for future consideration.

This situation posed some difficulty for the Committee when it conducted public hearings on the report and in respect of the production of this Report.

Concerning the actual hearings, it needs to be mentioned that, notwithstanding well publicised invitations to the public, there was limited interest in participating in the Committee's hearings. Only two representative bodies and one individual gave input. This response was perhaps understandable, given the report's specialised nature and the relatively small section of the tax-paying public it affected.

The public response that was forthcoming, chose to look at the Commission's arguments and recommendations as well as the Income Tax Act amendments subsequently legislated. This detracted somewhat from the work of the Commission and introduced discussion that at times was considerably removed from its recommendations. In other words, as there was little discussion dedicated solely to the Commission's report, the Committee was compelled to go beyond its brief, which was to conduct public hearings on the Commission's work.

In this Report, the Committee, in its comment relating to each of the Commission's recommendations, has found it necessary to make reference to the new legislative amendments, where applicable. The public's responses to these amendments are also included.

2. *General propositions*

(1) *Katz 9.1: The system should recognise a difference between "active" income and "passive" income*

(a) Public response

No objection—general agreement.

(b) Committee comment

Agrees.

(2) *Katz 9.2: "Active" income should continue to be taxed on a source basis*

(a) Public response

SACOB agrees. This facilitates our expanding competitive participation in the world economy. It will enhance our attractiveness to international holding companies.

SAICA agrees.

(b) Committee comment

Agrees.

(3) *Katz 9.3: No detailed definition of source should be attempted, and instead the general concept used internationally of taxing business profits with refer-*

ence to a combination of "activity" linked to "permanent establishment" should form the basis of taxability

(a) Public response

It is generally agreed that no detailed definition should be attempted.

(b) Committee comment

It agrees that no detailed definition of source should be attempted. When considering, however, that international practice is for residents to be taxed on a residence basis and non-residents to be taxed on a source basis, it is difficult to understand the contention that "activity" and "permanent establishment" are general international concepts regarding the taxation of business profits.

(4) *Katz 9.4: "Passive" income should be taxed on a worldwide basis*

(a) Public response

SAICA—concern as to SARS' capacity to cope with the effects of such legislation. Foreign source investment income should be taxed in South Africa only where it is repatriated to South Africa.

(b) Committee comment

Agrees.

(5) *Katz 9.5: South African tax law, in so far as it relates to investment and trade across borders, should seek generally to incorporate concepts and terminology widely used and recognised internationally*

(a) Public response

No comment.

(b) Committee comment

It is noted that this approach has been adopted by SARS by way of related amendments to the Act in July 1997. Specifically, terms used internationally in the writing of double taxation agreements have been introduced into sections 9C and 9D of the Income Tax Act.

(6) *Katz 9.6: Suitable anti-avoidance measures should be introduced, both to make current provisions being retained and new provisions proposed, effective. Such measures must strike a balance between being sufficiently detailed to be effective, but not so elaborate as to be counter-productive and unduly inhibiting of international trade and investment*

(a) Public response

SACOB supports the principle of keeping anti-avoidance legislation as simple as possible. They point out the international experience of problems that can arise from over-elaborate anti-avoidance legislation.

(b) Committee comment

It agrees on the need for suitable anti-avoidance measures. It notes that relevant provisions of sections 31 and 9D of the Act offer SARS a significant basis for countering avoidance. In respect of the new legislation, the adequacy and appropriateness of these provisions should soon become apparent.

3. Chapter 4: Definition of active and passive income

(1) *Katz 9.7: In defining active income, reference should be made to the international treaty terminology of business income, together with an illustrative, but non-exhaustive, list of activities, which shall be regarded as active income*

(a) Public response

SACOB—sections 9C and 9D have defined "passive" income (*see* legislation passed on 1 January 1997), notwithstanding the Commission's recommendation. Holds no brief for either method, but stresses the need for certainty and clarity.

(b) Committee comment

Legislation enacted in July 1997 chose to define "passive" income and to treat other income as "active" income—in direct contradiction to the Commission's proposal. The Committee followed the debate between SARS and the Commission with much interest, despit the fact that this debate were not conclusive.

In view of the fact that legislation defining "passive" income is now in force, and in view of SARS' belief in the practical value of the definition so enacted, the Committee feels that this should be retained and that its effectiveness should be monitored over time.

(2) *Katz 9.8: Passive income should not be separately defined, and should include all income which is not active income*

(a) Public response

The response to recommendation 9.7 applies.

(b) Committee comment

The comment against recommendation 9.7 applies.

(3) *Katz 9.9: For purposes of anti-avoidance, certain income should be deemed to be passive income unless the taxpayer can show that such income was derived offshore through a permanent establishment suitably equipped for the generation of such income*

(a) Public response

No response.

(b) Committee comment

It agrees, and notes that this recommendation has now been introduced.

(4) *Katz 9.10: Passive income extracted by a South African company from an active foreign subsidiary should not be regarded as active merely by virtue of the connected party relationship*

(a) Public response

No response.

(b) Committee comment

Agrees.

4. Chapter 5: Determining source of active income

(1) *Katz 9.11: The Commission recommends against a detailed codification of general source rules, and suggests the introduction of internationally understood source principles, which can then be interpreted against an internationally available base of analysis and expertise*

(a) Public response

None.

