representatives however interacted with their local communities. Some communities suggested that this situation could be obviated by the introduction of a constituency-based electoral system.

The level and quality of service delivery was cited as an area for improvement. Poor service delivery was compounded by negative attitudes and conduct of certain public servants. This confirmed the need to infuse the Batho Pele principles throughout the public service.

Economic Governance and Management

Communities were engaged on the following questions:

1. Do you think ordinary citizens are getting opportunities to generate an income, whether short-term or long-term?
2. Do you think the government tells you enough about the budget and what it intends to do with the taxes collected?
3. Do you think the budget is managed properly?Are you aware of the anti-corruption forum and other anti-corruption initiatives in the country? Is this information accessible at local level? If not, what can you recommend to make it more accessible?What is the level of corruption in your own community? How can the government and communities work together to fight corruption effectively?

Income generation with particular focus on youth was considered a priority across all communities. This included:

- Government support of entrepreneurship
- Access to business finance, skills development and information on business management

There was a lack of awareness on the budget process and communities therefore expressed the need for more active participation in the budget process.

Communities were unaware of government's anti-corruption initiatives. Communities reported that corruption at local government manifested mainly in:

- Allocation of RDP houses
- Awarding of tenders in municipalities
- Nepotism in the public sector
- Inefficient / inappropriate management of social security grants

Communities expressed the need for improved public finance management to achieve targeted spending and thereby minimize opportunities for corruption.

Corporate Governance

Communities were engaged on the following questions:

1. Do companies in South Africa look after the environment?
2. How do you think companies in South Africa assist the communities in which they operate?

Communities cited environmental degradation and pollution as evidence that companies were non-compliant with environmental regulations. Pollution impacted negatively on the health of communities.

Communities articulated a lack of local investment by companies. This was compounded by a lack of policy regarding employment of local communities and preferential procurement from local small businesses.

Socio-Economic Development

Questions on social development were divided into three areas:

Social Assistance

1. How effective are government systems and programmes that are aimed at protecting the poor?
2. What are the challenges faced and should be the role of Parliament in addressing such challenges?

Communities acknowledged social security as one of government's poverty alleviation mechanisms. Some concerns raised and suggestions forwarded by communities included:

- Grants not reaching intended beneficiaries
- Age and gender disparity for access to old age pensions
- More effective poverty alleviation mechanism would be the replacement of cash grants with food vouchers
- Perceived correlation between increased teenage pregnancies and the child support grant

*Education*Have the new laws in education improved access to education? What are the challenges faced in the education sector in South Africa and what should be the role of Parliament in addressing such challenges?

Access to and quality of education was constrained by:

- Unaffordability of school fees and uniforms
- Lack of integrated planning
- Lack of transport and roads infrastructure
- High learner : educator ratio, particularly in rural schools
- Lack of government-funded facilities for early childhood education

Healthcare Is it becoming easier and better for your community to access healthcare services?How should healthcare be improved and what should be the role of Parliament in this?

Access to basic health care was cited as a challenge across all communities. This included:

- Inadequate primary healthcare facilities, medical personnel, medicines and treatment
- Poorly managed healthcare facilities
- Poor working conditions and remuneration of healthcare professionals resulting in low morale and poor service delivery
- Lack of infrastructure and facilities for the aged and people with disabilities
- Lack of nutritional support for people living with HIV

Conclusion

The report reflects the views and lived experiences of a cross-section of South Africans. It would be important for Parliament, Government and civil society organisations to further investigate some of the issues raised. It would appear that South Africa has a sound legal and policy framework for the consolidation of democracy, the progressive realisation of socio-economic rights and the acceleration of development. The unintended consequences of policy and legislation, service delivery and the capacity of local government may however require more focussed attention.

MONDAY, 13 FEBRUARY 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

The Speaker and the Chairperson, on 13 February 2006, called a Joint Sitting of the National Assembly and the National Council of Provinces, as follows:

CALLING OF JOINT SITTING OF PARLIAMENT

The Speaker of the National Assembly, Ms B Mbete, and the Chairperson of the National Council of Provinces, Mr M J Mahlangu, in terms of Joint Rule 7(2), have called a joint sitting of the Houses of Parliament for Tuesday, 14 February 2006 at 14:00 to debate the Report from the Parliamentary Process on the African Peer Review Mechanism.

.....

B MBETE, MP

SPEAKER OF THE
NATIONAL ASSEMBLY

Date: .....

.....

M J MAHLANGU, MP

CHAIRPERSON OF THE
NATIONAL COUNCIL OF PROVINCES

Date: .....

2. The Speaker and the Chairperson

We would like to highlight the following matters in regard to the debate on the Report from the Parliamentary Process on the African Peer Review Mechanism at the Joint Sitting on Tuesday, 14 February 2006.

1. CALLING OF JOINT SITTING

The Chairperson of the National Council of Provinces and the Speaker of the National Assembly, acting jointly, have called the Joint Sitting in terms of Joint Rule 7(2).

2. RULES GOVERNING DEBATE

(1) There are no comprehensive rules governing debates at Joint Sittings. The NA and the NCOP Rules on Order in Meetings and on Rules of Debate (including the Chair's disciplinary powers) are not identical.

(2) Joint Sittings are governed by Joint Rules 7 to 14. The following Joint Rules apply specifically to debate:

JR 12: When the Houses sit jointly —

(a) the Assembly Rules on discipline remain applicable to an Assembly member; and

(b) the Council Rules on discipline remain applicable to a Council member.

JR 13: (1) An Assembly or Council member, other than the officer presiding at a joint sitting, may not speak at the sitting —

1. unless invited to do so by the presiding officer; or

2. without having obtained the permission of the Speaker and the Chairperson of the Council before the meeting.

i. No vote or decision may be taken by or in a joint sitting. (In this regard the Houses will meet separately to take a decision on the Report)

3. ADDITIONAL JOINT RULES

In terms of Joint Rule 2(1), the Speaker and the Chairperson of the Council, acting jointly, may give a ruling or make a rule in respect of any matter for which the Joint Rules do not provide. A rule made by the Presiding Officers remains in force until a meeting of the Joint Rules Committee has decided on it. The Presiding Officers have now framed the following Joint Rules for application in the Joint Sitting scheduled for Tuesday, 14 February.

(1) Order in Joint Sitting and Rules of Debate

With the exception of disciplinary rules which are provided for in Joint Rule 12 the rules of Debate and the Rules and Order in Meetings of the NA and the NCOP apply to the debate in the Joint Sitting to the extent that those Rules are compatible with one another and to the extent that they are consistent with the purpose and nature of the debate at the Joint Sitting.

(2) Offensive language

No member may use offensive or unbecoming language in relation to any other member of either House, including Cabinet members and special delegates of the NCOP, and local government representatives, who are present at the Joint Sitting.

(3) Calling of members and time limits

For purposes of Joint Rule 13, members are called in the debate by the presiding officer in accordance with a list of scheduled speakers and the time allocated for speeches by members of different parties and of both Houses.

(4) Charge against a member

If information charging a member of either House comes before the Joint Sitting, such information may not be proceeded upon at the Joint Sitting, but must be reported to the House concerned at its next sitting.

(5) Podium

Members may only speak from the podium, except —

(a) to raise a point of order or a question of privilege, and

(b) to furnish a personal explanation in terms of Rule 69 of the NA or rule 50 of the NCOP.

4. PRACTICAL ISSUES

The following procedural issues will be dealt with as a practical application of the Joint Rules and the additional Rules:

(1) Questions: Any member may, through the Chair, put a question to the member speaking.

(2) Points of order: Any member

may raise a point of order on any procedural issue that may arise.

(3) Presiding Officer: Joint Rule 10 envisages that either the Speaker or the Chairperson of the Council, by arrangement between them, will preside — by implication, for the duration of the Joint Sitting. The Presiding Officers will agree on who will preside at various times according to a roster drawn up for that purpose.

(4) Relief of Presiding Officers: Despite Joint Rule 11 (which envisages an Assembly or Council member taking the chair at a joint sitting when requested to do so by the Presiding Officer), in this instance only other elected presiding officers will be used to relieve the Speaker and the Chairperson of the Council.

(5) Conduct of visitors on the gallery: Despite Joint Rule 14, which states that the Speaker must consult the Chairperson of the Council when exercising her powers, the Presiding Officers should agree in advance that either may use their discretion when applying the relevant NA Rules 40 to 42 and the relevant NCOP Rules 26 to 28 and that for that purpose it will be deemed that consultation took place.

(6) Changes to speakers' list: Any changes to the speakers' list that may affect the allocation of time to the Houses must be effected by the Table only after the concurrence of the Chief Whip of the Majority Party in the Assembly and the Chief Whip of the Council.

.....

B MBETE, MP

SPEAKER OF THE
NATIONAL ASSEMBLY

Date: .....

.....

M J MAHLANGU, MP

CHAIRPERSON OF THE
NATIONAL COUNCIL OF PROVINCES

Date: .....

TUESDAY, 14 FEBRUARY 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Classification of Bill by Joint Tagging Mechanism

(1) The Joint Tagging Mechanism on 13 February 2006 in terms of Joint Rule 160(6)(b), classified the following Bill as a section 75 Bill:

(i) ***Government Immovable Asset Management Bill*** [B 1—2006] (National Assembly—sec 75)

2. Draft Bill submitted in terms of Joint Rule 159

(1) ***Division of Revenue Bill, 2006,*** submitted by the Minister of Finance on 8 February 2006. Referred to the **Portfolio Committee**

[illegible]

[illegible]

[illegible]

PROCEEDINGS OF THE NATIONAL ASSEMBLY

The House met at 14:13.

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

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS—see col 502.

MAIN APPROPRIATION BILL: ADDITIONAL ADJUSTMENTS APPROPRIATION BILL

(Introduction)

The MINISTER OF FINANCE: Madam Speaker, Mr President, Deputy President, Cabinet colleagues, Governor of the Reserve Bank, Deputy Governors present, MECs for Finance here present, hon members, members of the diplomatic corps, your Excellencies, ladies and gentlemen, but also our friends who are joining us this afternoon at their place of work or at home, the great Nigerian author whose words we have used here from time to time is our inspiration, again, today. Ben Okri writes:

> There are no joys without mountains having been climbed. There are no joys without the nightmares that precede them and spring them into light . . .
>
> The joys that spring from the challenges are profound. And the challenges will always be there. As long as there are human beings there will be challenges. Let no one speak of frontiers exhausted, all challenges met, all problems solved.
>
> There is always the joy of discovering, uncovering, and forging new forms, new ways . . .

So, Madam Speaker, in tabling the 2006 Budget proposals for the further consideration of the House here, we also place before the nation an account of the mountains we have climbed and the frontiers that we still see before us.

Our Budget proposals are closely bound up with this journey, with our conception of democracy, with the progressive realisation of social and economic freedoms to which we aspire, with our understanding of the service delivery obligations of the government alongside the development impetus of active citizenship, our faith in these joys and our faith in these challenges.

We are able to report that the economy expanded by about 5% last year, and we anticipate continued growth of about 5% yearly over the period ahead. Business confidence is strong; investment and employment creation have gained momentum; inflation and interest rates remain moderate. The revenue outcome for 2005-06 will be about R41 billion more than we expected this time last year . . . [Applause.] . . . and this creates room for expenditure, growth and tax relief in this year's Budget.

Umnotho wakuleli ukhulile, ngakho-ke asivuneni. Inala ifikile. [The economy of this country has grown, therefore let us reap the rewards. The period of abundance has arrived.]

Those words may sound original but they came as a Tip for Trevor from a certain Mr Mhlungu. Essentially, he is saying to us that this is a year of plenty when all South Africans will reap the fruit of economic growth.

Fine words, fine sentiments, but also we need to talk to the problem and we need to say to the problem:

Tlala o kotsing! [Hunger, you are in trouble!]

Hunger, you are in trouble! [Applause.] We have, as always, received a great deal of advice on what might be done in these happy

circumstances. Government departments, Mr President, have tabled a thousand new service delivery proposals and expanded spending plans. Taxpayers have promised to invest more and work harder if more money is left in their hands.

Citizens and civil society organisations have again been generous in providing Tips for Trevor, highlighting frankly and precisely what the frontiers and challenges are that have yet to be addressed that "all possible joys may be uncovered". I am saying that we have received a diverse range of advice about a diverse range of subjects.

So Mr Sipho Makola proposes, for example, a tax deduction on dating expenditure. [Laughter.] He writes: "It's really difficult lately to find a woman without first dating her and such expenditure is sometimes beyond our budgets. [Laughter.] We either date or forever remain bachelors . . ." [Laughter.] [Applause.] It's a wonderful thought; we are sure that Mr Makola was touched by the Valentine's Day blues just yesterday. But, to budget is to choose.

Democracy and freedom have laid on this House the solemn duty of safeguarding the transparency and the integrity of these choices. The budgetary choices we make give life and meaning to the age of hope of which President Mbeki so eloquently spoke in the state of the nation address. The Budget tabled here today gives practical effect, Mr President, to our programme of social cohesion, and in particular to prioritising the needs of the poor, for that is what it means for rich and poor to share the privilege of a common nationhood.

There's no simple index of fiscal solidarity that measures progress along this redistributive trajectory. The social wage comprises many overlapping areas of public investment and service delivery. This is a mountain to be climbed in stages, joys to be reached step by step.

Let me just interrupt the speech and say to colleagues that hon members have become accustomed to finding some food on the table. This year we provided food, but it is not food for the body, it is food for the mind. The Sudoku you have before you tells the story of these many mountains we have to climb. When you solve the first one, there's a next one and it will be a little more challenging, and when you have solved that, please tell us that you have solved the third one, because that is what this challenge of building a democracy that touches the lives of all our people is.

When we look at these kinds of challenges and the way in which we as South Africans have been able to respond over the past 12 years, there are a number of reference points, so I want to refer, for example, to the growth and income support to vulnerable households through social security and social assistance grants. This has been the fastest growing category of government expenditure since 2001, and now amounts to R70 billion a year, or 3,4% of GDP. It reaches more than 10 million beneficiaries.

Social grants contribute more than half of the income of the poorest 20% of households, and have doubled in real terms over the past five years. Recent survey data has provided a clear empirical base of significant improvements in child nutrition associated with the child support grant, which in turn positively affects cognitive ability and also school outcomes, and, again, we can say without fear of contradiction:

> Tlala o kotsing. [Hunger, you are in trouble.]

I refer also to the expansion of primary health care since 1994. More than 1 300 clinics have been built or upgraded; 2 300 have seen new equipment installed; childhood immunisation programmes have been extended; and our health services receive 101 million patient visits a year, or roughly about eight to nine visits per family. HIV treatment programmes are in place at 192 health facilities. Over the MTEF period

ahead 46 hospitals will undergo physical rehabilitation and administrative overhaul as part of the nationally co-ordinated hospital revitalisation programme.

In the context of fiscal solidarity I refer also to steady progress in school enrolment; to the fact that 64 467 classrooms have been built in the last 10 years; that 114 000 study awards were made by the National Student Financial Aid Scheme in 2005; that 207 497 young people have registered for learnerships since the introduction of the skills development programme, funded in part through tax subsidies. School fees will be phased out in low-income communities this year and Minister Pandor confirms that in three weeks' time the last remaining 17 trees will no longer substitute for classrooms. Well done, Minister. [Applause.]

I refer to the fact that 3,5 million homes have been connected to the electricity grid since 1994; water supply infrastructure now reaches some 90% of the population and the sanitation backlog is steadily declining. R23 billion will be spent on government subsidies for 500 000 housing units over the next three years, complemented by rising expenditure on community sports facilities, police stations, transport infrastructure and administrative services.

I refer to our commitment to ensure that no household is denied the simple dignity associated with basic water, sanitation and energy supplies. Data supplied by the Department of Provincial and Local Government indicates that 165 water service authorities currently provide 3,9 million poor households with free basic water and free basic electricity reaches 2,9 million households.

In 2005 the government spent R4 800 a year per person on community and household services and income transfers. When one compares this with the R2 000 of just a decade ago there is an increase of nearly 50% in real terms. And as we log up the many victories that we score for democracy, one of the important questions that arises is: What has made this possible?

"There are no joys without mountains having been climbed . . ."

Part of the answer lies in financial policy and debt management. In 1998, for every rand of revenue collected, 24 cents were spent on servicing state debt; in 2005 the debt cost 14 cents, and by 2009 it will be down to 10 cents. [Applause.]

Part of the answer lies in the substantially improved growth of the economy on the strength of sound macroeconomic, fiscal and monetary policies. Part of it lies in the considered reprioritisation and forward-looking policy reforms that underlie our budget choices.