(b) Committee comment

It agrees that there should not be a detailed codification of general source rules, but on the other hand notes that there is serious doubt as to the existence of internationally understood source principles or even an internationally accepted definition of "source". This recommendation seems somewhat inconsistent with recommendation 9.3.

(2) *Katz 9.12: The Commission recommends that the international trend, both in various national legal systems and in international tax treaty law, of tax liability arising through a permanent establishment, should be formally introduced into South African tax law. Taxability of cross-border active income will therefore be determined by the interaction between*

two basic concepts—presence (through a permanent establishment) and activity. When, and to the extent that, active income generated by the activity can be attributed to the permanent establishment, it should be taxed in the jurisdiction where that permanent establishment is located

(a) Public response

None.

(b) Committee comment

The Commission has not made it very clear what net advantages there might be to this recommendation. One possible disadvantage is that it could place limitations on South Africa's existing right to tax income sourced in South Africa. Keeping South Africa's taxing rights as wide as they are, could be useful when negotiating tax treaties with other countries.

(3) *Katz 9.13: With certain qualifications, a permanent establishment should be defined with reference to the typical treaty definition, preferably that contained in the United Nations Draft Model Convention*

(a) Public response

None.

(b) Committee comment

It agrees that "permanent establishment" should be defined. There was, however, disagreement between the Commission and SARS as to which model's definition was more appropriate (the UN or OECD model's definition of "permanent establishment").

Because "passive" and not "active" income is now defined, it will be to the advantage of the fiscus to limit amounts excluded from investment income. Legislation introduced in July 1997 therefore also opted for the OECD definition on the basis of its more restricted meaning.

The "force of attraction" rule contained in the UN model can result in income being taxed in a country where a permanent establishment, as defined, is located—although the activity giving rise to the income is not located in that country.

(4) *Katz 9.14: International treaty concepts of attribution of profits to a permanent establishment should be introduced into our law, and there should be less emphasis on a dominant source*

(a) Public response

SACOB—the attribution of income will involve

an understanding and grasp of international commercial business transactions and will inevitably include transfer-pricing principles. There are several transfer pricing methods employed internationally, in respect of which SARS personnel must now be trained.

(b) Committee comment

Practical considerations must be taken into account when contemplating this recommendation—including the possibility of achieving a basis of profit proportionment which in effect is arbitrary.

5. *Chapter 6: Important considerations with regard to taxation of passive income*

(1) *Katz 9.15: The definition of residence status for both natural persons and others should in several respects be aligned with international norms*

(a) Public response

SAICA—the extension of passive income to being subject to South African taxes in respect of South African residents with assets abroad, is opposed, because it discourages natural individuals from retiring in South Africa.

(b) Committee comment

Agrees.

(2) *Katz 9.16: Subject to any applicable exemptions or provisions of the Income Tax Act, all interest received or accrued by South African ordinary residents or resident companies should be subjected to tax*

(a) Public response

SAICA—retirement funds do not have double taxation relief (section 6 *quat*) from passive income earned from investments abroad.

(b) Committee comment

Agrees. This recommendation has since been effected in section 9C.

(3) *Katz 9.17: To counter avoidance, the Controlled Foreign Corporation rules (CFC) currently embodied in section 9A of the Act need to be expanded to cover all offshore entities*

(a) Public response

None.

(b) Committee comment

Agrees. This recommendation has since been effected into section 9C.

(4) *Katz 9.18: Whether affecting interest flowing into or from South Africa, for purposes of any provisions relating to interest flowing cross-border, the concept of "interest" should carry the extended meaning ascribed to it in section 24J of the Income Tax Act*

(a) Public response

None.

(b) Committee comment

Agrees. The definition of interest in section 9C includes interest as contemplated in section 24J.

(5) *Katz 9.19: Existing deeming provisions as to interest should be scrapped*

(a) Public response

None.

(b) Committee comment

Agrees. It is noted that section 9(2), (3) and (4) have now been deleted.

(6) *Katz 9.20: Current foreign tax credit provisions should be reviewed and be replaced by measures appropriate for the expanded scope of taxation of offshore interest*

(a) Public response

None.

(b) Committee comment

Agrees. It is noted that section 6 *quat* has now been amended.

(7) *Katz 9.21: Where interest flows from a South African source to a non-resident who is a connected party, such interest should attract a withholding tax, namely a non-residents tax on interest (NRTI). The exemption from normal tax should stay, thereby making the NRTI a final withholding tax*

(a) Public response

SACOB agrees in principle with a re-introduction of NRTI—in respect of "connected" party interest.

J C Anderson—tax authorities do not have a clear definition of non-residence. Many countries have a simple 183-day residence rule. In the case of overseas annuities, under the new laws even pensioners will be taxable in 2001, whereas if the income was an overseas company pension payment, it would not be taxable. This is clearly unfair since annuities are a form of pension, and why should there be a difference?

SAICA does not agree with the proposal to only subject connected party loans to a withholding tax on interest flows. If a withholding tax is to be considered, it should apply to all foreign laws at a consistent low rate. A flat rate withholding tax on foreigners should be implemented expeditiously.

(b) Committee comment

This recommendation appears to be in conflict with a number of double taxation agreements South Africa has entered into—where these do not have a taxing right in respect of interest payable to a non-resident.