But, the greater part lies in the quality and energy of people working together; citizens and public servants; community activists; and business people, workers and managers. It is not the rand cost of public services that counts in the daily experience of women and children; workseekers; victims of crime; the elderly; or those with disabilities. It is the quality of care in the paediatric ward, the time it takes to process a business application, the effectiveness of court processes, and the attention to special learning needs in the classroom that make a difference to people's lives and to their wellbeing.

As we celebrate the progress made in meeting household and community needs, we are also conscious of the work that lies ahead. Quality of care and efficient public services still require greater effort from all of us; improved public administration and also the kind of citizen activism that contributes constructively to community development. As we give consideration to another expansionary budget framework for the period ahead we need to pay tribute to the special character of selflessness that lies behind the social progress and development—people working together—because that is what is needed to get things done.

I have in mind people like the 22-member team known as the Madida Hotshots, led by Christopher Kasayi—Christopher is with us in the House. Christopher is from Jansenville in the Eastern Cape. Formerly all of these 22 people were unemployed and now they are skilled and dedicated firefighters in our Working on Fire programme. [Applause.] They joined their counterparts from the Western Cape in bringing under control 17 forest fires in the Boland and Table Mountain areas during the past month, under difficult and hazardous conditions. [Applause.]

I also have in mind, Mr President, the 63-year-old court maintenance officer, Aunt Hester Kok. Tant Hester is hier êrens. [Aunt Hester is around here, somewhere.] Hester Kok has a network of community workers in the Kalahari communities in little places such as Askam, Rietfontein, Philandersbron and Loubos. Through the efforts of local volunteers, and one of them was going to join us today but couldn't—she has the nickname of Blommetjie [Little Flower]—people in these very remote settlements are assisted to receive maintenance payments on predetermined dates without the exorbitant expense and huge inconvenience of a monthly taxi trip to Upington. [Applause.]

I also have in mind people like Jabulisile Gumede, one of the founders of the Inanda Greening Project. Through this project they have established mini-nurseries at 30 schools in the areas of Inanda, KwaMashu and Ntuzuma, contributing to local vegetable gardens for school feeding and income generation. [Applause.] Jabulisile is there and we want to say thank you to you, as well.

Ma, siyabonga kakhulu. [Thank you very much.] [Applause.]

I have in mind one of the community leaders of Galeshewe in Kimberley. His name is Peter Nkota—he was at the airport but the plane didn't take off this afternoon so we want to apologise and wish him well. He assists the police in visiting schools in the area twice every week to alert children to the risks of alcohol and sexual abuse, and has worked with youth leaders and justice officials to create a new mobile court to deal more promptly with local crime. So, Peter Nkota, in your absence, thank you very much, as well. [Applause.]

As we reflect on our macroeconomic performance, tax proposals and aggregate spending plans for the MTEF period ahead, I know that all of you as members of this House, and others listening at home or at their places of work, will join me in remembering the special efforts of ordinary citizens and the dedicated work of our teachers, our doctors and nurses in weekend casualty wards, policemen and policewomen fighting crime, administrators creating order out of chaos, and those who every day live the nightmares that precede our joys and turn them into light.

Aan almal, die vrywilligers en die staatsamptenare, vanmiddag, van almal van ons in die regering, baie, baie dankie vir jul harde werk. [Applous.] [To all, the volunteers and the civil servants, this afternoon, from all of us in government, thank you very, very much for you hard work. [Applause.]]

That transition from darkness into light also reminds us of "kumpondo zankomo" [very early in the morning]. [Interjections.]

Madam Speaker, the South African economy has grown more strongly over the past year than we anticipated. Our expectation in February last year was that GDP would increase by 4,3% in 2005; the revised estimate is 5%. This follows a significant upward adjustment in growth for the previous year published by Stats SA last November, and is further evidence that both economists and statisticians, as a personality type, are prone to pathological caution. [Laughter.] There they are.

Indeed, when the full accounting is done towards the end of this year, we may well

find that our economy grew by 5,5 or 6 % last year. I hope that this doesn't render the Deputy President unemployed with Asgisa. [Laughter.] The extraordinary pace of vehicle sales, rising house prices, traffic congestion and VAT receipts all point to this conclusion.

Rising employee tax registrations and the records and financial performance of the Unemployment Insurance Fund confirm that employment is rising strongly. Labour force and household survey data indicate that job creation is now proceeding at about 350 000 new opportunities a year, or 1 500 new jobs every single working day. [Applause.]

This is, in part, the outcome of the economic restructuring and policy reforms over the past decade. Stronger economic growth now rests on a stable macroeconomic foundation and healthy investment trends.

Incomes and opportunities are still profoundly unequal in our economy, however. Growth brings with it broadening participation in the world of work and improved opportunities for those who rely on marginal and vulnerable second economy activities. To overcome poverty and inequality the pace of this restructuring needs to accelerate.

Ekunyamezeleni kukho umvuzo. [Good things come to those who wait.]

We have indeed already achieved a considerable acceleration in sustainable growth but we are mindful that the present buoyancy of business and consumer confidence is, in part, a cyclical trend. Commodity prices are at record levels, supported by strong growth internationally; global productivity growth is robust, while inflation and interest rates have remained at moderate levels. Preliminary indications are that South African exports grew by over 12% in real terms last year, which is a remarkable turnaround after several years of disappointing trade performances.

However, our appetite for imported goods and services has also grown strongly, and so the deficit on the current account of the balance of payments has deteriorated from less than 1 % of GDP in 2002 to just over 4 % last year. We rely increasingly on capital inflows from abroad to finance the excess of expenditure over the value of domestic production.

There is no shortage of liquidity internationally, and so inflows on the financial account comfortably exceeded our requirements in 2005. The Reserve Bank's gross foreign exchange position improved from US$14,9 billion at the end of December 2004 to US$22,2 billion in January 2006. This is a healthy financial development, but we cannot assume that global circumstances will always work in our favour.

As has happened several times in the past decade, financial inflows could swing away from emerging markets, and these enormous shifts in global money cannot be predicted. Commodity prices may stay high for another year, perhaps several years, but one day they will retreat; this is after all the history of commodity price cycles.

We are conscious of the disquiet of many manufacturers about the current strength of the rand but, on the other hand, we know from past experience that rapid exchange rate depreciation would have disruptive effects on prices and on balance sheets. Our task as government, households and the business sector is to turn the opportunities before us into lasting progress; to translate the resource gains of an economic upswing into real investment in productive capacity; to moderate our consumption tendency; to broaden and diversify economic activity.

Two particular frontiers loom large in the period ahead: the challenge of investment and the challenge of skills. So let us all remember that, isisu sibekelwa ngaphandle [you need to make provision for that which you are going to consume]. There are encouraging signs that the investment trend is upwards. Gross fixed capital formation has increased by at least 8% annually since

2003, and we anticipate investment growth of between 9 and 10% a year over the next three years. It seems that there is a bit of disquiet. All that we're saying is, remember there's tomorrow; don't eat the seed corn now. That's all.

The construction sector reports strong growth in building contracts awarded and increased employment. Cement sales rose from 7,9 million tons in 2000 to 10,7 million tons in 2004, and by a further 11,5% in the first three quarters of last year. Some R4,4 billion is currently being invested in expanded capacity by our cement producers. Public sector infrastructure spending increased particularly sharply last year, as investment in electricity generation capacity, ports infrastructure, water schemes, and roads and telecommunications projects all gained momentum.

Investment in organisational and human capacity is no less important than physical infrastructure—in the long run it is the firmest foundation of growth and development, and for the medium term there are several pressing skills constraints that we have to address. Opening the doors of a learning culture is about building and equipping classrooms, it is about how we train our teachers, it is about the learning materials in our schools, it is about how we pay our educators and how we promote better school management, it is about building a culture of enthusiasm and enterprise in our school communities.

Recapitalisation of our further education and training colleges will get under way this year, full steam, and the revised skills development strategy for the 2005-10 period was launched in March last year. Training related to employment programmes in housing, roads, water services and agriculture was prioritised in 2005, and has already benefited some 80 000 learners. Building sound institutional capacity in municipalities and addressing associated skills constraints are clearly key challenges for public service delivery, and are the focus of several interventions for the period ahead.

"There are no joys without mountains to be climbed . . ."

Infrastructure investment and skills development are the main frontiers ahead. These are journeys that have just begun, and they promise unbounded opportunities for discovery, unprecedented opportunities for initiative and partnership. But economic growth and broad-based development also depend on other institutional dynamics, or may be held back by particular barriers or constraints.

The Accelerated and Shared Growth Initiative is designed to ensure that we understand these dynamics fully, and to prepare appropriate policy interventions. It recognises that challenges exist in specific sectors—our chemicals industry, clothing and textiles, business services, tourism and hospitality, agriculture and food processing. Each one of these requires a focused analysis and very specific solutions.

It also recognises that work needs to be done on several broad aspects of our economic prospects and policy framework, these include:

- The level and stability of the exchange rate, and its impact on exports as part of a growth strategy;
- The role of public infrastructure in lowering the costs of economic activity;
- Appropriate and efficiently administered labour market institutions, empowerment policies and skills development;
- The role of industrial policy, competition and trade policies;
- The need to increase innovation and investment in new technology capable of competing internationally; and
- The role of financial markets in supporting investment activity.

For the three-year planning period of the 2006 Budget, export growth is expected to benefit from continued commodity demand globally, favourable tourism trends and several industrial expansion and diversification projects. Strong investment growth by the public and private sectors and moderate growth in household consumption are anticipated, contributing to an overall economic expansion of about 5% a year, with a deficit on the current account of the balance of payments averaging 4,3% of GDP.

Our export performance will, as always, depend greatly on the economic fortunes of other regions of the world economy. Growth in the world economy is expected to remain reasonably strong, averaging about 4,3% over the next three years. In the developing and emerging economies of the world, economic growth is particularly brisk. Africa's economies are expected to grow by nearly 6% in 2006. The commodity price cycle and sustained economic reform in many countries have underpinned the stronger growth rates of recent years.

Consumer price inflation has remained within the target range of three to 6% since September 2003, reaching a low point of 3,1% in February last year. Excluding transport costs, which have increased in response to higher oil prices globally, CPIX inflation for the year to December was just 2,8%. Consumer price inflation is expected to average about 4,5% a year over the next three years. And so we can say to the Governor that the CPIX is set to remain in the middle of our target band for inflation—it makes your work easier; it makes growth prospects a lot brighter.

In summary, the economic outlook is exceedingly favourable—more promising than has been seen in 40 years . . . [Applause.] . . . but we recognise the need for both restraint and redoubled efforts, so that we take full advantage of the opportunities before us. And our policy stance, unlike that of 40 years ago, emphasises development opportunities for all South Africans . . . [Applause.] . . . built on a foundation of social solidarity and a shared economic destiny, a partnership in which citizens and the state face shared challenges, to meet shared joys.

Injobo enhle ithungelwa ebandla. [If you have an idea, then share it with others.]

I am pleased to be able to announce the completion of the adjudication of applications received in respect of the exchange control and tax amnesty announced in February 2003. A total of 42 672 applications have been dealt with, and a total of R68,6 billion in foreign assets have been disclosed. The regularisation of the foreign asset holdings and tax obligations of the vast majority of applicants means that they can now manage their financial affairs without fear of criminal or civil prosecution. It also raises the declared income tax base by some R1,4 billion, and contributes to the statistical records of the Revenue Service and the Reserve Bank.

The R2,9 billion in revenue raised through amnesty levies will be assigned to joint public-private partnership investments in community infrastructure and business development in low-income neighbourhoods. This is going to be part of our Asgisa; it is the rich who took the money off saying that now, as an act of contrition, this money should be used in the interests of dealing with the many who find themselves in the second economy. [Applause.]

The completion of this amnesty process lays a foundation for a more orderly process of portfolio diversification by South Africans. The offshore individual allowance will accordingly be increased from its present limit of R750 000 to R2 million per person. To encourage participation in projects supportive of the Nepad development goals, the present foreign direct investment threshold of 50% will be lowered to 25% for investments in Africa by South African corporates and mandated parastatals. Further details

will be provided in a circular issued today by the SA Reserve Bank.

South Africa's international engagement is organised around four broad themes: consolidation of the development agenda for Africa; co-operation between developing nations; improved global governance; and strengthening bilateral relations.

Regional integration remains a key policy initiative. It is given practical effect in the revised Southern African Customs Union Agreement, which establishes joint institutions and a development-oriented distribution of customs and excise revenue between its members.

Our international financial engagement also includes participation in the Financial Action Task Force, which is the standards-setting body for combating money-laundering and the financing of terrorism, which is currently meeting here in Cape Town under the chair of Prof Kader Asmal. It involves 45 governments of the major economies of the world and, in assuming the presidency for this year, the government has signalled South Africa's continued commitment to combating financial abuse, both domestically and as part of this international effort.

Turning then to fiscal policy and the budget framework: South Africa's economic outlook both supports a more expansive fiscal stance, and is itself a consequence of steady improvement in fiscal trends. Members of the House who have been with us since 1994 know that as we enter a new phase of policy development, under the Accelerated and Shared Growth Initiative, we do so on the strength of continuing implementation of our reconstruction and development programme, which itself was supported by the macroeconomic consolidation that we initiated from this platform in June 1996—we called it Gear. There is no contradiction; they all have to support one another; they all have to interact.

In the noise and haste of economic policy debate, we forget too easily that there are long lead times in the practical implementation of policy. Our present economic performance reflects the choices we made a decade ago, and the economic reforms now in progress will yield their returns five and 10 years from now. As Ben Okri wrote: "There are no joys without the nightmares that precede them and spring them into light . . ."

Between 2000 and 2004, general government capital formation increased by 4,8% a year and investment by public corporations by an average of 7,4% a year, in real terms. Higher growth in investment of 10% and 15% a year is projected for the period 2004-08. Real wage and non-wage consumption expenditure are expected to increase by three per cent and 8,4% a year respectively. Interest on public debt will continue to decline as a percentage of GDP, and general government tax revenue will stabilise at about 26% of GDP.

These are the statistical indicators of steady improvements in the quality of the public finances—robust revenue performance, declining debt costs, rising investment and a more healthy balance between personnel expenditure and the maintenance of facilities —but given the fact that the Deputy Minister, the DG, the Commissioner and I were stuck in the lift we have to look at the maintenance of facilities again. [Laughter.] This also includes the acquisition of equipment and support services that allow public servants to work efficiently and effectively.

Main budget revenue in 2005-06—that is the present fiscal year; the one that ends on 31 March—is expected to amount to R411,1 billion or R41,2 billion more than the original estimate, and 18,2% more than in the previous financial year. As noted already, we underestimated the impetus of the economic recovery last year, buoyant trade and rising commodity prices have favourably impacted on corporate profits, and there has been a strong demand boost to both VAT

receipts and import taxes. But the revenue performance is also testimony to the success of the sweeping tax reform agenda of the past decade, and the growing competence and effectiveness of the SA Revenue Service.

The anticipated expenditure outcome for the current fiscal year is R419 billion and takes into account two additional allocations, placed before the House today as a further Adjustments Appropriation Bill for unforeseeable and unavoidable expenditure. The first is an amount of R2,7 billion to relieve the cash-flow crisis of the Road Accident Fund and contribute to addressing its backlog in claims settlements. The second is a R2 billion capital investment in Denel Corporation, to enable it to proceed with the restructuring necessary to achieve solvency and profitability.

The difference between revenue and expenditure is a budget deficit of R7,9 billion in the present fiscal year or 0,5% of GDP. At this time last year, we anticipated a deficit of R48 billion or 3,1% of GDP.

Members of the House are entitled to ask: What will be done with the extra R40 billion we planned to raise? The answer is in three parts:

- We will begin the new year with a net debt position equivalent to 30,8% of GDP, down from 33,2% at the end of 2004-05. Lower debt means lower debt service costs in years to come, and lower interest rates across the entire economy.
- We are able to table an MTEF that provides for greater expenditure growth over the period ahead than we otherwise would have.
- We again have room for moderate tax relief, while taking into account that the revenue outcomes this year are in part a consequence of both cyclical and temporary features.

For the MTEF period ahead, budget plans are set out in considerable detail in the *Budget Review*, and I propose to highlight just a few key features. In recognition of the social and development challenges ahead, we propose to raise about 26% of GDP in revenue, after providing for payments to our Southern African Customs Union partners, which will amount to R19,7 billion next year —a considerable contribution to promoting development and trade with our neighbouring economies.

State debt costs will decline from 3,3% of GDP in 2005-06 to 2,7% in the fiscal year that ends on 31 March 2009. The budget framework again contains an unallocated contingency reserve, rising to R8 billion in the third year. After taking into account these amounts, R418,2 billion is allocated for national, provincial and local government expenditure in 2006-07, rising to R507,6 billion in the third year.

The national budget deficit is expected to be 1,5% of GDP next year, falling to 1,2% in the third year. Taking into account social security funds for provinces, public entities, local government and public enterprises, the public sector borrowing requirement is expected to average 2,4% of GDP over the period ahead.

These projections allow for a marked increase in infrastructure and capital spending by the public sector over the next three years. Infrastructure spending has lagged somewhat behind budget allocations in recent years, and so concerted efforts are now in progress to strengthen the capacity to plan, implement and monitor these projects more effectively.

Within the Treasury, efforts are concentrated on support for provincial and municipal planning and construction contract management. The Development Bank of Southern Africa is currently assembling a task force of engineers, project managers and some accountants, to be named Siyenza Manje, to contribute to operational and strategic capacity in distressed municipalities and to

accelerate the roll-out of basic services. [Applause.] Mr President, the Minister for Provincial and Local Government is not applauding here. [Applause.] Thank you.

Under the Department of Public Works and the Construction Industry Development Board, an assessment of the state of public infrastructure maintenance is under way and improved maintenance standards and management systems will be implemented.

Under the umbrella of Project Consolidate, we will give focused attention to municipal financial management and procurement administration.

Alongside enhanced planning and project management capacity, we are also reinforcing our tools and procedures for fighting corruption and waste. Supply chain management reforms include rules to prohibit illegitimate business activity of public employees and elected office bearers, and improved guidelines for tender practice, transparency, prompt payment and performance management. [Applause.] Where necessary, investigative powers and early intervention capacity over all three spheres of government will be developed to complement resources of prosecuting authorities.

The scale of this programme, stepping up public sector project management capacity, is considerable. The Treasury infrastructure database currently has some 15 000 entries, and our provincial files a further 10 000 projects. Many of these are comparatively small Public Works projects that require straightforward tendering and contract management procedures. This provides growing opportunities for small business development and empowerment.

There are also several major projects, which in turn generate more complex business development programmes, often associated with deliberate skills development and mentorship. I am pleased to note that joint initiatives involving public and private sector stakeholders are in progress to contribute to the institutional capacity needed for success in this broad-based development and empowerment journey.

The investment programme is well under way, and we will continue to see steady growth in infrastructure spending in the government accounts, in company reports and project announcements, and in the dust and noise of incredibly busy construction sites.

The 2006 Budget includes a contribution to our investment commitments for the 2010 Soccer World Cup. Details of project allocations have not yet been finalised, but we will spend up to R5 billion in dedicated infrastructure for the World Cup, of which R3 billion is being set aside over the next three fiscal years.

Mr President, I believe that both the national football side and the cricket team have volunteered to do unpaid clearing of building rubble as an act of collective contrition. [Applause.] "There are no joys without the nightmares that precede them . . ." [Laughter.]

Ekunyamezeleni kukho umvuzo. [Good things come to those who wait.]

Let me turn to the tax proposals for the 2006-07 year. Government's approach to meeting the state revenue requirements has several components: broadening the tax base, improving tax administration and building a culture of tax compliance, and lowering the tax burden associated with unduly high rates of tax. These are general goals of sound tax design, and contribute to economic growth and tax fairness and, in addition, we seek to contribute to government's economic and social objectives where this can efficiently be done through the tax structure.

A measure of success is that revenue collections have remained robust, relative to national income and output, while at the same time rates of income tax on businesses and

individuals and on international trade have been lowered in line with international trends.

Several specific concerns are addressed in this year's tax proposals: long-term retirement savings; small business development; investment in research and technology; skills development; and homeownership.

The SA Revenue Service is also implementing several reforms aimed at reducing compliance costs, enhancing service to taxpayers and improving tax and customs administration over the period ahead.

As announced last year, the regional service and joint service council levies will fall away in July this year. This amounts to effective tax relief for the business sector and other employers of about R7 billion a year, and lowers the costs of job creation. It also reduces the monthly administrative burden on companies.

Municipalities will receive compensating income through an increase in the equitable share grants from nationally collected revenue. What we now have to do is to ensure that that R7 billion in the hands of the employers is actually utilised to best effect to ensure the growth of decent work for more people. [Applause.]

It has also been agreed that municipal property rates revenue will be zero-rated for VAT purposes with effect from July this year. This will result in a benefit of about R1 billion for municipalities, and will also contribute to simplifying their accounting and tax records.

Personal income tax relief this year will amount to a total of R13,5 billion, partially offset by an increase in the withholding rate on motor car allowances and amended treatment of company car benefits. The net benefit in personal income tax returned to taxpayers is R12,1 billion.

The income threshold below which no tax is payable by individuals is raised from R35 000 to R40 000 for the tax year beginning next month, and for taxpayers over the age of 65 to R65 000 a year. [Applause.] Changes to the tax brackets result in significant relief for all taxpayers, with an estimated 49% of the benefit going to those who earn less than R150 000 a year, and a further 24% going to the income bracket of R150 000 to R250 000 a year. The maximum marginal rate of tax remains 40%, while the threshold where this rate becomes operable is raised from R300 000 to R400 000. [Applause.]

The domestic interest and dividend exemption for taxpayers under the age of 65 is raised from R15 000 to R16 500, and for senior citizens the threshold increases from R22 000 to R24 500. The proportion of the exemption applicable to foreign interest income and dividends is raised from R2 000 to R2 500.

As announced last year, the deemed private usage applied in calculating tax on motor vehicle allowances increases to 18 000 kilometres per year. The monthly tax benefit of a company car increases to 2,5% of its value with effect from next month. In keeping with these changes, the proportion of the motor vehicle allowance subject to Pay As You Earn tax will be increased from 50% to 60%, and the new cost tables will be published today. The anticipated gain to the fiscus of this measure is R1,4 billion in the first fiscal year.

Members of the House will recall that a revised tax regime for medical scheme contributions and medical expenses was announced in the 2005 Budget. It has the effect of raising the tax benefit for middle and lower income earners, while restricting the tax allowance in respect of more expensive medical schemes. Monthly monetary caps for medical scheme contributions have been introduced, and the threshold for individual tax-deductible medical expenses is raised from 5% to 7,5% of income. Taxpayers 65 years and older will continue to enjoy

a full deduction of all medical expenses. These changes take effect on 1 March 2006.

Tips for Trevor this year included an interesting perspective from a Mr Norman Greenfield, who suggested that:

> The high costs of transfer are deterring retirees from downsizing, depriving younger people of the housing stock. Could transfer duty be waived after age 60 or 65? There is only a limited time left for amortising the rights.

[Laughter.]

There are ages to take into account on both sides of a property transaction, so this is probably not the right way to proceed. But I agree that the decrease in transfer duties will encourage the secondary housing market and contribute to promoting home-ownership. So, with effect from 1 March 2006, houses costing less than R500 000 will attract no duty. [Applause.] I see a very famous estate agent in the gallery. Please don't raise the prices to make this less affordable. [Laughter.]

The 5% rate will apply to all houses between R500 000 and R1 million, and 8% thereafter. The flat 10% rate for companies and trusts will hereafter be reduced to 8%. Taking into account the substantial increase in property prices in recent years, I know that this will be a welcome relief to all home buyers, and especially first-time entrants to the property market. The cost to the fiscus of this measure is R4,5 billion.

The threshold exemption for stamp duties on leases is raised from R200 to R500 per agreement, reducing the compliance burden for taxpayers and the administrative load on the Revenue Service.

The tax system contains various monetary thresholds relating to rates that have not been adjusted for inflation for several years. Changes proposed for 1 March 2006 include the following: firstly, the annual donations tax exemption is increased from R30 000 to R50 000; the exemption from estate duty is raised from R1,5 million to R2,5 million; the annual capital gains exclusion will increase from R10 000 to R12 500; the primary residence exclusion from capital gains tax will increase from R1 million to R1,5 million; and the capital gains exclusion on death will increase from R50 000 to R60 000.

As part of a broader review of public policy relating to social security and retirement savings, the tax treatment of retirement funds and aspects of industry practice have come under scrutiny over the past year. The tax regime aims to encourage South Africans to make provision for their retirement, and options for achieving this more effectively have been intensively assessed. In order to contribute to the build-up of retirement savings and taking into account interest rates that have stabilised at lower levels, the present tax on retirement funds will be reduced from 18% to 9% with effect from 1 March 2006, at a cost of R2,4 billion. [Applause.]

Regulatory reforms relating to cost disclosure, the structure of commissions and governance of funds will be proposed in a policy paper to be released very soon. Our pension reforms aim to ensure that the benefits of the favourable tax regime are passed on to retirement fund members in the form of improved returns and that retirement savings are not depleted by excessive charges and penalties. [Applause.]

We reached a very important milestone agreement in December last year as a result of a number of findings by the Pension Funds Adjudicator, Mr Ngalwana. And as a consequence of that we have now placed retirement annuities on a solid footing. Now, we have to ensure that the benefits of a lower tax in retirement funds are transferred to the contributing members to ensure that their retirement benefits improve. [Applause.] That's the responsibility that we have.

Although not a question of tax policy, I have been reminded by many retired correspondents this year that civil pensions and many private pension arrangements have in the past not adequately kept pace with inflation. People use all kinds of methods to remind one of this. There is a certain Mr Rademeyer who wrote that I must consider this because I too will grow old. [Laughter.] I have taken note, and would welcome appropriate remedies to prevent it. I do agree that preservation of the real value of pensions should be a central principle of our retirement industry reform programme.

Following various stimulus measures aimed at small business development in the 2005 Budget, a number of monetary threshold adjustments will take effect in the year ahead: With effect from the tax year starting on 1 April 2006 or thereafter, the annual turnover threshold to qualify as a small business corporation will be raised from R6 million to R14 million, the taxable income threshold for the lower 10% rate will be increased from R250 000 to R300 000 and the small business income tax exemption threshold will be increased from R35 000 to R40 000; one-time capital gains tax relief will increase from R500 000 to R750 000 after 1 March 2006, and the asset value threshold for immediate depreciation will increase from R2 000 to R5 000. These measures will cost an estimated R400 million.

The SA Revenue Service will also offer tax amnesty to small businesses with a turnover not exceeding R5 million, and who have not been compliant with the tax system. One of the aims of the amnesty is to afford those who have been historically marginalised an opportunity to regularise their tax status. Taxes and penalties will be waived for years of assessment ending on or before 31 March 2004, subject to a nondisclosure penalty of 10% based on taxable income for 2005.

The first phase of the amnesty will take effect between August 2006 and May 2007, and the focus will be on the taxi industry. If we can bring taxi owners into compliance with laws more generally, it will clearly facilitate the Taxi Recapitalisation Programme. A second phase will extend the amnesty to other small businesses later in next year.

I am pleased to confirm that the learnership allowance introduced in 2002 will be extended for a further five years in view of its contribution to encouraging on-the-job-training and skills development. The allowances will also be increased in value, at an estimated cost of some R80 million. A more favourable allowance will be introduced with effect from July 2006 for the additional expenses associated with employing disabled persons as learners. [Applause.] An enhanced learnership allowance for the business process-outsourcing sector is under consideration.

With effect from 1 March 2007, a simplified set of rules for the tax treatment of bursaries and scholarships provided by employers will be introduced.

To encourage businesses to increase investment in technology and innovation, the deduction for the current research and development expenditure will be increased from 100% to 150%, and a more favourable regime for depreciation of R&D capital expenditure is proposed. That should please you, Minister Mangena. [Applause.]

Members of the House will be aware that the Minister of Health has not relaxed her vigilance regarding tobacco products and alcoholic beverages. [Laughter.] She is a militant campaigner. I think she wears a blue ribbon. [Laughter.] To the extent that this commitment contributes to reduced consumption, the fiscus is of course disadvantaged. Happily, we can more than compensate through the raising rates of duty, and I trust that the House will welcome the following measures as enthusiastically as in the past. [Laughter.]

Excise duties on sparkling wines rise by 20% . . . [Interjections.] I have to toast with water. [Applause.] Unfortified wine rises by 12,5% and other alcohol products rise by between 9% and 10% this year. [Applause.] Tax on cigarettes, cigarette tobacco, pipe tobacco and cigars will increase by 10%, 5% and 8% respectively. [Applause.] The tax on cigars should have been higher, but I was set upon by a certain Governor, who shall remain nameless. [Laughter.] These changes take immediate effect, and will raise R1,4 billion in revenue.

Hon Buthelezi, I don't know why, but my officials have again neglected to recommend changes to tax on traditional beer and beer powder. [Laughter.]

No increase in the general fuel levy is proposed this year. However, an additional five cents a litre on petrol and diesel will go to the Road Accident Fund, with effect from 5 April 2006. But, very importantly, this will bring the tax share of the pump price of petrol to between 28% and 29%, which is down from 36% a year ago.

Following a review of international practice, it is proposed that the fuel levy rebate to encourage a domestic bio-diesel industry should be raised from 30% to 40%. It has been agreed that the new diesel-powered electricity generation plants planned for the national electricity network should be fully exempted from fuel levies.

These and other tax measures, together with an ongoing programme of improvements in tax administration, are discussed in more detail in the *Budget Review* and will be elaborated on in further communication from the SA Revenue Service.

A list of tax-exempt public benefit activities has again been refined, and deductible donation status will be extended this year to organisations undertaking conservation, environmental and animal welfare activities. No, that does not include agriculture; that is not animal welfare, Minister Didiza. [Laughter.]

Work is still in progress on some reforms, such as the proposed diamond export levy, the tax treatment of synthetic fuels industry, mining royalties and tax incentives for environmental rehabilitation funds.

Corporate taxpayers will welcome moves towards a self-assessment system, and the introduction this year of an advance tax ruling procedure. The record of 3,7 million individual income tax returns filed in 2005 is evidence of a growing culture of tax compliance, and plans for the phasing in of electronic filing by individuals are now well advanced.

On the subject of tax compliance, there was this tip in my mail, from a taxpayer whose name I had best withhold. He writes:

> Eienaars wat strandhuise besit en oral in Suid-Afrika woon, verhuur hul tweede huise aan vakansiegangers. Ontduiking van betaling kan plaasvind . . . ek stel voor dat huisverhuringfirmas by u geregistreer word en verplig word om sekere bedrae terug te hou om oorbetaal te word as belasting . . .

(Translation of Afrikaans paragraph follows.)

> [People who own beach houses, and who are living all over South Africa, are renting their second houses to holiday-makers. Evasion of payment might be taking place . . . I suggest that letting firms should be registered with you and should be compelled to withhold certain amounts, which should be paid over by way of tax . . .]

For those who have difficulty with all of our languages, people who own second beach houses, who rent them out, pocket the money without paying any tax on them. The suggestion then from an individual, who lives in a coastal town, actually, is that we

should establish a register of those who do the leasing and ensure that a sum is withheld and paid over by way of tax. It's just a tip; I'll pass it on to the Commissioner. [Laughter.]

The overall impact of the tax proposals is to reduce the tax burden by R19,1 billion, bringing the total Main Budget revenue to an estimated R446,4 billion for the 2006-07 year.

Hard work by dedicated officials of the SA Revenue Service and the honesty and good judgment of those who pay their taxes on time, are features of the mountain to be climbed, towards our season of joy.

The Constitution requires that nationally raised revenue should be equitably shared between national, provincial and local government, in line with their respective functions and fiscal capacity. The Division of Revenue Bill sets out these allocations and details of the various conditional grants to provinces and municipalities, which include funding flows for several key development programmes.

Two significant changes in the division of revenue take effect this year. The national Department of Social Development takes full responsibility in April 2006 for social assistance grant programmes, administered through the newly established SA Social Security Agency. This means that R61 billion shifts from the provincial share to the national share.

The second change is that R7 billion is added to the local government equitable share in 2006-07, and R24 billion over the Medium-Term Expenditure Framework period, to compensate for the removal of RSC levies as a municipal revenue source.

Allocations for national department functions amount to R215 billion next year. Provinces receive R176,7 billion, and R26,5 billion goes to local government. All three shares grow strongly over the MTEF period, providing for balanced and progressive support for the objectives of economic growth, broad-based empowerment and social development.

In 2006-07, R150,8 billion will be distributed between provinces in terms of the equitable share formula, which takes into account population size, education and health needs, amongst other factors; R18,1 billion will be distributed through the municipal equitable share formula. The Financial and Fiscal Commission has again provided valued advice on the structure of the distribution formula, the design of several conditional grant programmes and the design of the local government equitable share formula.