(8) *Katz 9.22: The source of interest should be statutorily defined as the location where the credit or funds are being applied—which in most cases would be where the debtor is located*

(a) Public response

None.

(b) Committee comment

Agrees.

(9) *Katz 9.23: The definition of "royalties" should be aligned with the international treaty definition*

(a) Public response

None.

(b) Committee comment

Agrees. Section 9C of the Act contains this definition in terms of the OECD tax model.

(10) *Katz 9.24: Royalties should be taxable in South Africa if received by or accrued to a South African ordinarily resident individual or resident company, regardless of the source from which they originate*

(a) Public response

None.

(b) Committee comment

Agrees. *See* section 9C of the Act.

(11) *Katz 9.25: As with interest, anti-avoidance measures, including CFC rules, should be expanded, and suitable foreign tax credits provided for*

(a) Public response

None.

(b) Committee comment

Agrees. New amendments to sections 6 *quat* and 9D have accommodated this recommendation.

(12) *Katz 9.26: The withholding tax on royalties received or accrued by non-residents should be fixed at a flat rate, and should be made a final withholding tax (the Commission's recommendations are not intended to bring about a material change in the actual rate used)*

(a) Public response

SAICA—supports expeditious implementation of flat rate withholding tax on foreign contractors.

(b) Committee comment

There could be a problem regarding taxpayers who have incurred expenditure which might not be deductible.

(13) *Katz 9.27: The current principle of granting a credit in respect of foreign taxes paid against income taxed also in South Africa is sound and should, subject to suitable adjustments, be retained*

(a) Public response

None.

(b) Committee comment

Agrees. An appropriate amendment has now been made to section 6 *quat*.

(14) *Katz 9.28: A general foreign tax system should provide for only one pool of foreign income, regardless of geographic origin or nature. The situation must be monitored and, if it appears that there is an unacceptable degree of foreign tax credit manipulation as South African offshore investment increases, a separate pool for at least interest income may be introduced at a later stage*

(a) Public response

SACOB agrees. A high degree of complexity would result from the adoption of more than one pool.

(b) Committee comment

There is concern about being able to establish a direct link between foreign income and foreign tax payable. Also, a pool system might not satisfy the principle that a credit of foreign taxes payable in respect of an amount of income may not exceed the South African tax liability on such amount.

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

(15) *Katz 9.29: In line with the current treatment of tax losses in the South African system, foreign tax credits should not be allowed to be carried back, but should be allowed to be carried forward indefinitely*

(a) Public response

SACOB—concerned that the carry-forward of foreign tax credits was not incorporated into the amended section 6 *quat*. They recommend that this section be amended to incorporate a carry-forward of any unutilised foreign tax credits. They recommend that companies be given an annual choice to either claim the foreign tax credit as a credit against tax payable or to claim it as a deduction against taxable income.

(b) Committee comment

It agrees that foreign tax credits should not be carried back.

(16) *Katz 9.30: The foreign tax credit system should allow foreign taxes to be set off against both normal tax and standard tax on companies (STC) where these taxes were levied on the foreign income*

(a) Public response

None.

(b) Committee comment

Agrees. Section 6 *quat* has since been amended.

(17) *Katz 9.31: It is recommended that taxpayers should be allowed first to set off the relevant foreign tax against the attributable normal tax. Then, to the extent that there is an excess, this should be allowed against the STC attributable to the passive income taxed in terms of these recommendations. Any remaining credit would be carried forward to the following year if the recommendations as to carry-forward are accepted*

(a) Public response

SACOB anticipates a problem, as companies will only know whether they have any foreign tax credits for crediting against the STC's liability after they have been assessed in respect of their corporate tax.

Companies should be given an annual choice to either claim the foreign tax credit as a credit against tax payable or to claim it as a deduction against taxable income.

(b) Committee comment

It agrees to the set-off against South African normal tax and STC, but any remaining foreign tax, as far as it relates to income received in a particular year of assessment, does not merit being set off in any subsequent year of assessment.

(18) *Katz 9.32: The current favourable regime for corporate headquarter and holding companies (which will be retained by the Commission's recommendations as to source), should be further enhanced through appropriate exemptions regarding fee income to such companies, and through a statutory commitment that headquarter and holding companies established at the time of any change in legislation that affects the favourable status, will be protected by delayed implementation, or would be given a phase-in period in which to adjust*

(a) Public response

SAICA—incentive measures are suggested to encourage international headquarters to settle in South Africa. It is therefore not clear why it is proposed that the passive income of a permanent establishment of a foreign controlled company, earned outside South Africa, should be subject to South African tax.

(b) Committee comment

Could these measures not lead to new tax planning opportunities for international groups, and could this not lose South Africa its taxing right, to the detriment of the South African tax base?

(19) *Katz 9.33: All deeming provisions as to source currently in the Income Tax Act should be reviewed as to their retention in view of the recommendation in this report*

(a) Public response

None.

(b) Committee comment

Agrees. Section 9(2), (3) and (4) has since been deleted.

(20) *Katz 9.34: The exemption on interest received by or accrued to non-residents is currently restricted with reference to interest effectively connected with a business carried on in the Republic by such a non-resident. This restriction should be amended to refer to interest relating to a permanent establishment, as recommended in this report*

(a) Public response

None.