After the transfer of responsibility for social assistance grants to national government, and several other adjustments, conditional grants to provinces are budgeted to grow from R19,2 billion in the current fiscal year, the one that ends on 31 March, to R30,4 billion in the year that ends 31 March 2009.

Growth is mainly due to increased allocations for the housing and human settlement grant, hospital revitalisation programme, forensic pathology services and a new grant for the recapitalisation of further education and training colleges. The success of these programmes, as in so many areas of social development, relies on both competent planning and administration, and the dedication and commitment of community partners.

Four recently upgraded hospitals in Piet Retief, Colesberg, Calvinia and Swartruggens bring to these communities the benefit of new buildings, fully equipped wards and newly trained management teams and clinical personnel. In the coming year, new or upgraded hospitals will be completed in another four communities in the Western Cape, Limpopo and Eastern Cape. Our revitalised hospitals are truly a new joy sprung from the nightmares of the past. People now have access to safe, clean, modern and properly administered health facilities. [Applause.]

Effective housing and community development initiatives, similarly, rest on dynamic local joint initiatives, state and citizens in partnership. In Newtown, at the heart of Johannesburg's regeneration zone, in view of the Nelson Mandela Bridge, for example, the Brickfields and Legae housing projects, undertaken in partnership with the Johannesburg Housing Company, have seen 537 families recently moved into new affordable apartments designed around safe play areas and community facilities. [Applause.]

The revitalisation of education institutions brings light and joy that is equally profound. In 1994, the Tsolo Special School in the Mhlontlo Municipality north of Mthatha, housed 72 mentally disabled learners in two dilapidated prefabricated classrooms, which also served as hostels. Today there are 240 learners in three new hostels, with a fourth under construction, 10 new classrooms and facilities for practical and occupational learning in leatherwork, hairdressing and switchboard operation. [Applause.]

Shared and accelerated growth is partly about how we mobilise joint resources and the initiative of public and private sectors in pursuit of the development goals for which our main provincial and local government grants have been established. We have a new funding programme for our further education colleges. Their contribution to meeting the skills of the economy depends on stronger linkages with employers and enterprises.

We will introduce, this year, a new grant programme for local development projects. This will specifically target public-private partnerships to invest in infrastructure and community services in low-income residential neighbourhoods.

Let me turn to the main expenditure proposals for the Medium-Term Expenditure Framework period ahead. Details, again, are set out in both the Budget Review, that's the lunchtime reading, and the Estimates of National Expenditure, which is the evening reading. [Laughter.]

Members of the House will find a wealth of information on the links between spending plans, and the service delivery objectives and targets set out for each Vote and departmental programme — information intended to support the work of parliamentary committees, the media, civic organisations and anyone with an interest in public affairs.

I am going to make this appeal again to portfolio committees and select committees: There's no shortage of information. We've yet to design how to use the information effectively for the oversight of government by Parliament.

A core priority is to strengthen education, public health services and social welfare services. These are largely provincial responsibilities, and so the largest adjustment in the 2006 Budget is to the provincial equitable share, which receives an additional R30,9 billion over the next three years. Increased resources for schools, an expansion of preschool learning opportunities, implementation of the new curriculum for grades 10 to 12, and stepped-up school building and equipment programmes will be prioritised.

Approximately R4 billion will be spent over the MTEF period on social sector employment programmes, including home-based community care and early childhood development, community health workers and social development partnerships with non-governmental organisations. Care of child-headed households, strengthening of HIV/Aids programmes and appropriate management of children in conflict with the law are amongst the social service priorities.

Education, health and welfare services also feature strongly in adjustments on the national Budget. Higher education and recapitalisation of further education institutions receives R2,4 billion more, revitalisation of hospitals and forensic pathology services a further R1,6 billion, and social assistance grant programmes an additional R2,7 billion.

Income transfers to households, mainly through our social assistance grant programmes, have increased from R42,9 billion in 2002-03 to R74,2 billion last year, an increase of 20% a year. The 2006 Budget provides for continuing growth in eligible beneficiary numbers, and social grants will increase in real terms on 1 April. The maximum old age and disability grant, and the care dependency grant will increase by R40 to R820 a month. [Applause.] The foster care grant increases by R30 to R590 and the child support grant by R10 to R190 a month.

We are exceedingly mindful that these amounts are modest in relation to household needs, although alongside education, this is the largest programme of expenditure on the Budget. The challenge remains to balance these income support commitments with continued strengthening of expenditure on infrastructure and service delivery.

Also, I think all of us as South Africans need to be mindful that if we have a situation where the grants programme is higher than the minimum wage set in a number of sectors, there will be a disincentive for many people to work. So, striking these balances presents us with a set of hard choices. We've got to understand the balances that we try and strike in this regard.

Housing and municipal infrastructure, local transport and water schemes are allocated an additional R9,3 billion in this Budget. A new subsidy programme for community libraries will be introduced, and cultural institutions and sports promotion receive supplementary funding.

R3,5 billion is added to our national roads and rail infrastructure spending plans, and R7,1 billion is set aside as a national contribution to the Gautrain rapid rail project. Industrial development zones, the pebble bed modular reactor project, various research and technology initiatives, tourism promotion and support for the business process outsourcing industry receive additional funding allocations.

Also, R5,4 billion will go to expanding and equipping the SA Police Service, and improvements in court administration and capacity of the Justice department. R3,1 billion is added to defence modernisation and infrastructure, and R900 million to foreign affairs capacity and the African Renaissance Fund. R3,3 billion is proposed for improved maintenance of government buildings, including that lift, and R2 billion will supplement the capacity of the SA Revenue Service and the investment in government financial management systems.

The 2006 Budget Review provides a new and more complete classification of government expenditure, which extends our data to include a further 66 public entities and government business enterprises, many of which have substantial economic infrastructure and development responsibilities.

The main research organisations are now included, 22 sector education and training authorities, 15 water boards, the Marine Living Resources Fund, the National Roads Agency, the SA Post Office, and the SA Bureau of Standards. The resulting consolidated statistics provide a compelling picture of government at work, of decisive reprioritisation in favour of social and household services and of robust growth in spending on economic infrastructure.

Spending on community development will increase by 29% a year over the next three years. Support for housing, agriculture and land affairs increases by nearly 16% a year, and investment in transport and communications by 18%. Non-interest government expenditure will grow by an average of 11,6% a year over the MTEF period ahead, or 6,7% in real terms.

The 2006 Appropriation Bill provides for expenditure of R260 billion in the financial year ending 31 March 2007. Direct charges against the National Revenue Fund will

amount to R52 billion in state debt costs, R150,8 billion in provincial equitable share allocations, R5,5 billion in skills development funds and R1,3 billion in other statutory amounts and standing appropriations.

I need to advise that an amount of R600 million remains unallocated at this stage to provide for possible cost implications for national departments of the new Government Employees Medical Scheme, and to contribute to the planned new and refurbished stadiums for the 2010 World Cup. A contingency reserve of R2,5 billion is set aside, subject to the finalisation of business plans. Allocations may be made from these funds in the Adjustments Budget for the capital requirements of state-owned enterprises, and we anticipate that the recent flooding in some parts of the country and fire in others may require emergency relief allocations. Again, hon members, there is that reminder . . .

Isisu sibekelwa ngaphandle. [While you eat some of the food, you have to reserve some for the future.]

Having reached this place in our mountain journey, let no one speak of frontiers exhausted. We have ahead of us the joy of discovering, uncovering, and forging new forms, new ways within an expenditure framework designed to accelerate growth, broaden reconstruction and development, and reinforce the partnerships between state and citizen on which our progressive responsibility rests.

Injobo enhle inthungelwa ebandla. [If you have an idea, then share it with others.]

I need to table before this House all these documents. The speech I have delivered now, the estimates of national revenue, the taxation proposals in respect of income tax, the Division of Revenue Bill, the Budget Review, the Appropriation Bill, the estimates of national expenditure, and the Additional Adjustments Appropriation Bill. The mass of the documents is 4,138kg. [Laughter.]

The preparation of a Budget relies on the hard work of many people, both in the Treasury and other national and provincial departments. It also depends on the understanding and the goodwill of Cabinet colleagues, and we need a lot of goodwill, and most especially on President Mbeki's wise leadership. [Applause.]

Our task has been aided this year by the energetic guidance given by Deputy President Mlambo-Ngcuka to our growth initiative. [Applause.] If Mr Rademeyer notices how old I am growing, it is because of the hard work that the Deputy President assigns to us.

Members of the Minister's Committee on the Budget, and especially Deputy Minister Jabu Moleketi, have shared in the difficult task of assessing spending proposals and reviewing policy options. [Applause.]

We have had another fruitful year of engagement with the provincial executive council members responsible for finance. They are all sitting over there, Team Finance. They have brought both energy and good judgment to the enormously important challenge of deepening the quality of provincial budgeting and service delivery. [Applause.]

Governor Tito Mboweni and the deputy governors and the staff of the Reserve Bank have steered an excellent course at the helm of our monetary ship. [Applause.]

The Financial and Fiscal Commission was ably led by Dr Renosi Mokate until her move to the Reserve Bank, and we welcome Dr Bethuel Setai as the new chairperson of this very important advisory team. [Applause.]

We have also benefited from the advice of business, labour and community representatives in the public finance chamber of Nedlac and the support of its head, Mr Herbert Mkhize. [Applause.]

One of the features of the discourse on financial management, issues of savings in the past year, has been the role of the FSB and the adjudicators. To both the Pension Funds Adjudicator, Mr Vuyani Ngalwana, and the Fais Adjudicator, Mr Charles Pillay, thank you for your role in raising the profile of what you do. [Applause.]

Pali Lehohla continues to drive ongoing improvements in the extent and quality of government statistics. Perhaps he'll look up now and be a bit more optimistic, but he is also supported by a new Statistics Council, chaired by Mr Howard Gabriels.

I would like to express special appreciation to Nhlanhla Nene, chair of the Portfolio Committee on Finance, Mr Tutu Ralane, who chairs the select committee, and the joint chairs of the budget committee, Buti Mkhalipi and Louisa Mabe, who will now take on the responsibility for the next phase of the 2006 Budget process.

Thanks finally to Pravin Gordhan and the staff of the Revenue Service, who will have surpassed all expectations. [Applause.] Thanks also to Lesetja Kganyago who leads the National Treasury with inimitable flair and conviction. [Applause.]

I want to say a very special thank you to the Ministry staff. We have a single Ministry, not a Minister's office and a Deputy Minister's office. They put up with a lot from us, and so, thank you to them.

To my family and Maria, thank you very, very much for your support. But most importantly, to all of you in the House, and outside of the House, for your patience this afternoon. [Applause.]

Having reached this place, let no one speak of frontiers exhausted. We have ahead of us the joy of discovering—including your Sudoku there—new forms, new ways to accelerate growth, broaden reconstruction and development, and give light to the shared nationhood on which our progressive democracy rests. Thank you very much. [Applause.]

The SPEAKER: Order! The Appropriation Bill, together with the introductory speech and papers tabled, will be referred to the Portfolio Committee on Finance for consideration and report, and to the Joint Budget Committee to consider in terms of its mandate.

The Additional Adjustments Appropriation Bill will be referred to the Portfolio Committee on Finance for consideration and report.

The House adjourned at 15:38.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

ANNOUNCEMENTS:

National Assembly and National Council of Provinces

1. **Introduction of Bills**

   (1) **The Minister of Finance**

   (i) ***Appropriation Bill*** [B 2—2006] (National Assembly—sec 77)

   (ii) ***Division of Revenue Bill*** [B 3—2006] (National Assembly—sec 76)

Introduction and referral to the **Portfolio Committee on Finance** of the National Assembly for consideration and report and to the Joint Budget Committee to consider in terms of its mandate, as well as referral to the Joint Tagging Mechanism (JTM) for classification in terms of Joint Rule 160, on 15 February 2006.

(iii) ***Additional Adjustments Appropriation Bill (2005/06 Financial Year)*** [B 4—2006] (National Assembly—sec 77)

Introduction and referral to the **Portfolio Committee on Finance** of the National Assembly for consideration and report, as well as referral to the Joint Tagging Mechanism (JTM) for classification in terms of Joint Rule 160, on 15 February 2006.

In terms of Joint Rule 154 written views on the classification of the Bills may be submitted to the JTM within three parliamentary working days.

2. **Fast-tracking of Bills**

RESOLUTION OF THE JOINT PROGRAMME SUBCOMMITTEE

The Subcommittee convened on 15 February 2006, at 15:30, and adopted the following decision:

That, in accordance with Joint Rule 216(2), the ***Division of Revenue Bill*** be fast-tracked, where necessary dispensing with any relevant House Rule or Joint Rule and shortening any period within which any step in the legislative process relating to the Bill has to be completed, including the submission of the translated version of the Bill as introduced before the debate in the National Assembly takes place. This process must be completed in order for the Bill to be enacted by 31 March 2006.

In terms of Joint Rule 216(4) this decision must be tabled in both Houses for ratification.

TABLINGS:

National Assembly and National Council of Provinces

1. **The Minister of Finance**

(1) The Budget Speech of the Minister of Finance—15 February 2006 [RP 10-2006].

(2) Estimate of National Revenue for 2006 [RP 11-2006].

(3) Taxation Proposals in respect of Income Tax.

(4) Budget Review 2006 [RP 9-2006], including:

(a) Taxation proposals in respect of customs and excise duties [tabled at 15:12]; and

(b) "Annexure E: Memorandum to accompany the ***Division of Revenue Bill***", tabled in terms of section 10(5) of the Intergovernmental Fiscal Relations Act, 1997 (Act No 97 of 1997).

(5) ***Appropriation Bill*** [B 2—2006].

(6) ***Division of Revenue Bill*** [B 3—2006], tabled in terms of section 10(1) of the Intergovernmental Fiscal Relations Act, 1997 (Act No 97 of 1997).

(7) ***Additional Adjustments Appropriation Bill (2005/06 Financial Year)*** [B 4—2006].

(8) Estimates of National Expenditure 2006 [RP 8—2006], which includes:

1. Memorandum on Vote No 1—"The Presidency", Main Estimates, 2006-2007;

2. Memorandum on Vote No 2—"Parliament", Main Estimates, 2006-2007;

3. Memorandum on Vote No 3—"Foreign Affairs", Main Estimates, 2006-2007;

4. Memorandum on Vote No 4—"Home Affairs", Main Estimates, 2006-2007;

5. Memorandum on Vote No 5—"Provincial and Local Government", Main Estimates, 2006-2007;

6. Memorandum on Vote No 6—"Public Works", Main Estimates, 2006-2007;

7. Memorandum on Vote No 7—"Government Communications and Information System", Main Estimates, 2006-2007;

8. Memorandum on Vote No 8—"National Treasury", Main Estimates, 2006-2007;

9. Memorandum on Vote No 9—"Public Enterprises", Main Estimates, 2006-2007;

10. Memorandum on Vote No 10—"Public Service and Administration", Main Estimates, 2006-2007;

11. Memorandum on Vote No 11—"Public Service Commission", Main Estimates, 2006-2007;

12. Memorandum on Vote No 12—"South African Management Development Institute", Main Estimates, 2006-2007;

13. Memorandum on Vote No 13—"Statistics South Africa", Main Estimates, 2006-2007;

14. Memorandum on Vote No 14—"Arts and Culture", Main Estimates, 2006-2007;

15. Memorandum on Vote No 15—"Education", Main Estimates, 2006-2007;

16. Memorandum on Vote No 16—"Health", Main Estimates, 2006-2007;

17. Memorandum on Vote No 17—"Labour", Main Estimates, 2006-2007;

18. Memorandum on Vote No 18—"Social Development", Main Estimates, 2006-2007;

19. Memorandum on Vote No 19—"Sport and Recreation South Africa", Main Estimates, 2006-2007;

20. Memorandum on Vote No 20—"Correctional Services", Main Estimates, 2006-2007;

21. Memorandum on Vote No 21—"Defence", Main Estimates, 2006-2007;

22. Memorandum on Vote No 22—"Independent Complaints Directorate", Main Estimates, 2006-2007;

23. Memorandum on Vote No 23—"Justice and Constitutional Development", Main Estimates, 2006-2007;

24. Memorandum on Vote No 24—"Safety and Security", Main Estimates, 2006-2007;

25. Memorandum on Vote No 25—"Agriculture", Main Estimates, 2006-2007;

26. Memorandum on Vote No 26—"Communications", Main Estimates, 2006-2007;

27. Memorandum on Vote No 27—"Environmental Affairs and Tourism", Main Estimates, 2006-2007;

28. Memorandum on Vote No 28—"Housing", Main Estimates, 2006-2007;

29. Memorandum on Vote No 29—"Land Affairs", Main Estimates, 2006-2007;

30. Memorandum on Vote No 30—"Minerals and Energy", Main Estimates, 2006-2007;

31. Memorandum on Vote No 31—"Science and Technology", Main Estimates, 2006-2007;

32. Memorandum on Vote No 32—"Trade and Industry", Main Estimates, 2006-2007;

33. Memorandum on Vote No 33—"Transport", Main Estimates, 2006-2007;

34. Memorandum on Vote No 34—"Water Affairs and Forestry", Main Estimates, 2006-2007.

Referred to the **Portfolio Committee on Finance** for consideration and report.

2. **The Minister of Transport**

(a) The Convention for the Unification of Certain Rules for International Carriage by Air, tabled in terms of section 231(2) of the Constitution, 1996.

(b) Explanatory Memorandum on the ratification and/or accession to the Convention for the Unification of Certain Rules for International Carriage by Air.

PROCEEDINGS OF THE NATIONAL ASSEMBLY

The House met at 10:01.

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

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS—see col 560.

MOTION OF CONDOLENCE

(The late Mr K M Moeketsi)

The DEPUTY CHIEF WHIP OF THE MAJORITY PARTY: Madam Speaker, I move without notice:

That the House—

(1) notes with profound sadness the untimely death of Mr Khahliso Meshack Moeketsi on 7 February 2006;

(2) recalls that—

(a) Mr Moeketsi was a Member of Parliament from 1999-2004 and that he served in the Portfolio Committees on Housing and on Correctional Services; and

(b) at the time of his passing on he was a member of the Mayoral Committee of the Fezile Dabi District Municipality in the Free State;

(3) further recalls that Mr Khahliso Moeketsi was a prominent member of the African National Congress Youth League and the ANC and that he had served as Deputy Chairperson of the Regional Executive of the ANC Youth League and that at the time of his death he was an African National Congress Regional Executive Committee Member; and

(4) conveys its condolences to the Moeketsi family and friends and the African National Congress.

Agreed to.

ADOPTION OF REPORT OF AD HOC COMMITTEE ON NOMINATION OF PERSONS TO FILL VACANCIES ON COMMISSION ON GENDER EQUALITY

(Draft Resolution)

The DEPUTY CHIEF WHIP OF THE MAJORITY PARTY: Madam Speaker, I move without notice:

That the House, with reference to the Report of the Ad Hoc Committee on Filling of Vacancies on the Commission on Gender Equality, published on the Announcements, Tablings and Committee Reports of Thursday, 16 February 2006, adopts the report, thereby extending the deadline by which the Committee must report to the House to 22 March 2006.

Agreed to.

RATIFICATION OF DECISION OF JOINT SUBCOMMITTEE OF JOINT PROGRAMME COMMITTEE TO FAST-TRACK DIVISION OF REVENUE BILL

(Draft Resolution)

There was no debate.

Decision of the Joint Subcommittee of the Joint Programme Committee to fast-track the Division of Revenue Bill ratified.

The SPEAKER: Order! As the fast-tracking has now been ratified, the Rule that at least three working days must elapse from the time the committee reports to the time the debate takes place in the House is waived. The requirement that a translated version of the Bill be available before the Second Reading debate takes place is also waived.

DIVISION OF REVENUE BILL

(Second Reading debate)

The MINISTER OF FINANCE: Madam Speaker, hon members, I'd like to express my sincere appreciation for the decision just taken to waive the requirements normally associated with the passage of the Bill. I think it is in our collective interests.

We all need to get out into the field and persuade voters that there is only one way to vote—and that is for the party that we represent. [Interjections.] No, I'm not saying for the party I represent. We all will go out and persuade them. That's what I'm saying, hence the fast-tracking.

The Constitution requires of us to govern in a co-operative way, and right at the very heart of this co-operative governance, in respect of public finance management is, of course, the Division of Revenue Bill. The Bill that serves before this House in its second reading is the product of very extensive consultation—across government and between the spheres of government. Certainly, the Treasury has consulted quite extensively with provincial treasuries, with Salga, but also in line functions through Minmecs and so on. The inclusions in dealing with conditional grants and so on all come from line-function relationships, and so it is right at the very heart of intense consultation, which defines co-operative governance.

What we have built here in South Africa as the system of intergovernmental fiscal relations remains unparalleled in the world. Increasingly, our people from our intergovernmental fiscal relations branch—headed by Mr Fuzile, who has run away somewhere now—are called upon to explain the system elsewhere. We do so not just as government but also with the FFC.

The Bill before us gives effect to section 214 of the Constitution, and that requires that each year we present a piece of legislation before Parliament that divides nationally raised revenue. Over the past few years since we first introduced a Bill like this, it has gone through many changes. Now we believe that it is significantly user-friendlier.

What the 2006 Bill does is to provide details on every grant, including its purpose and the criteria for allocating that grant, and account for the performance of each grant. I believe that in tabling a piece of legislation like this we, in the executive, invite Parliament, through its committees, to increase its oversight role. There is transparency and certainty about the allocations. There is clarity also about the rationale behind each of the grants—the detail on conditional grants. And we can do so much and now we ask of Parliament not just to approve this legislation, but also to use it as an instrument of oversight.

A number of provinces are tabling their budgets today and municipalities will do so before the start of the new fiscal year. Through the budget processes provinces must explain in more detail how the resources that we are allocating here will be used for the furtherance of democracy in their particular instance of government.

Schedule 1 of the Bill provides a summary of the allocation of funds. Of the R418,2 billion, which we tabled in this House on Wednesday, national department functions will receive R215 billion. Now, we need to remind ourselves that there is a significant transfer this year with the social security transfers now a national competence.

The debt service costs amount to R52,1 billion. There is a contingency reserve of R2,5 billion. The provinces receive R176,7 billion; and R26,5 billion is allocated to local government, an amount that includes some R7 billion to make good that which has been lost as a result of the termination of the Regional Services Council levies.

The second schedule of the Bill deals with

the provincial equitable shares, and those are the amounts to which the provinces will now add provincial own revenue and appropriate in a process which started in some provinces yesterday, but I think the bulk of them are delivering their budgets today. The allocations in the Bill reflect those big changes, including, as I said earlier, the shift for social security funds.

Schedules 2 and 3 allocate the equitable shares of provinces and of municipalities, and so we can see in some detail how we arrive at the numbers for each of the provinces. Schedules 4, 5 and 6 allocate conditional and other grants, and schedule 7 provides for indirect or in-kind transfers to municipalities.

Because of the emphasis that we placed in the budget on pro-poor spending—and, I think, this takes forward the spirit of the time of hope that President Mbeki spoke of just a fortnight ago—a substantial share of the additional resources is expected to go to education to fund the phased implementation of no-fee schools and further expansion of early childhood development programmes in poor communities.

Of course, it is up to the provinces to allocate the resources. We've discussed this matter with them. The Minister of Education has discussed this intensely with them. We want to ensure that where there is a broad objective we have to improve on the quality of outcomes, and that we can work together, recognising that provinces must take the decision. But in the spirit of co-operative governance we must ensure that you don't have policy determined primarily at national level, which is not supported by the allocation of resources at provincial government level. That is heart and soul. That is what we have to work through, because it is really the acid test of whether co-operative governance works or not.

The further education and training grant allocation of R1,9 billion is included, as a conditional grant, and that is money that we can watch and monitor because that is a conditional grant.

The provincial budgets will also reinforce the strengthening of the health sector. Now, I'd just like to say something on health. A few years ago this Parliament approved a scarce skills strategy for health. Today I'm pleased to share with members of Parliament the fact that in the three years to December 2005, employment in the health sector increased by more than 12 000 new professionals. It's significant that a decision like that can have that impact. So, in this year there are additional resources allocated for emergency services. We call them ambulances; other people may call them other things. There will also be services for forensic pathology.

In respect of local government allocations, over the next three years municipalities will receive R97,3 billion, or an additional R32,7 billion over the baseline that we announced last year. As a result, the local government share increases from 4,6% in the current financial year to 6,3%.

One of the decisions we have also taken—announced perhaps too quietly last week—is that, having evaluated the remuneration of councillors, we've now been able to bring all councillors onto the same system so that off a single grid you can see what the President earns, what a Minister earns, what an MEC earns, and what a metro councillor earns, that is the interrelationship between remuneration scales in provincial legislatures and what is happening in councils. This follows the six-category grading system and it will cost us some R584 million. We will assist only the poorer municipalities to ensure that they can remunerate adequately.

The MTEF year also sets aside R31,3 billion for municipal infrastructure. There is a reduction in the restructuring and capacity-building fund here—we're doing capacity-building elsewhere.

Let me conclude by thanking this House for its forbearance in agreeing to fast-track the processing of the 2006 Division of Revenue Bill. Thank you very much. [Applause.]

Mnu N M NENE: Somlomo wePhalamende ohloniphekile namalungu ePhalamende, Ngqongqoshe ubuqinisile uma uthi wonke umuntu kufanele avotele leli qembu lethu ngoba elawo wonke umuntu.

Wathi uNgqongqoshe weziMali umfo ka-Manuel oqeda ukusuka lapha mhla ethula isabelo sezimali ezinsukwini ezimbili ezedlule, inala ifikile asivune. Impela siyavuma baba, idubukele. Okuhle kakhulu ukuthi lo hulumeni kaKhongolose uma eseyikhipha ngezithebe, uyaba ngononina ngokusobala futhi ngaphandle kokukhetha.

Lo Mthethosivivinywa esiwudingida namuhla ungolunye lwezinhlelo zokuqiniseka ukuthi lo mnotho waleli zwe udliwa yibo bonke abantu ngaphandle kokukhetha iphela emasini. *(Translation of isiZulu paragraphs follows.)*

[Mr N M NENE: Hon Speaker of Parliament and hon members, the Minister was quite correct when he said every person should vote for our party, because it is everybody's party.

Two days ago, during his Budget Speech, the Minister of Finance, Mr Manuel, who has just left the podium, said the time of plenty has come. We do indeed agree with you, Comrade Manuel, that everything is now in the open and every person should help themselves. What is even better is that the ANC-led government is very good at portioning the Budget, giving every department what is due to it.

The Bill that we are discussing today is one of the programmes to make sure that the wealth of this country is shared equally amongst all people.]

This Division of Revenue Bill is an important instrument put in place by the ANC democratic government with the objective of ensuring that revenue raised at national level is equitably divided between the three spheres of government. As the Minister has said, section 214(1) of the Constitution and the Intergovernmental Fiscal Relations Act of 1997 are the two pieces of legislation that are instructive on us as Parliament and the executive.

When the Minister of Finance tabled the Appropriation Bill two days ago, he also tabled this Division of Revenue Bill, which we consider here today as referred to our committee by this House. We therefore would like to report that the committee has considered the Bill and adopted it without amendments as reflected in today's Announcements, Tablings and Committee Reports.

The ANC is the only party that has a plan to make all spheres of government work better for the people of South Africa and that plan dates back to 1956 when we adopted the Freedom Charter as the ANC. The theme for this year's state of the nation address was "Equality for All" and indeed a clear plan was put before the nation as to how this ANC government is going to ensure that this equality is realised in our lifetime.

On tabling the Budget the Minister of Finance also reaffirmed this season of hope that the President spoke of by putting resources to the plan. This Division of Revenue Bill of 2006 has a number of features that reflect the changes that seek to put the plight of the poor at the centre of our agenda for a developmental state that continues to cater for the vulnerable.

Lo Mthethosivivinywa uqinisekisa ukuthi zonke izigaba zikahulumeni zithola izabelo ngokulingeneyo, hhayi ngokulinganayo, ukuze zikwazi ukufeza izidingo zabantu bakuleli njengoba sathembisa mhla kubhalwa loSomqulu weNkululeko eminyakeni engaphezulu kwama-50 eyedlule.

Uma sithi kubantu uwodwa umbutho onezinhlelo zokwenza izimpilo zibe ngcono

nazo zonke izinhlelo zikahulumeni zibasebenzele kangcono, bayazi ukuthi sikhuluma ngani ngoba kule minyaka lo Khongolose ebusa sebebheme bakholwa. Isithunzi sabo siya sibuya imihla namalanga. Sebenezwi ekuthathweni kwezinqumo zezinhlelo eziphathelene nezimpilo zabo. Siyazazi izinhlelo zo-IDP namakomidi ezigceme nazo zonke izinhlelo zentando yeningi ezisebenzela abantu bakithi. Sebenelungelo lokuzikhethela ohulumeni abazobabusa kusukela kokazwelonke kuya kowesifundazwe, ngisho nabasemakhaya imbala.

Leli zwe selinoMthethosisekelo ohlonipha isithunzi sawo wonke umuntu ngaphandle kokucwasa ngobuzwe, ngobulili nangebala. Umnotho waleli zwe udlondlobala ngesivinini esingakaze sibonwe nga-phambili. Amanani nawo akhula ngokusezingeni elamukelekile, lokhu esithi yi-inflation ngokuphakathi kwama-3% nama-6%, nokuningi-ke engingakubala kuze kushone ilanga, abantu bakithi bayakwazi.

Lo Mthethosivivinywa uyisisekelo sohlelo lokukhulisa umnotho okukhulunywa ngaso oluyisixaxambiji somfelandawonye woku-khulisa umnotho, esithi yi-Asgisa.

Uma kwehliselwa ukwabiwa kwemali esiya esigabeni sikahulumeni wesifundazwe nowaseskhaya kulapho phela izinselele eziningi ezikhungethe abantu bakithi zikhona. Kulapho futhi la abantu bakithi bedla khona imbuya ngothi nalapho sithola khona lesi sigaba somnotho sesibili esidinga ukuthuthukiswa ngesivinini esikhulu ukuze sifice labo akade kwasa bedla ama-ntshontsho emsamo.

Ozakwethu bazokhuluma kabanzi ngezinhlelo zohulumeni basekhaya lapho bezocacisa khona ukuthi lo Mthetho ubhekana kanjani nezinselelo zokufakwa kwezingqalasizinda ezinjengemigwaqo, amanzi, ugesi nezingcingo zikathelefoni ezizokwenza ngcono izimpilo zabantu ngokuphindwe kaningi ngoba phela vele umsebenzi usuqalile. Esikushoyo nje ukuthi kumele sithi ukufingqa imikhono ukuze lo msebenzi uphothulwe manje.

Uma ubheka lesi sabelo sezimali esethulwe kulo nyaka, singasho ngokukhulu ukuziqhayisa ukuthi impela indlala izobhincela nxanye kwelakithi ngoba, ngaphezu kwezimpesheni nezibonelelo zabantwana kanye nalabo abakhu-bazekileyo, nezindlu ziyakhiwa ngisho nasemakhaya imbala. Osozinkontileka abancane nabo igcagcele esokeni kubo ngoba bayahlomula kulezi zinhlelo zokufakela ingqalasizinda nokwakhiwa kwezizinda zomphakathi. Abantu bakithi-ke abaningi bathola nethuba lokufunda amakhono anhlobonhlobo ngenkathi kwakhiwa lezi zingqalazizinda.

Isamba semali okwabelwana ngaso kulo nyaka wezimali sesisonke—ayibizeki ngesiZulu—sibalelwa ku-362,7 billion. Ngithi ayibizeki ngesiZulu ngoba inkulu kakhulu ngakho asikaze sicabange ukuthi kuyoze kufike kulezi zigidigidi. Ngonyaka olandelayo siyokwenyuka sibe ngu-R395,8 billion bese kuthi ngaloya sibe ngu-R427,5 billion. Isabiwomali salonyaka-ke sigxile kakhulu ekwelekeleleni ohulumeni bezifundazwe nabasekhaya ukuze bakwazi ukunikezela ngezidingongqangi, nokuqini-sekisa ukuthi labo hulumeni bayizinsika nodondolo lwentuthuko.

Kusukela ngonyaka ka-2002 isamba semali esiya kohulumeni basekhaya silokhu sikhule njalo. Kulo nyaka singama-4,6% njengoba somzwile uNgqongqoshe, sikhule ngozayo sibe u-6,3% bese kuthi ngo-2008/9 siyobe sesingu-7%. Uyibizile-ke ngezigidigidi nayo uNgqongqoshe. Ngaphezu kwakho konke, omunye wozwakwethu uzophinde asicobhelele-ke ngezincomo zekhomishane eyeluleka uhulumeni ngokwabiwa kwemali kulezi zigaba zikahulumeni okubizwa nge-FFC, nokuthi zizoba namthelela muni ezimpilweni zabantu bakithi.