(b) Committee comment

Such an amendment might compromise the anti-avoidable nature of section 1D(1). Also, the taxability of income from a South African source, other than interest, is not linked to a permanent establishment—as the earlier recommendation of the Commission was not implemented.

(21) *Katz 9.35: The Margo Commission's recommendations towards increasing the effectiveness of tax collection from foreign contracting parties in South Africa, accepted at the time by a government white paper for further investigation, should be pursued urgently*

(a) Public response

None.

(b) Committee comment

Agrees.

(22) *Katz 9.36: It is not recommended that South Africa should seek to pioneer a whole new tax regime to cope with the major changes coming about through modern electronic communications. However, the recommendations in this report towards internationalisation of South African tax law affecting international trade and investment will be a major factor in the country's capacity to deal with these changes*

(a) Public response

None.

(b) Committee comment

Agrees.

(23) *Katz 9.37: Current rules in South African tax law to inhibit the recharacterisation of taxable passive income into exempt dividend income, or the deferral of taxable passive income, should be extended*

(a) Public response

None.

(b) Committee comment

Agrees. Section 9D has since been introduced.

(24) *Katz 9.38: These anti-avoidance rules should be sufficiently detailed to be effective, but should not become so complex as to become counter-productive to, and inhibiting of, international trade and investment. In this regard, the rules contained in the German and United Kingdom systems appear of particular instruction*

(a) Public response

None.

(b) Committee comment

Agrees. These considerations have been entertained by the subsequently drafted sections 9C and 9D.

(25) *Katz 9.39: The existing provision in section 9A of the Income Tax Act should be extended to cover all foreign jurisdictions and all foreign entities which would be regarded as taxable entities under South African tax law*

(a) Committee comment

Agrees. Since implemented through amendments to section 9A and through new section 9D.

(26) *Katz 9.40: To counter the avoidance of South African income tax and, in particular, the new tax dispensation for retirement funds in cases where residents invest abroad into entities or funds which they do not control, Foreign Income Fund rules (FIF) should be introduced. The Australian FIF rules provide useful examples of such rules*

(a) Public response

None.

(b) Committee comment

Agrees.

C. Sixth Interim Report

1. Introduction

The sixth report consolidates the recommendations made by the Commission, input from civil society and the Committee's comments. Inputs and recommendations made in the submissions received, are analysed in the context of the recommendations in the report. Written submissions were received from business, representative organisations, NGOs and the government.

The format of the report largely follows that used in the fourth report. Where possible, a short narrative of each recommendation is given before the recommendations made by various submissions are mentioned. This is to remind the reader that both the Commission and those that submitted representations have a number of qualifications to their recommendations which should be kept in mind.

It should be noted that submissions agree with certain recommendations of the Commission, disagree with some and do not comment on others. However, where direct reference to the main issues is made, it is mentioned for reference.

2. *Recommendations analysed in context of submissions*

Submissions received:

(1) Department of Health.

(2) Federation of Unions of South Africa (Fedusa).

(3) Institute of Retirement Funds of Southern Africa (IRF).

(4) Representative Association of Medical Schemes (RAMS).

(5) Centre for Health Policy, Department of Community Health (WITS).

(6) Cosatu.

(7) Women's Budget Initiative.

(8) SACOB.

(9) LOA.

(10) Medwise.

(11) SAICA.

(12) Private Health Administrators, Gerald Sweidan.

3. *Katz 9.2: Friendly societies: It is recommended that the investment roll-up remain untaxed, that after a reasonable period of notice, employer contributions no longer be tax-deductible, that the growth of educational products be closely monitored and that appropriate action be taken if it is found that they are being marketed to income groups not traditionally associated with the friendly society movement*

(1) *Explanatory comment*

It should be noted that no submissions were received from any "friendly society", and this particular recommendation has not featured in other submissions received.

A number of issues, arising from the Commission's investigations into friendly societies, should be noted. Firstly, the Commission recommends that the investment roll-up remain untaxed because "there are no grounds for believing that it (friendly societies) does, or can, provide a significant tax shelter" (3.4). However, the Commission further recognises that "the combination of salary sacrifice, employer contribution deductibility, tax-free roll-up and the possibility of tax-free educational policy payments creates too powerful a tax planning environment to be left wholly intact. The Commission is concerned about the usage of friendly societies by those who have not traditionally utilised the services offered to fund educational products which are taxable under the Act.

(2) *Public input*

None.

(3) *Committee comment*

Agrees. The effect of this proposal would be minimal as almost all members of these friendly societies are from the lower earning categories. This would also have no impact on revenue to the fiscus.

4. *Katz 9.3: Registered medical schemes: It is recommended that the investment roll-up remain untaxed, that the ability of an employer to claim a deduction in respect of contributions be limited on a "rand-for-rand" basis, which means that for every R1 contributed by employees the employer be entitled to contribute another R1 and claim it as a deduction from taxable income, and that self-employed persons be entitled to deduct 50% of their contributions*

(1) *Explanatory comment*

The tax treatment of contributions made over a lifetime towards the private provision of health care by an employed or self-employed South African, impacts upon the utilisation of the state health care system, and the general health and well-being of the population as a whole.