Lesi-ke isikhathi esimbi-ke. Sekusuka nokungebani nje kukhulume kugeqeze

mayelana nezidingo zabantu okungathi uma bekhethwa ngabantu kukhona abanga-kwenza. UKhongolose kuphela onohlelo nosenomlando wokuletha ushintsho ezimpilweni zabantu, ikakhulukazi labo ababecindezelwe yibo laba namuhla asebethi bayasikhulumela. Sithi-ke siwuKhongolose abantu abaqaphele lezi zimpisi eziza kubo zigqoke izikhumba zezimvu. Azisoze zaguquka emikhutsheni yazo. Njengoba ziphikisa yonke into ezoletha ubungcono kubantu lapha ePhalamende, ziyohlale ziphikisa njalo. Yingakho bephika nokuthi babengobhongoza bobandlululo ngesikhathi esedlule. [Ihlombe.] UKhongolose-ke uyowa evuka nabantu kuze kubhubhe umhlaba, awusoze wabalahla. Yingakho-ke siwu-ANC siweseka loMthethosivivinywa. Ngiyabonga. [Ihlombe.] *(Translation of isiZulu paragraphs follows.)*

[This Bill makes sure that all tiers of government get an equitable but not equal share so that they can fulfil the needs of our people as we promised them during the writing of the Freedom Charter over 50 years ago.

If we say to the people there is only one party that is capable of making their lives better and making local government work better for them, they know what we are talking about because since the ANC took over they have been completely satisfied. Their dignity is coming back day by day. They now have a voice in the daily discussion of decisions regarding their lives. We know about programmes such as IDPs and the ward committees and other democratic programmes working for our people. They have a right to choose their own representatives, from national to provincial government, and even in local government.

This country has a Constitution which respects the dignity of every person, without looking at ethnicity, sex and colour. The economy of this country is growing tremendously and it has never been like this before. Inflation is also increasing by between 3% and 6%. There is a lot to mention in this regard, and our people know it.

This Bill is the foundation for the Accelerated and Shared Growth Initiative for South Africa, or Asgisa.

It is indeed good when most of the revenue goes to local government, because that is where the real challenges are. This is where our people, the poor of the poorest, are and it is where we find the second economy, which needs to be developed in order to reach those who have always been part of the economy.

My colleagues will talk extensively about the local government programmes. They will clarify how this Bill aims to face the challenges of infrastructure such as roads, water, electricity and telephone lines, which will make the lives of our people better. We have already started doing that, but what we are saying is that we need to speed up the processes.

If one looks at this year's Budget, we can proudly say that hunger will indeed suffer in this country. Over and above pensions and grants for people with disabilities, houses are being built, even in the rural areas. Up-and-coming contractors are also getting something in terms of building infrastructure. Our people also acquire skills during the process of building infrastructure.

The budget allocation for this year is not easy to pronounce in isiZulu—it's about R362,7 billion. I am saying it is not easy to pronounce it in isiZulu because it's too much and we never anticipated that we would have so many billions one day. Next year the budget allocation will be R395,8 billion, and the year thereafter it will be R427,5 billion. The budget allocation for this year is aimed at helping the provincial and local governments to meet the prime needs of the people, and also to make sure that these spheres of government become the pillars of development.

Since 2002, the budget allocation to the local governments has been growing steadily.

This year alone it is 4,6%, as we heard the Minister say; next year it will increase to 6,3%, and in 2008-09 it will be 7%. The Minister expressed the money in billions. On top of that, one of my colleagues will tell us about the recommendations of the FFC and the implications thereof in our people's lives.

These are bad times. Every Tom, Dick and Harry now has the audacity to talk about the people's needs as if there is something that they would do if they were voted in. Only the ANC has the programmes and the history in terms of bringing change in people's lives, especially for those who were oppressed by the very people who today claim to be talking on their behalf. We as the ANC say people should heed these wolves in sheep's clothing. A wolf will always be a wolf. They always oppose everything here in Parliament which aims to bring a better life to our people. They will forever be opposing. That is why they even deny that they were the architects of apartheid. [Applause.] The ANC will be with the people until the end of the world. The ANC will never forsake them. It is for these reasons that we as the ANC support this Bill. Thank you. [Applause.]]

Mr I O DAVIDSON: Thank you, Madam Speaker. It's under a year since we last debated a Division of Revenue Bill and I was new to the finance committee at that stage and I came with a fresh mind. And certainly I was aware of the problems that existed. But after reading the Finance and Fiscal Commission's report last year—much of which was frank and to the point—and after noting government's positive response, which was a positive response thereto, my view was to support the Bill at that stage and that is exactly what the DA did, because I believed there would be a significant improvement in expenditure and a significant improvement in respect of delivery.

One year later, I have a distinct sense of *déjà vu*, because the underspend continues, more particularly in respect of conditional grants, capital grants and municipal grants. In some respects this underspend has become chronic. The only difference between now and last year is that, I think, last year the FFC's comments were more frank and to the point and this year they are somewhat more benign.

Two points of the Bill give what I believe is a sense of unreality. Firstly, the increase in the allocations of many of the capital, conditional and municipal grants; and that provinces have exhibited an inability to spend what they have, let alone spend more of what they are about to be given.

Secondly, the debate around sections 19 and 20 of the Bill, which allow National Treasury to stop after a process and reallocate an allocation to another department or province. Once again I make the point that very often those provinces and departments are unable to spend what they have been given, let alone absorb a greater allocation.

An analysis of the latest provincial expenditure figures reveals that, once again, provinces are likely to end the financial year with massive underspending. Failure to spend on services even when plenty of money is available is failure to deliver. While some provinces have performed well, others are failing their residents by lagging behind. By the end of the third quarter of 2005-06, the provinces had only spent 55% of their R13,9 billion capital allocation. Not one of the nine provinces had spent 75% by the end of the third quarter. The worst performers did not even spent 50%. The Free State spent only 46%, Limpopo 43% and the North West only 48%.

It seems that while provinces are perfectly capable of spending taxpayers' money on salaries and to keep bloated provincial bureaucracies running, they are unable to spend money on tangible benefits to citizens.

Underexpenditure on the capital portion of the budget points directly to service delivery failures. Underspending on conditional

grants is even more worrying. Conditional grants are used, among other things, to finance the hospital revitalisation programme, to provide support for land transfer beneficiaries, HIV/Aids programmes and school feeding schemes, to name but a few.

Despite the urgency of these humanitarian and socioeconomic projects we find once again that provinces are lagging behind. By the third quarter, four provinces had spent less than 65% on education. The Western Cape spent 57%, the Free State 60%, the North West 60% and Limpopo 62%. When it comes to health, the Free State spent 39%, Limpopo 46%, the Eastern Cape 51% and the Western Cape 56%.

The Minister spoke of the health sector. Let me choose but one conditional grant, that is the Hospital Revitalisation Programme. It is unsurprising that public hospitals are in the state that they are in. Despite the fact that R1,2 billion had been allocated to the Hospital Revitalisation Programme by December last year, only 53% of it had actually been spent. The worst offenders were the Free State, the Eastern Cape and KwaZulu-Natal, spending only 31%, 35% and 38% respectively. Now if underspending on this programme continues we will have an underspend or saving of R250 million on that programme.

Now if one looks to the 2003-04 financial year, there was a saving of R306 million on the Hospital Revitalisation Programme and last year there was a saving of R231 billion. That is three quarters of a billion rand unspent on the Hospital Revitalisation Programme in three years and we ask ourselves why our hospitals are in such a state.

Last financial year only two provinces, ie the Northern Cape and the Western Cape, spent their entire budget in this programme. The worst performer was KwaZulu-Natal. It spent only 26% of its budget last year and 36% the year before. National Treasury's allocations in the Northern Cape were equally as bad. This year the National Treasury is allocating an increase for the next three years of R500 million to this Hospital Revitalisation Programme.

Doesn't one get a distinct sense of unreality of money that is budgeted for, able to be spent and yet not spent? And yet we have budgets coming through that project increases in the amounts to be spent. And if one turns to the municipal infrastructure grants that likewise the Minister focused on we note again with concern the revelation that municipalities around the country last year failed to spend R1,2 billion of their municipal infrastructure grants, because of a lack of skilled engineers.

The Department of Provincial and Local Government's 2005 Report on Skills Levels in municipalities noted that:

> Resignations had played a significant part in the outflow of skills, particularly from managerial and skilled technical occupations; significant number of engineers had been offered early retirement or had been replaced by nontechnical decision-makers.

Placed on early retirement at this time of our skills crisis? It goes further:

> Many engineers had left the sector out of extreme frustration; an introduction of equity targets . . .

This is their report, not mine —

> . . . at all levels of the state had resulted in the sector losing staff and being unable to fill vacant posts.

This in a time when we have a skills crisis in our country. The result is that 74 out of 231 local municipalities have no civil engineers, technologists or technicians; 45 have only one civil technician and 186 local municipalities have no civil engineers whatsoever.

Alarmingly, the report noted that the system of internship at local government is not at all

well developed. And so, we now reflect on whether we need to, as the DA, support this budget. It goes against my natural instincts; and I repeat that: it goes against my natural instincts. But if you ask me whether the DA can support these increased allocations, I have to say; we cannot.

It is not money that is lacking, and it is not an increase in budgets that is needed, but the ability to appropriately spend and deliver. Thank you.

Mr T E VEZI: Thank you, Madam Speaker, section 214(1) of the Constitution requires that every year a Division of Revenue Act determines the equitable division of nationally raised revenue between the three spheres of government. This year's division of revenue is framed against the backdrop of the Accelerated and Shared Growth Initiative for South Africa. The design of the equitable share formula for both provincial and local government is such that these spheres have desirable, stable and predictable revenue shares and that existing economic and fiscal disparities are addressed.

Investing in people and ensuring that skills development complements employment creation are critical platforms on which to build future prosperity. The IFP supports labour-intensive rural infrastructure development. The IFP supports the FFC proposal that the government should address housing delivery bottlenecks to reduce underspending in provinces. We further support the devolution of bus and taxi subsidies to municipalities where the capacity exists to manage these services.

Despite the Minister's logical explanation, we are still of the opinion that he could have done a bit more in respect of social grants. The IFP further supports the FFC proposal that consideration be given to link new housing subsidies with the municipal infrastructure grant, and to the equitable share formula to ensure that municipalities can deliver basic services to poor households.

In conclusion, the IFP supports the Division of Revenue Bill and applauds the SA Revenue Service, Stats SA and National Treasury for a job well done. Thank you. [Applause.]

Ms J L FUBBS: Madam Speaker, hon members of this House, cadres, comrades and people, this division of revenue marks these allocations as a milestone in the human rights reflected in the Constitution, but it also underpins the ANC's goal of a social contract with South Africa.

Yes, we pledged in 2004 to enter into a people's contract to create jobs and to fight poverty, and this division of revenue is a fundamental plank of the financial commitments to bring about this pledge that was made to the people then. As we go into another election one is certainly confident that the pledges we make are quite clearly commitments and not idle promises.

Significantly, this division of revenue marks an unbroken thread that has characterised the struggle for political, economic and social justice. How the government divides the money collected from the people is directly informed by the principles translated into its policies and its implementable actions. The ANC-led government's basic policy remains reconstruction, development, meeting basic needs, growing the economy and promoting social development, and this year it is quite clear that Asgisa is our weapon against the war on poverty and a sharp policy instrument that will fuel the second and survivalist economy into an engine of skilled workers in employment.

What the division of revenue does is to translate these policies and strategies into measurable objectives, clearly defined outputs and realistic outcomes informed by collective engagement with the people through izimbizo and other outreach processes.

The division of revenue, as I said, marks a milestone in the equitable allocation of

funds to the three spheres of government: national, provincial and local. However, the primary objective of the division of revenue is that South Africans receive basic services. Nevertheless, look at some of the highlights of departmental expenditure allocations: R82 billion more has been added to departmental expenditure plans over the next three years. These allocations provide financial resources for the objectives of human development and poverty reduction; and they emphasise education and the built environment.

There is tax relief to companies and, indeed, the allocations that are made in the division of revenue are informed by sustainable and implementable measures rather than vague promises generated by an election year.

The key objectives of the intergovernmental transfers are to promote efficiency, equity and democracy. The Financial and Fiscal Commission has once again provided its impartial checks and over the years many of these radical recommendations have been phased in. This year a number of them were fully taken on board, in particular those related to local government and the conditional grants.

My comrade, Yusuf Bhamjee will deal in depth with the provincial allocations, broadly speaking. I think it is worthwhile noting that although I won't focus on local government elections, I want to just refer to a clause in the Division of Revenue Bill, clause 38, which is of great interest to all South Africans. Why is it so significant? Because it is related to the social conflict in some of our municipalities, particularly those involved in the redemarcation, as it were.

This clause is testimony to the fact that conflict is unnecessary because the relevant clause 38 ensures that a province, that is the releasing province, must continue to spend its allocation for the financial year commencing 1 April 2006 in terms of this Bill, as if that particular area was not reallocated to another province. The receiving province thereby ensures that the affected municipality will not be negatively financially impacted in any way whatsoever.

This clause confirms, once again, the ANC's government's commitment to ensure that the legalities of the Constitution are balanced by its social and moral principles. Clearly, social upheaval is not warranted in these cases.

I now wish to go back to the provincial side of things and look at literacy. Literacy, skills, specialised skills, employment and indeed the fight against poverty are critical. This importance of literacy and increased and focused skills in our learners as an instrument for employment and fighting poverty is supported by a number of measures in education.

Apart from the R565 million extra for libraries and the shift from local government to provinces, there have also been additional funds allocated to higher institutions of learning, amounting to as much as R1 billion over three years. An increased amount of funds has been allocated for upgrading of existing facilities in schools. Yes, the 17 learners under trees will be in buildings, but those already in buildings will find that issues such as equipment, doors, windows, toilets and all the other things that full upgrading will address are met decisively in this division of revenue.

With regard to hospital revitalisation, there has already been reference to the fact that there is not enough money, and I ask you to ask any wife, mother or any person in a home who is providing for a family, "Have you got enough money?" You never have enough money. The critical issue is the expenditure of those funds that are available for that allocation and how best those funds are employed. I mean that R900 million will now boost this hospital revitalisation programme to R5,1 billion.

I want to ask members, those who do not

have amnesia, of course, to just refresh their memories and recall what the situation was 10 to 12 years ago and how progressively over the years this has been addressed. Of course we were left with areas—I hate to say it—in Johannesburg where the infrastructure under the DA was left to rot and left for the ANC to pick up. [Interjections.] But never mind, of course you were, man! Of course you may think you were not in charge, but you were elected to be in charge.

Now, with regard to social development: R70 billion a year, that is what it is now getting, which is 3,4% of GDP. It reaches 10 million beneficiaries and will continue to reach more.

The other issue, as some governments before us said, is: Let's put a roof over their heads. We know that housing is not a roof over your head. I can put a roof over my head with a raincoat. No. What it means is schools, clinics, roads and transport. It means all of those things plus cohesion in the community. Working with the community, that is what it means. [Applause.]

Transport is getting up to R2 billion by 2008-09, nearly R700 million this year. For those of our people living in rural areas, this includes the rural areas significantly. Provinces will get up to R4 billion over four years with the implementation and for the implementation of several social service employment-intensive programmes with regard to community health services, for one. [Interjections.] My job is not in danger, but yours is.

The other factors in this regard are that there will be several community services, early childhood development and associated training projects. All of these recognise the need to build cohesive communities.

The other point, which I think is worthwhile noting, is that conditional grants to provinces have been rationalised. Over many years the provinces constantly complained of what they called fiscal dumping, that is the inability to shift the conditional grant around if for legitimate reasons it wasn't spent, and how this could be used more effectively, say, if you couldn't spend your own conditional grant fully on housing or whatever. This is now able to go into the national kitty, to another area in our country where such funds can be effectively used. In other words, we've become more practical, realistic, prudent and efficient. I wish a lot more businesses would follow suit, because we hear every day about the inefficiency in business. One only has to look at one's own bank account—but never mind.

I just want to complete this aspect on intergovernmental fiscal relations. The Intergovernmental Fiscal Relations Act is unique in some ways. And one of these ways in which it is unique is that it rests on—for me, it would seem—a very ubuntu-like and African concept, a very collective and sharing-based concept of co-operative governance. It is something foreign to some members of the House, but if all of our allocations are examined, it is quite clear that the concept of co-operative governance, the concepts of collectivity and sharing and working together are present. We appeal to businesses in this country to see how we allocate the funds.