Contribution rates currently charged by registered medical schemes for the provision of private health care, are high and unaffordable to most low-income earners. The tax deductibility of contributions made by both employees and employers is therefore viewed as central to assisting individuals to provide for private health care.

Problems experienced by registered medical schemes in their attempts to provide affordable benefit plans, are in part a consequence of the escalating health care costs, and in part a consequence of the misuse and abuse of schemes. In addition, the range of benefit options at present offered by medical schemes, insurance companies, other benefit funds, etc, makes it difficult for medical schemes to attract young and healthy individuals into their membership pools. Young and healthy individuals generally opt for cheaper private health care coverage that deals specifically with a medical catastrophe and not the day-to-day primary care. Membership pools of registered medical schemes are therefore diminishing and consist predominantly of ill or old members. This places further upward pressure on membership contributions.

(2) *Public input*

(a) Cosatu

"The perverse incentive for employers to pad remuneration packages with unduly large payments into medical schemes (as a form of tax avoidance) will be curbed. This, together with other reforms which bring greater accountability to medical schemes, may have the positive spin-off of dampening the inflationary environment in the provision of health care".

Cosatu supports the recommendation that "self-employed persons be entitled to deduct 50% of their contributions from their taxable income... this will assist in leveling the playing field for entrepreneurs and small proprietors".

An interesting point made in the submission that should be mentioned, is that "a weakness of the report is that no recommendation is made that employee contributions to medical schemes should be deducted from employee's taxable income. Such an innovation, which could be aimed at low-paid workers and capped at a certain level in order to avoid abuse, could play a valuable role in promoting employee contributions to medical schemes..."

(b) Centre for Health Policy

It agrees with the retainment of untaxed investment roll-up and supports the 50% deductibility for self-employed persons.

A further point to be noted, is this: "Has the Katz Commission considered the option of a financial cap on tax deductibility per contributor as an alternative to the proportional deductibility, as this might go further to eliminate salary sacrifice effects without discouraging medical scheme membership for lower-income employees?"

(c) Fedusa

Fedusa strongly opposes changes to the current salary sacrifice practice with regard to medical aid schemes. "It is of extreme concern to Fedusa that the recommendation has been made that an employer only be entitled to claim a contribution deduction in respect of its employees to a registered medical scheme on a "rand-for-rand" basis".

The reason for Fedusa's concern is their view that this "drastically curtails an essential benefit relating to the health and welfare of an employee".

Fedusa does not agree with the Commission's view that this benefit is primarily utilised by the rich.

(d) Department of Health

"While we agree upon the principle of avoiding salary sacrifice, we are nonetheless concerned that the proposed "rand-for-rand" regime may result in a number of practical difficulties. There are, for example, many schemes that operate on a two-third to one-third basis, and it may be necessary to further explore an appropriate employer/employee split".

It is important to note the concerns of the Department with regard to the following statement: "The main purpose of medical schemes is to provide members with a mechanism through which the high costs of ill-health can be shared with others in a large risk pool". This risk-sharing arrangement is crucial to the sustainability of private medical schemes that utilise the subscriptions of the young and healthy to subsidise the claims of the old and ill. Therefore, tax treatment of medical scheme contributions, etc, must be analysed in the context of this important point. Despite the above concerns and deliberations, the Department "agrees with the Commission's recommendation for continued tax deductibility of contributions to registered medical schemes".

(e) Medwise

The main argument in the submission is a concern over the inequity of the medical schemes system at present and the Commission's proposed changes. Medwise is primarily concerned with the predicament of low-paid employees that are unable to afford the contributions to registered medical schemes. Medwise argues that low-paid employees will be "discouraged from making provision for health care costs and will further be severely prejudiced by the tax system".

Medwise adds that "employers will resist providing for lower paid employees in the traditional medical schemes due to the high costs associated with membership and the heavy impact it will have on the balance sheet of any business".

Medwise proposes the retainment of paragraph *(c)* funds to address the above concerns. This will be discussed in more detail under recommendation 9.5.

(f) RAMS

RAMS agrees with the recommendation that the ability of an employer to claim a deduction in respect of contributions be limited on a "rand-for-rand" basis. However, "RAMS is of the

opinion that the "rand-for-rand" basis is the absolute minimum required to encourage all classes of employees to continue financing their medical requirements via medical aid schemes".

(g) LOA

"The report targets salary sacrifice as part of the abuse. This is surprising, given the degree of formal acceptance in practice by SARS which although is a response to high personal tax rates, is also used by low income earners. We cannot agree with the submission that salary sacrifice schemes are only attractive to high taxpayers as it also has administrative benefits".

(h) SAICA

"The Commission's recommendation that the tax exemption relating to investment income of registered medical schemes should remain, is supported. The exemption can be reviewed if such schemes become the vehicles for pre-funding post-retirement medical expenses". The institute also agrees with the recommendation for self-employed persons, but "with regard to the proposal that contributions by employers to registered medical schemes be deductible only to the extent of the employees' contributions, SAICA is not in full agreement as medical costs are spiralling upwards at a greater rate then salary inflation. A separate cap on total deductions could be introduced to prevent abuse".

(i) Private health administrators

"Prefunding health care costs via a salary sacrifice system is not defendable within our current legislation, but please do not negate better ways of achieving pre-funding whilst restoring equity".

(j) Women's Budget Initiative

"We support attempts to reduce the practice of salary sacrifice... salary scarce schemes are regressive. It is only the better-off earners, of whom there are significantly fewer women than men, who benefit by these schemes".

(3) *Committee comment*

It agrees that the investment roll-up of medical aid schemes remain untaxed. It agrees with the rand-for-rand basis as a salary sacrifice deterrent, but would have wanted more thought given to the possibility of this discouraging lower wage earners from medical aid membership. It agrees in principle with the 50%

deduction by the self-employed, but notes the concerns of SARS on administrative complexities of this proposal, and also for the need for a definition of "self-employed person".

5. *Katz 9.4: Medical savings accounts—no and low claims bonuses: It is recommended that a final withholding tax be imposed on interest credited to, and "cash withdrawals" from, savings accounts offered by medical schemes, "cash withdrawals" being defined to include any payment (other than a transfer to another registered medical scheme) that is not a bona fide medical expense of members and their dependants, and that bonuses paid to reward members of medical schemes for no or low claims be subjected to the same tax regime as "cash withdrawals" from medical savings accounts*

(1) *Explanatory comment*

The importance of attracting young and healthy members to a registered medical scheme relates to the cross-subsidisation of older and more ill members with the young and healthy. Cross-subsidisation of membership creates a situation where those that utilise the maximum coverage available, are able to do so without putting upward pressure on membership fees. Those that are not chronically ill or in need of extensive medical assistance, should therefore be encouraged to utilise their medical benefits in the most frugal and efficient manner. Therefore, many schemes reward no or low claims and encourage savings for medical emergencies.

The sixth report recommends that any income accrued from such frugality measures, if and when any accrues, will be subject to tax if it produces interest, or if it is paid out directly to a member in cash. If the income accrued is transferred to another registered scheme or paid out in the form of medical benefits, it will not be subject to the withholding tax.

The purported advantages to taxing the cash withdrawals from a medical savings scheme is that this may ensure that members save "medically" for later in life and cross-subsidisation with the risk pool is feasible. It has been asked if cash withdrawals might remove capital from the pool of cross-subsidisation... Furthermore, there needs to be more clarity as to whether this will further discourage individuals from making contributions towards private health care provision. In addition, if this form of investment, that is the savings accumulated by frugal use of medical schemes, would become less attractive to individuals that can utilise other avenues for investment that are not subject to a withholding tax when cash withdrawals are made.

It should be noted that one of the causes of South Africa's highly concentrated economy is argued to be the tax system itself. Economists from various schools of thought cite the favourable tax treatment of investment products offered by life insurance companies as a primary cause of the fact that two mutual insurers are part of the group of six corporations owning 80% of JSE shares.

(2) *Public input*

(a) SACOB

"The making available of medical savings schemes and low claim bonuses assisted in encouraging better use of medical funds. With the economic woes faced by medical aid schemes, unlikely to improve due to Aids and longer life-spans, it is questioned whether the search for technical correctness in the taxation of benefits in these funds should not be tempered by a measure of pragmatism".

They make the point that "no projections are made on the amount of additional taxation which would be raised by taxing the interest and bonuses. It would be surprising if a significant amount of revenue would be received".

In addition, SACOB notes that "anything done which would dissuade members from frugally managing their medical costs is a mistake. The proposal to tax the savings accounts interest will be an incentive to spend and will add to the financial problems experienced by both medical aid funds as well as their members".

(b) RAMS

Whilst RAMS agrees in principle with the recommendation, it expresses concerns about the Commissions proposed rate. "The concern lies with the Commission's view that the rate of the withholding tax should not be too far below the corporate tax rate if tax arbitrage is to be discouraged. This suggested rate is considered to be too high. It is proposed that a final withholding tax be imposed at the same rate as would be applicable to retirement funds and that any "cash withdrawals" as contemplated in par 4.17 of the report be taxed at 50% of the maximum rate which would be applicable to an equivalent withdrawal from a retirement fund".

(c) *Centre for Health Policy*

The centre supports the recommendation and adds that "given the fact that medical schemes have not had to administer any such taxes in the past, this might warrant investigation into potential enforceability".

(d) *Department of Health*

"The Department agrees with the recommendation that cash benefits paid out of savings accounts and interest credited to medical savings accounts be subjected to a withholding tax".

(e) *LOA*

"A clear distinction needs to be made between medical savings accounts owned by a benefit fund where members are not entitled to the amounts in the accounts other than for genuine claims and an account that can be accessed at will by the member. Tax should be levied on the latter".

In addition, the association makes an important point when it requests clarity on the imposition of a withholding tax—"it appears that this tax will be levied twice, on interest credited to the account as well as on withdrawals. Such double taxation would be punitive".

(f) *SAICA*

"SAICA agrees with the Commission's recommendation that the cost of medical insurance premiums paid on behalf of employees is a fringe benefit".

(3) *Committee comment*

It agrees that such interest, cash withdrawals and bonuses should be subject to tax—but the practical aspect of a final withholding tax should be weighed against the application of a normal tax. Also, if the amendments to the fourth and seventh schedules are introduced, then the issue of tax withdrawals seems irrelevant, as any contribution made to a fund will be from after-tax income.