When you look towards the division of your profits remember we are living in South Africa where only together can we become a prosperous nation in which all people benefit in the wealth of the country without any one having to make the heavy sacrifices and bear the burden of poverty that they currently may still endure. I thank you. The ANC supports this. [Applause.]

Mr S N SWART: Madam Speaker and hon Minister, the ACDP supports the Division of Revenue Bill. However, we do have certain reservations. We share the concerns expressed relating to underspending by provinces and municipalities. These spheres of government must be capacitated to spend their capital budgets and must retain skilled engineers and technical officials.

The division of the equitable share allocation takes into account population size and education and health needs, amongst other factors. The question arises, hon Minister, whether the equitable share has been adjusted following changes to provincial boundaries flowing from last year's elimination of cross-border municipalities.

The previous speaker also referred to this issue. Clearly, this is the case over the MTEF period and this issue will undoubtedly allay fears of those communities whose municipalities have been moved from one province to another and we trust that this information is communicated to communities involved.

At this stage we also wish to commend the Receiver of Revenue and Ministry for the budget and, as I indicated, we will support the Division of Revenue Bill. I thank you. [Applause.]

Dr G G WOODS: Madam Speaker, Nadeco is satisfied with the criteria and the overall formulation used to establish the divisions as they appear in the Bill, and for those reasons we support it.

While sharing the concerns mentioned earlier on by the hon Davidson, we do think that that is a separate issue. In terms of the Constitution, the Bill has its role that it has to carry out. It must equitably provide the divisions and allocate them.

We do think that the strong features that the Bill has are the conditions of transfer, which continue to develop year by year. We see the transfer accountability arrangement strengthening as we continue each year. In particular, I would like to mention that the risk management requirements in chapter 3 are very innovative and are a welcome addition to the Bill in recent years.

Chapter 3 covers schedule 5 and schedule 6 allocations. Chapter 4 covers the duties of transferring and receiving officers, which in turn deal with schedules 4, 5, 6 and 7 allocations. I think these will go towards providing initiatives for capacity increases at both provincial and municipal levels. I thank you. [Applause.]

Mr M T LIKOTSI: Madam Speaker, the PAC wishes to thank the Minister of Finance and the Treasury for a well-presented and balanced Budget estimate. We had hoped that the budget would resolve most of our problems, reach out to our expectations and meet the demands of our nation, but it is not likely to do so.

The nation had visualised the emergence of a completely new order that would result in the creation of scarce jobs, address abject poverty and revamp our living conditions in general. The projected budget indicates otherwise.

Let me take a leaf from the writings of Dale Carnegie in his book *How to Win Friends and Influence People*, and I quote:

> You may satisfy some of the people some of the time, but you may not satisfy all the people all the time.

The PAC supports the Bill. [Applause.]

Mr Y S BHAMJEE: Madam Speaker, thank you for inviting me to participate in this debate. Firstly, I wish to just make a few comments on the views presented by hon Davidson. Members of this House should know that yesterday, when we were sitting in the committee, the hon Davidson did not utter a single word while we were discussing the Division of Revenue Bill. When we asked him to support the Division of Revenue Bill, he said he must first get a mandate.

I can safely argue that he came to this House with an incorrect mandate, because the ANC has clearly identified challenges and backlogs. The ANC is a people's organisation. Therefore if there are backlogs and challenges, we will not deny that reality when speaking with our people; because, at the end of the day, we know that the people believe in the ANC.

In fact, his comments were so banal that he

did not take into account the corrective measures put in place by the conditional grants, etc. [Interjections.]

Mr W P DOMAN: What are you going to say next year?

Mr I O DAVIDSON: There is still under-spending.

Mr Y S BHAMJEE: You see, once you put them in a tight corner and you tell them that they haven't read the documentation, they start shouting like small babies.

The ANC is the vanguard—the beacon of transformation. The ANC leads and others follow. The ANC was and is the beacon for all South Africans. It might not be to the DA but, certainly, for the vast majority of the people, the ANC is hope. It is historically the only organisation that has the virtue of political struggle and continues to declare to the world, and to South Africa, that South Africa belongs to all who live in it—black and white.

We have successfully restored the dignity of South Africans, Africans in particular and blacks in general. The world respects and admires our approach on how we addressed the legacy of apartheid, and set about transforming and reconstructing our country. All, including those who were historically advantaged, admire the impact we are making on the international scene.

Now that we have constructed and consolidated the foundations of our young democracy, guided by the principles of the Freedom Charter, we can meaningfully focus on the reconstruction and development of our country. We are now in a position to make it happen in areas that we live in. Yes, there are huge challenges and backlogs, but it is only the ANC-led government that has a plan to improve the general quality of life of all South Africans, including the historically advantaged.

There is some discomfort in some areas. But when we unpack these challenges we realise that our people also believe that it is only the ANC that can make a difference in their lives and in the community in which they live. Thus, not to vote for the ANC would indeed be a wasted vote. Now is the time to consolidate and advance the people's charter to its logical conclusion in order to ensure that all shall be equal before the law and that all shall enjoy the fruits under the South African sun.

The amount of R14 billion in additional taxes generated in this fiscal year by a booming economy and the efficient administration of Sars offered the opportunity to the hon Minister to cut taxes levied on individuals. In fact, all South Africans, without exception, have benefited substantially from the tax cuts. This can only serve to enhance local economic development.

But all of us must agree that lots more still needs to be done on the local government front to sustain delivery of services and to create an environment that is conducive to healthy living. To this effect, the hon Minister of Finance has, through the Division of Revenue Bill before this House, significantly increased the allocation to local government. The amount of money allocated to local government, adding to equitable share and conditional grants, has significantly increased from the 2002-03 allocation of R8,1 billion to R16,9 billion in the 2004-05 allocation. It has now been announced that it has increased to R25,9 billion and it is projected that the 2008-09 allocation ought to be in the region of R30,9 billion.

This allocation is part of the plan that will play a significant role in realising the ANC's vision of speeding up delivery to ensure that all South Africans have access to clean water and decent sanitation by 2010; that all houses have electricity by 2012; and that all houses receive free basic services. Schedule 6 of the Division of Revenue Bill deals with specific allocations to municipalities to effect good governance practices and give meaning to the ANC's manifesto. This is

what the hon Davidson failed to read, understand and internalise.

As a recurrent grant, the Department of Provincial and Local Government has, via its municipal systems improvement grant, allocated R200 000 million to assist municipalities in building in-house capacity, and to perform their functions and stabilise institutional and governance systems. It is a challenge. We have identified it and we are moving ahead.

As a recurrent grant, the National Treasury has allocated R145 000 for local government financial management with the objective to promote and support reforms to financial management and implementation of the Local Government: Municipal Finance Management Act that is equivalent to the Public Finance Management Act, which this House is familiar with. We have identified the problem and we are advancing.

Furthermore, Treasury has made R350 million available for local government restructuring, with the intention of supporting municipal restructuring initiatives of large municipalities. We have identified the problem and we are advancing. Water Affairs and Forestry, via the water services operating subsidy, is committed to augment the water trading accounts to subsidise water schemes owned and/or operated by the department or other agencies on behalf of the department. We have identified the need and we are advancing.

The Department of Minerals and Energy is committed to implement the electrification programme by providing capital subsidies to Eskom in order to address electrification backlogs regarding permanently occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation of electrification infrastructure. We have identified the need and we are advancing.

The Department of Transport is to provide for accelerated planning, establishment, construction and improvement of new and existing public transport and nonmotorised transport infrastructure and systems. We have identified the challenge and we are advancing.

To ensure that the people take pride in the development of their local neighbourhoods by fostering partnerships, Treasury will provide municipalities with technical assistance to develop appropriate project proposals for property development in townships and new residential neighbourhoods, which include the construction of community facilities and, where appropriate, attracting private sector funding and input.

These and many other grants are directed at improving the delivery of services. It is in this context that the Accelerated and Shared Growth for South Africa begins to have meaning, for it is a set of interventions whose aim is to accelerate growth and development. It is work in progress and focuses on key elements of the economy that currently serve as impediments to high economic growth.

In addition, through public-private partnerships, government will make large investments in different sectors in order to meet the demands of electricity, provide an efficient and competitive logistics infrastructure, expand and modernise the telecommunication infrastructure, and satisfy the demand for water.

This project is a people-centred development paradigm. Therefore it is crucial that public representatives—particularly councillors—communities, ward committees, businesses—both big and small, cultural, religious, sporting, professional and worker organisations are all on board or need to be on board to develop local integrated development programmes, IDPs, that will truly reflect the will and vision of each municipality on how it will forge a partnership that will be committed to improving the quality of life for all.

Yes, this process will draw up its own

challenges. There are no ready-made answers, but it is a challenge and we are up to it. We have identified it and we will advance. It is this that gives all citizens the hope for a better life. The Public Finance Management Act and the Local Government: Municipal Finance Management Act are the envy of the world. There are very few parallels to match the oversight role contained in documents that are guided by our Constitution.

When the President spoke of hope for a better life for all, he was challenging and inspiring us to play a robust oversight role to ensure that the monies allocated via the Division of Revenue Bill are deployed to achieve the desired outcomes. We need to hold all departments, public entities and public-private partnerships to account.

We need to give practical meaning to the ANC's election manifesto, which declares that, together with the people, the ANC will, and I quote:

> Speed up delivery; improve the provision of housing; build infrastructure; stimulate local economic development; create job opportunities; make sure that the people's voices are heard by strengthening participation in ward committees and other forums, so that ordinary citizens can have a greater direct say in the development of their communities; help local councils to meet their communities' needs through programmes like Project Consolidate and others, that ensure national and provincial governments work harder to support local councils; provide more resources and trained staff for local government; train all councillors so that they can effectively serve the communities; and regularly review the performance of councillors to ensure that they meet the obligations of the people.

These guidelines signal the fact that the ANC has a plan of working with people to make it happen where we live. Collaborative efforts are needed by the public and private sector in order to fight corruption. All role-players in the economy must address capacity and skills shortages. Dangerous tactics must not be used to chase away South Africans whose destiny is South Africa.

Short, medium and long-term learnership and mentorship must be effected. I hope the DA is listening. All patriots need to join hands to creatively address the shortage of appropriate skills. Now is the time to walk the talk. We need to share services with regard to scarce resources, forge partnerships between a regional municipality and its family of municipalities to monitor key performance indicators on a regular basis. Project management units with the necessary skills and expertise need to be institutionalised in each of the regional municipalities until such time that each municipality has developed its own resource base. The private sector will always be there to put skills into their organisation.

Government needs to be proactive and competitive to absorb the scarce commodity of expertise. It must appeal to the social consciousness and social responsibility to be creative and innovative role-players, in developing a stable local environment, so that ordinary citizens can determine their destiny with pride. The ANC supports the Bill. I thank you. [Applause.]

The MINISTER OF FINANCE: Igama Lamakhosikazi! [Praise the name of women!] Chairperson, I think there's an old bit of Confucian wisdom that suggests that if you haven't asked the right questions you will never get the right answers. I think the question before the House relates to the Division of Revenue Bill. Key about it is that the Constitution assigns powers and functions to different spheres of government and having done that, one thing you could try and do is overthrow the Constitution; the other is to recognise that the Constitution is a product of negotiated settlement.

The ANC certainly didn't ask for all of these provinces, but they're there. They're there and they have powers and functions as set

out in the schedules of the Constitution. Having established that, you must then ask whether the resources have been fairly allocated to other spheres of government from nationally raised revenues and secondly, whether the resources available equip these spheres of government to deal with the responsibilities the Constitution assigns to them.

The other issues, hon Davidson, are actually immaterial to the question before the House. These are the issues that the hon Davidson raises about the numbers of engineers, technicians and so on; all of those we supply. The section 32 reports in terms of the PFMA are numbers that we supply. And we do so because we're conscious of the fact that Parliament has an oversight role. The reason why we supply those numbers is to invite Parliament to more actively participate.

Now, the hon Davidson speaks of capex. There have been very significant changes in this year. Treasury facilitated work between the Department of Public Works, the Department of Education and the Department of Health and there has been acceleration of spending on capex. We need to understand that there always are long lead times, but in the period that the hon Davidson referred to—the first three quarters—R1,2 billion more was spent on capex this year compared to the previous year.

Sure, there will be a bit of underspending, but it will be marginal, probably something in the order of R800 million. But, with capex everywhere you always have overflows between one year and the next, and the numbers we shared earlier this week on both the building of classrooms and what remains to be done speak volumes to that.

The issue of the availability of engineers, civil engineers and technicians touched on by the hon Davidson, hon Woods and hon Swart is a reality. The SA Federation of Civil Engineering Contractors has published the numbers. There is an acute shortage in this country and in these circumstances it is more likely that people will leave the Public Service for the greener pastures of the private sector. This is an enormous challenge. I referred in the speech to the changes that we have been able to effect by building in the scarce skills allowance in Education, and how this has impacted on the ability of Health to employ 12 000 more people. Similar things are going to happen with the other scarce skills and Siyenza Manje [We are doing it now] at the Development Bank will clearly facilitate this process going forward. I am clearly not pessimistic about the issues.

In respect of the cross-boundary municipalities—the matter raised by the hon Swart—we don't have all of the numbers. If you look at the Northern Cape, and I have said this, there is conjecture that the inclusion of the Kgalakgadi District Municipality in the Northern Cape may actually increase the population in the Northern Cape by 10%. How then will you fund Education, Health and all those issues going forward? There is no ready-made formula. We have teams that are actively engaged in the process, not to take it away from one province, but we will have to find additional resources in here to ensure that by the time that the next Division of Revenue Bill is tabled these matters would be dealt with with a lot more certainty than what we have at the moment.

Finally, I am not sure what the hon Davidson is suggesting. He is suggesting that the DA will not support additional resources for the other spheres of government—we'll go out and tell the municipalities now that the hon Davidson and the DA will not support additional resources for municipalities. [Applause.] Let's do it at the hustings. Thank you very much for the support. [Applause.]

Debate concluded.

Mr M J ELLIS: Madam Chair, the DA is not in any way put off by the Minister of Finance's statement and I wish that our objection be recorded. Thank you.

Bill read a second time (DA dissenting).

MURDER OF MUSA MASONDO

(Member's Statement)

Mnu B Z ZULU (ANC): Ukubulawa kweqabane uMusa Masondo obengenele ukhetho ku-ward 7 egameni le-ANC futhi engusihlalo we-Dr Pixley ka Seme branch kuwashaqisile amalungu e-ANC kanye nomphakathi wakwaNomgoma. Iqabane uMasondo ubulawe ngesihluku esikhulu ekuseni izolo mhlaka-16 eduze komuzi wakubo. Lolu lunya lokubulawa kweqabane uMasondo lwenziwe ngababulali abanenhloso yabo ecacile yokwesabisa umphakathi wakwaNongoma ukuze ungavoteli i-ANC. Sizakwalisa ukudabuka okukhulu esikubhekise emndenini weqabane uMusa Masondo ngokulahlekelwa yilungu lomndeni.

Sinxusa amaqembu ezombusazwe endaweni yakwaNongoma, ikakhulukazi i-IFP ne-ANC ukuba abambisane ngokuba akuchithe ukubalanana okwenziwa ababulali bebhace ngegama lezombusazwe. I-African National Congress yenza inhlabamkhosi iyibhekise emaphoyiseni nakubantu bakithi kanye namasotsha aqaphe ukuthula ukuba benze isiqiniseko sokuthi abalulali balethwa ngaphambi kokwahlulelwa yingalo eqinile yomthetho. Ngiyabonga. [Ihlombe.] *(Translation of isiZulu member's statement follows.)*

[Mr B Z ZULU (ANC): The killing of Comrade Musa Masondo, who took part in the elections in ward 7 on behalf of the ANC and who was the chairperson of the Dr Pixley Seme branch, has shocked both the members of the ANC and the kwaNongoma community. Comrade Masondo was brutally killed yesterday morning, on the 16th, near his home. The killers, who clearly intended to threaten the kwaNongoma community so that they would not vote for the ANC, performed this brutality of murdering Comrade Masondo. We convey our condolences to Comrade Masondo's family on their loss of a family member.

We request the political parties of kwaNongoma, especially the IFP and the ANC, to work hand in hand to put an end to the murdering of people for political reasons. The ANC is sending a warning signal to the police, the community and the soldiers to make sure that the perpetrators are brought to justice. Thank you. [Applause.]]