6. *Katz 9.5: Par (c) benefit funds: It is recommended that after a reasonable period of notice, the definition of "benefit fund" in the Income Tax Act be amended by the elimination of paragraph (c)*

(1) *Explanatory comment*

What has perhaps been more controversial than the Commission's recommendations on the tax treatment of registered medical scheme contributions and the implications thereof, is the above recommendation to

remove funds operating under what is termed "paragraph *(c)* funds" in the Act. Currently, these funds acquire access to favourable tax treatment at the discretion of the Commissioner and "not on registration in terms of some other Act or regulation by some authority" (sixth report—5.2). The main argument of the Commission motivating this recommendation is that benefit funds falling into this category (and there are some 20 000) are not subject to the same regulations that pertain to either medical schemes or retirement funds. The migration of paragraph *(c)* funds to either of these regulated environments is argued to improve the administrative accountability of these funds.

There are opposing views as to the benefits and adverse effects of this particular recommendation that are highlighted in the submissions.

(2) *Public input*

(a) Cosatu

The concerns about this recommendation stem from Cosatu's opinion that these funds primarily benefit low-paid workers that make use of these funds.

Paragraph *(c)* funds, which total some 20 000, are viewed by Cosatu as "established for the purpose of providing sickness, accident or unemployment benefits. They are viewed as a cheap and flexible device which enables beneficiaries to access a fixed sum of money when they are diagnosed as having contracted a "dreaded disease", are hospitalised or have an accident, etc".

"Cosatu does not believe sufficient research has been done into the matter of paragraph *(c)* funds. The report does not provide adequate reasons for the recommendation that the legislation providing for these funds be repealed. Its only substantive concerns are that these funds are not adequately regulated and that these funds overlap with other funds such as medical schemes".

(b) IRF

The IRF recognises that these funds "are used extensively for income replacement schemes". There are three main areas of income replacement highlighted in their submission, namely temporary disability, permanent disability and forward financing of continued membership of the pension and provident fund for retirement and pre-retirement death benefits.

The IRF agrees with the recommendation that "retirement funds are the appropriate vehicle to house permanent and temporary disability benefits... and the IRF therefore welcomes the suggestion made in paragraph 5.12 of the report that there should be no reason why the definitions in the Act should not be amended to permit retirement funds to offer temporary disability income insurance in the manner currently supported through paragraph *(c)* benefit funds".

Following from the above, the IRF does not agree with "the statement that it is unnecessary to recommend an increase in the limits to accommodate a type of insurance for which a tax-neutral regime currently exists". This statement is grounded by the idea that it is "only fair to allow increased limits for a pension fund which now provides these benefits (in the order of 2% of salary is reasonable). It is more preferable to include any personal insurance in the overall pension fund deductibility limit in respect of an individual. This then would allow adequately for the self-insured situation".

(c) Department of Health

"The Department has taken cognisance of the view that paragraph *(c)* benefit funds allow low-income earners to have access to health care. We would point out, however, that in many of these instances such funds provide access to general practitioner care, and require members to plead indigence at public hospitals when the members require more costly hospital intervention. Therefore, from the point of view of low-income earners' access to health services, these funds (and their tax treatment) do not provide any significant advantage". The Department views these funds as important for high-income earners who "utilise them as a loophole to access tax deductibility for contributions to risk-rated medical insurance".

"The Department therefore agrees with the Commission's recommendations that the definition of benefits be deleted from the Act, and that these funds be required to migrate to appropriate environments such as the Medical Schemes Act, where proper supervision exists".

(d) Medwise

The purpose of the Medwise submission "is specifically to address the question of paragraph *(c)* benefit funds being retained as an alternative vehicle to fund the medical needs of lower-paid employees".

This is in direct contrast to the submission of the Department of Health highlighted above. Medwise provides three main arguments as to why they view the retainment of paragraph *(c)* funds as crucial, namely the membership fees of traditional medical schemes are unaffordable to low-paid workers, employers will be discouraged from providing traditional medical cover for low-paid employees because of the high costs, and as a result, the tax liability of low-paid employees will be "substantially higher than the tax paid by members of medical schemes".

(e) LOA

"With respect to paragraph *(c)* benefit funds which are underwritten by insurance, we submit that they should remain as they are already subject to partial regulation. Eliminating these vehicles will also artificially change the environment by effectively reducing viable competition and leaving those who want health care with a limited choice. The medical insurance route will practically cease to be a viable alternative owing to the fact that there is no tax deduction on premiums funding medical policies".

(f) SAICA

"SAICA agrees with the recommendations on benefit funds".

(g) Women's Budget Initiative

"We are shocked at the paucity of information which is available about paragraph *(c)* benefit funds. We are wary of proposals for abolishing such funds, on the assumption that the majority could join other categories, until we have more information about the funds... We would hope that the new SA Revenue Services would in the near future be able to provide better information as to the nature and membership of the funds, including the gender breakdown, as well as what benefits they provide".

(3) *Committee comment*

It is acknowledged that the lack of regulation over these funds offers a situation which is open to abuse. Allowing these funds just over two years to find alternative ways to offer such cover, does not seen unreasonable.

7. *Katz 9.6: Amendments to Fourth and Seventh Schedules to the Income Tax Act: It is recommended that the Fourth and Seventh Schedules be amended to ensure that employer contributions to benefit and/or retirement funds in excess of*

the limits provided elsewhere in the Act be allocated to individual employees on a basis satisfactory to the Commissioner and taxed in their hands through the PAYE and SITE systems, and that the definitions of "remuneration" in the Fourth Schedule and "taxable benefit" in the Seventh be amended to ensure that insurance premiums paid by employers on policies offering lumpsum benefits to employees are fully captured

(1) *Explanatory comment*

This recommendation intends to enforce application of the laid-down deductibility limits. It should serve as a disincentive to the employee to accept contributions from an employer which are in excess of such limits.

The recommendation (both parts) are largely self-explanatory.

(2) *Public input*

(a) LOA

They have questioned the sufficiency of the proposed deductibility limits. "Clarity is also required as to whether the employer's 15% deduction includes medical contributions or whether medical contributions are over and above the 15% deduction".

(3) *Committee comment*

It agrees with the desirability of both aspects of this recommendation.

8. *Katz 9.7: Other amendments: It is recommended that section 11(l) be repealed in its entirety, and that the wording of paragraph (b)* of the definition of "benefit fund" in section 1 and of section 18(1)*(a)* be amended so as not to exclude statutory schemes or those registered in terms of legislation other than the Medical Schemes Act

(1) *Public input*

(a) IRF

"...consideration of the limit of the deduction must be made in view of the rapidly increasing medical costs and in particular, the pre-funding of the liability in respect of post-retirement medical expenses".

"Furthermore, as secure preserved funding for retirement funding in our current environment, with increased job mobility, does not start early in life, and together with the elimination of many cross-subsidies which in the past supported more adequate provision, we believe that there are additional strong arguments for re-considering the limits for deductible contributions to funds. We would suggest a 27,5% overall limit would be more appropriate".

(2) *Committee comment*

(a) It agrees with the restructuring of section (11)(1).

(b) It agrees with the proposed amendment to section 1 and section 18(1)*(a)*.

9. *Katz 9.8: Monitoring of SITE system: It is recommended that the SITE system be monitored on an on-going basis to detect any tendency that indicates a substantial increase in the number of applications for assessment on the grounds of medical expenses high enough to trigger deductibility, and that if this occurs, section 18 of the Act be amended appropriately*

(1) *Explanatory comment*

Medical deductions permissible under the Income Tax Act are at present limited to costs that exceed R1 000 or 5% of taxable income calculated before the determination of the medical deduction (this is for persons under the age of 65). The Commission appears to be in favour of increasing this deductibility limit when it recommends that "it is possible that extensions to the SITE system, such as the one proposed in the 1997 Budget, may in due course require an upward revision of the percentage of income which, when expended for medical purposes, is regarded as being high enough to trigger deductibility".

(2) *Public input*

(a) Medwise

"What is regarded by the Commission as "appropriate", has not been expanded upon and is therefore vague and lacking in transparency. It can only be assumed that, should the need arise, the Commission is in favour of increasing the amount which must be expended by a taxpayer on qualifying medical expenses before those expenses may qualify as a deduction for income tax purposes".

(b) LOA

"We believe that this approach is inherently unfair and it is unacceptable to deviate from the principle of equity for the sake of administrative convenience. No income tax system that ignores the impact and affordability of high medical costs can hope to remain acceptable".

"We believe that the one exemption relating to section 18 is rarely any benefit to tax payers, as few SITE taxpayers submit a tax return with the result that most taxpayers who earn less than R60 000 will not use the deduction".

(c) *Women's Budget Initiative*

"We are not happy with the Commission's argument that "if the number of SITE-payers asking for assessment increases substantially", an upward revision of the percentage of income which triggers deductibility be considered. In effect, the Commission is arguing that, if people become aware of their rights and use them, the rights should be diminished!".

(3) *Committee comment*

Agrees.

The Committee recommends accordingly.

Report to be considered.

SCN04

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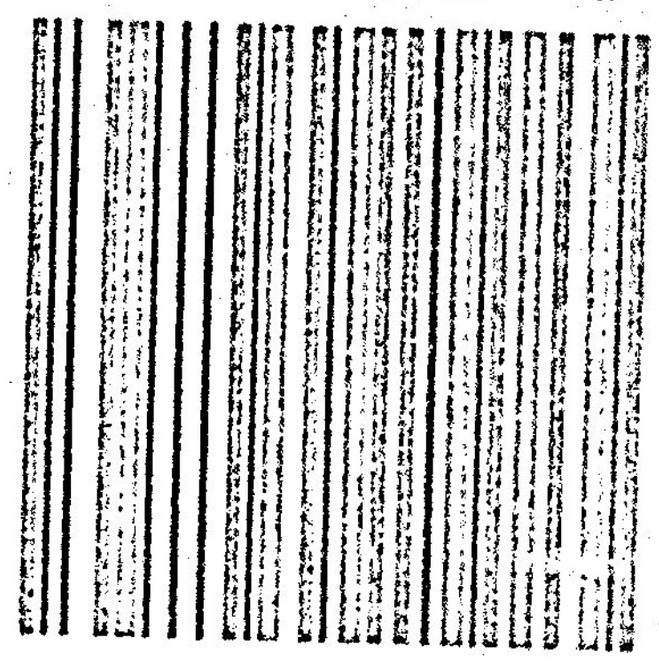

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