EXTENSION OF CONTRACT OF CAPE TOWN MUNICIPAL MANAGER

(Member's Statement)

Mr W P DOMAN (DA): Chair, the ANC is not only giving jobs to pals, now it is giving golden handshakes to pals. The extension of the Cape Town municipal manager's contract for another year, a decision taken solely by the ANC Mayor Mfeketo, who claims she has the delegated powers to do so, only days before the election date is further evidence of the ANC using its ratepayers' money to look after its friends.

Municipal manager Wallace Mgoqi has played an active pro-ANC role, attacking the DA in letters to the press and publicly stating his bias in favour of the ANC. As a result, he was forced to resign as the municipal electoral officer.

In *Mbana vs Mnquma Municipality 2004*, the court held, and I quote:

> That section 82 of the Local Government Municipal Structures Act gave the municipal council, and no other person or committee, the power to appoint a municipal manager.
>
> This was supported by section 30 of the same Act, as well as the provisions of section 160 of the Constitution and sections 57 and 59 of the Municipal Systems Act.

Hierby is natuurlik inbegrepe die afdanking en verlenging van 'n munisipale bestuurder se diens. Die DA glo die burgemeester het buite haar magte opgetree. Haar besluit het geen bindingskrag nie, en die DA sal die provinsiale minister van plaaslike regering

versoek om in te gryp. *(Translation of Afrikaans paragraph follows.)*

[This naturally includes the dismissal and extension of a municipal manager's service. The DA believes that the mayor acted beyond her powers of authority. Her decision is not binding and the DA will request the provincial minister for local government to intervene.]

Mr H P CHAUKE: On a point of order, Madam: I just want to understand. I think it is not correct if a member cannot pronounce a name, or perhaps he is speaking of someone that we do not know. With regard to the names of Mr Mgoqi and Ms Mfeketo, I am not sure if he means the mayor of Cape Town or if he means the manager of the City of Cape Town. I am not sure whom he is speaking of. If he says it's the mayor, I can help him; if he says it's the city manager, I will help him.

The HOUSE CHAIRPERSON (Ms C-S Botha): I was going to take your point, because I thought you were going to be helpful.

Mr W P DOMAN: Chair, may I address you on that point? I just want to thank the hon member, Patrick Chauke, for drawing more attention to this matter. [Interjections.]

Mr M J ELLIS: Madam Chair, it's all very well for the hon Chauke to start making his allegations. [Interjections.] It's a point of order, but it's not really a point of order; however, I would like to make it anyway. When he starts making points like these, if we start standing up every time his members mispronounce names, we could have a great deal of fun in this House and, I think, he must understand that as well.

SIXTEEN DAYS OF ACTIVISM CAMPAIGN

(Member's Statement)

Prince N E ZULU (IFP): Madam Chair, each year the Sixteen Days of Activism against Women and Child Abuse campaign highlights and brings to the fore sensational issues of gross inhuman behaviour and the levels of moral decay found in society. It is unfortunate that once this campaign is over these very important issues seem to fall out of the spotlight and to the back of our minds, until the next Sixteen Days campaign begins a year later.

It is encouraging and uplifting that the Gauteng department of education has committed itself to creating safer schools that do not tolerate gender violence. This is especially relevant as violence and abuse towards female learners becomes more and more rampant around the country.

We hope this initiative will have the desired effect and create a safer environment for school-going children. We raise our voices to other education departments, relevant stakeholders and schools around the country to implement initiatives that will rid our schools of all forms of gender violence. Thank you.

SOUTH AFRICA IS CHANGING FOR THE BETTER

(Member's Statement)

Ms M P MENTOR (ANC): Chairperson, this statement is on the current optimism and positive outlook that is displayed by South Africans in terms of their future due to what government is doing, and how government is performing.

Recent surveys, including the one that is conducted by the AC Nielsen Consulting Group, confirm that South Africans believe that life in our country is changing for the better. The survey found that many people believe the following: many more people than ever before have access to clean water and have electricity in their homes; more South Africans have gained access to housing, land and education, and government services are improving.

The government works to promote the interests of children, persons with disability, the

youth, women and elderly people better than at any time before. To accelerate the pace of social transformation and service delivery, the ANC has developed a plan to make local government work better for the people.

The ANC therefore calls on the people of South Africa to join in the people's contract to make local government work better by only voting for the ANC. Amandla ngawethu! [Power to the people!] [Applause.]

CONDEMNATION OF ACTIONS OF MR JACOB ZUMA'S SUPPORTERS

(Member's Statement)

Mr S N SWART (ACDP): Madam Chair, the ACDP supports organisations such as the Commission on Gender Equality, the SA Human Rights Commission and People Against Women Abuse, which have raised serious concerns about the unacceptable behaviour of former Deputy President Zuma's supporters outside the Johannesburg High Court on Monday.

The treatment of the complainant by Mr Zuma's supporters, who jeered and shouted insults at her, was appalling and has to be condemned by all South Africans who believe in justice for all, particularly for victims of serious crimes such as rape.

Whilst we welcome the majority party's condemnation of these actions, it should also instruct Mr Zuma's supporters to desist from carrying placards that have the potential to incite public violence, such as the one that is alleged to have read: "SANDF, SAPS—Be ready for civil war if Zuma . . ."

It should also bring its youth league, which reportedly criticised these organisations, into line. Any form of intimidation or violence, including throwing stones at a woman mistakenly thought to be the complainant, is totally unacceptable and illegal. The police should act immediately to arrest such perpetrators.

The ACDP believes that these actions undermine both the rule of law and the independence of the judiciary, and must be condemned in the strongest terms. I thank you.

CITIZENS OPTIMISTIC ABOUT THE FUTURE OF SOUTH AFRICA

(Member's Statement)

Mr S E ASIYA (ANC): Chairperson, my statement is about elections. In the past 12 years we have been in government the ANC has not disappointed the people, despite the severe constraints inherited from the apartheid system.

Ellen Mphumela said, and I quote: "I will be voting next month, because things are going to be better." Lenton Radebe, who is 76 years old, expressed satisfaction that he has just received a house of his own.

Taxi owners and drivers are excited about the ranks built recently. Jewel Babamba holds the hope that hawkers will be provided with space to trade.

The optimism of our people about the future of our country is not unfounded; it is based on the correct understanding that the country they love—their own and only homeland—will not disappoint them in their hope for an accelerated advance towards the day when they will be liberated from the suffocating tentacles of the legacy of colonialism and apartheid. Amandla! [Power!] [Time expired.]

HON MEMBERS: Ngawethu! [To the people!]

PAC COUNCILLORS TO ADD VALUE AT LOCAL GOVERNMENT LEVEL

(Member's Statement)

Mr M T LIKOTSI (PAC): Madam Chairperson, the PAC is making a clarion call to all our citizens to approach the forthcoming local government elections with one thing in mind, namely addressing the plight of the poor.

The PAC wants to place on record that it has positioned itself to serve the citizens of our country with distinction. We screened all our candidates fielded for these elections and the nation should brace itself for a world-class service by well-disciplined, industrious and committed PAC councillors, who will add more value at local government level. There shall be zero tolerance of all forms of corruption and underperformance by our councillors.

Comrades, it is now time for cadres who know what the struggle was all about to take centre stage and to fight any form of manipulation of our young and fledgling democracy.

The PAC calls upon all Africans in our country to vote for it to further the means towards total freedom. The PAC has long declared its unambiguous position on the return of the land to the rightful owners, the Africans. This is the only reliable tool for socioeconomic emancipation of our African masses. As we approach 1 March the PAC candidates, who are prospective councillors, fully understand this point. [Time expired.]

ANC CANDIDATE CAUGHT WITH 75 DA ELECTION POSTERS

(Member's Statement)

Mr M J ELLIS (DA): Madam Chair, today two members from the ANC have raised the issue of the level of optimism among the people of South Africa and given that as the reason people would vote for them. But, I want to say that if the ANC really believes that people are going to vote for them merely because of the level of optimism at present, then we have to question their tactics in the local government elections and why they are, among other things, taking down DA election posters. [Interjections.]

Yesterday an ANC candidate was arrested after he was found in possession of 75 DA posters in the ANC Chatsworth office. And quite frankly, the rate at which the DA posters have been disappearing from poles around the country is certainly higher than in previous elections. Obviously, the ANC is aware that the DA's message is hitting home amongst the voters.

But I want to say, Madam Chair, that removing election posters is illegal and the ANC has some explaining to do about why their candidate was taking down DA posters, and we have to question how widespread this behaviour is around the country.

Quite frankly, it's clear that the ANC's election promises have grown tired—the same promises every election; the same lack of delivery between elections. I want to say to the ANC that removing DA posters from view won't change that perception in the minds of voters at all.

ANC VICTORY IN FORTHCOMING ELECTIONS WILL SPEED UP SERVICE DELIVERY

(Member's Statement)

Mr S L TSENOLI (ANC): House Chairperson, the ANC applauds the increasing resources for building the capacity of local government towards accelerating service delivery. The proximity of local government to the people makes local government the coalface of people's power.

In recognition of this seminal role of local government, especially in service delivery, the ANC has declared the year 2006 as the year of mobilisation of people's power through local government. This acknowledgement is a fitting tribute to the 50th celebration of the adoption of the Freedom Charter by the ANC.

The ANC manifesto announces a good plan to make local government work better, in the interests of a better life for all.

The building of local government capacity is an indispensable ingredient for successful implementation of government policies. Already Project Consolidate is making a positive impact on service delivery. The victory of the ANC in the elections on 1 March will

speed up service delivery and a better life for all of our people. I thank you. [Applause.]

STRATEGY TO FIGHT BIRD FLU ESSENTIAL

(Member's Statement)

Dr R RABINOWITZ (IFP): Chairperson, in the world's scientific community the jury is still out as to the possible likelihood of the H5N1 strain of bird flu virus mutating to become infectious amongst humans. However, the emergence of the strain of this deadly virus on the African continent is a definitive signal to government to be prepared for the possible threats this virus presents.

While we commend the Medical Control Council for rapidly registering Tamiflu, the benefits of this drug are themselves still questionable. To deal with a bird flu outbreak amongst birds, animals and humans, is there a task team combining agriculture, tourism and health? Is there a strategy to protect South Africa's wildlife? Is there readiness and capacity in public and private hospitals to identify patients and isolate them? Do we have tests available in the country to identify the disease?

The worst way to deal with such a crisis, as we have seen with Aids, would be to leave the population in a state of confusion and fear. Clear and unambiguous responses should be formulated and widely communicated to all South Africans.

It's also interesting to note that the Tamiflu itself derives from an Indian herb, and in South Korea scientists claim that a mixture of red pepper, radish, garlic and ginger increases resistance to the disease, both in birds and in humans. And this suggests the importance of combining conventional science and medicine with responsible research into indigenous knowledge and the use of herbal and homeopathic medicines. Our Health Minister has a poor record in this regard. [Time expired.]

URBAN RENEWAL PROJECT COMMENDED

(Member's Statement)

Ms S P RWEXANA (ANC): Chairperson, my statement is about the urban renewal project.

Ndenza umpoposho malunga nonikezelo lwezindlu ebantwini. Isantya sokubonelela abantu bakuthi ngezindlu sithande ukuthi kratya kwaye singumbutho wesizwe, i-ANC, siya kuqinisekisa ukuba abantu bakuthi bayangcamla kulo mthi wenkululeko njengoko sizimisele ukudala ubomi obungcono kumntu wonke.

UMasipala weSixeko saseKapa, okhokelwa ngumbutho wesizwe i-ANC, uye wanikezela ngezindlu kwiintsapho ezingama-600 zase-Khayelitsha. Le ndawo yaseKhayelitsha yenye yeendawo awathi uMongameli Thabo Mbeki wayityumba njengendawo ekufuneka iphuhlisiwe kulandelwa inkqubo yokuhlaziywa kwemimandla yasezidolophini.

Kwiiveki ezintlanu ezigqithileyo umbutho wesizwe wathi waphehlelela umgaqo-nkqubo wokulawula oomasipala kunye nooceba. Loo mgaqo-nkqubo uya kuphucula inqanaba lokuziswa kweenkonzo zikarhulumente ebantwini.

I-ANC yiyo kuphela eneenjongo kwanomgaqo-nkqubo wokuzisa impilo engcono ebantwini. Ndiyabulela. [Kwaqhwatywa.] *(Translation of isiXhosa member's statement follows.)*

[I want to inform you about the houses that were handed over to the people. Housing delivery has been achieved by the ANC at a rapid speed to ensure that people enjoy the fruits of democracy and a better life for all.

The ANC-led Cape Town City Council handed over houses to 600 families in Khayelitsha. President Thabo Mbeki identified Khayelitsha as an area that has to benefit from the urban renewal programme.

Five weeks ago, the ANC launched the

municipality development programme, a programme that governs municipalities and councillors. This programme will help to improve service delivery in our communities.

The ANC is the only party that has this programme to provide a better life for the people. Thank you. [Applause.]]

VIOLENT CRIME HAS BECOME PART OF EVERYDAY SOUTH AFRICAN LIFE

(Member's Statement)

Mr R J KING (DA): Chairperson, Melissa Shelver's unborn daughter was callously murdered by a hijacker who deliberately fired two bullets into the pregnant victim's belly. This was after he had already shot the baby's father in the chest. The murderer then stole a wallet, a cellphone and a watch before running away.

The victims co-operated with the hijacker, but he showed them no mercy. The fact that he deliberately targeted the most defenceless of victims, an unborn baby, makes the crime that more shocking.

Gruwelik gewelddadige misdaad het onder die ANC se bewind so deel van die Suid-Afrikaanse samelewing geword dat die mees waansinnige vergrype teen mens en dier skaars meer opslae maak of wenkbroue lig. Die regering faal die wetsgehoorsame inwoners van ons land. Die regering volhard steeds om rasgebaseerde besluite te neem, waar veiligheid die enigste norm behoort te wees.

Die afskaffing van kommandos sonder om die leemte te vul, is dwaas en uiters onverantwoordelik. Die bevordering van polisielede sonder dat meriete en verdienste in ag geneem word, is dikwels die beloning vir onbekwaamheid en ondermyn dissipline en prestasie. Bemagtig ons polisie en herstel vertroue by 'n vuisvoos publiek. *(Translation of Afrikaans paragraphs follows.)*

[Horrific violent crime under the ANC government has become such a part of South African society that the most demented transgressions against man and animal hardly cause a stir any more or raise any eyebrows. The government is failing the law-abiding citizens of our country. The government persists in making decisions that are based on race, when safety should be the only norm.

Doing away with commandos without filling the gap was unwise and extremely irresponsible. The promotion of police officers without taking merit and worth into consideration, is often the reward for incompetence and undermines discipline and performance. Empower our Police Service and restore confidence in a punch-drunk society.]

The government is failing the people of South Africa. In particular, the government has failed this unborn child and her parents. I thank you.

NGO WOMEN VOLUNTEERS HAILED

(Member's Statement)

Ms D M RAMODIBE (ANC): Madam Chairperson, Siphiwe Mphala and Angie Diale, two women volunteers from Meadowlands, Soweto, run a skills development programme for young people in the area. They also run awareness campaigns around issues of HIV/Aids and help people to access government services.

The ANC is heartened by the work these two young women are doing to help change people's lives. Their efforts give meaning to the ANC's call for people to continue to act as builders of their own future.

It is heartening to observe that the spirit of Vukuzenzele continues to inform the actions of our people.

The ANC salutes the work of these two young people and, on this 30th anniversary of June 16, calls upon the youth of our country to mobilise the people to vote for the ANC to ensure further rapid progress to a

better life for all. I thank you, Madam Chairperson. [Applause.]

2006 PROGRESSIVE GOVERNANCE SUMMIT

(Member's Statement)

Ms S D MOTUBATSE-HOUNKPATIN (ANC): Madam House Chairperson, I rise to applaud the ANC-led government for its commitment to good governance by accelerating the effort to work with all progressive forces as part of building a progressive movement for transformation and a better life.

The Progressive Governance Summit comprising eight heads of state from New Zealand, the United Kingdom, Sweden, the Republic of Korea, Ethiopia and Brazil was hosted by South Africa and it took place during the week of 11 February 2006. This should be supported by all peace-loving people, internationally and at home.

Members of the network are bound together by common values, including commitment to solidarity and social fairness.

The summit focused on the challenges of the 21st century relating to economic growth, eradicating poverty, new security threats and building cohesive societies.

Certainly, from the ANC, we welcome this initiative since we believe that it is the task of all democrats and humanists to identify opportunities in search for a just, humane and equitable world order.

Yo a sa rego sate o a duma. Mosito o tswela pele! Khutso e tla rena! Viva ANC! [Legofsi.] [Only those who are jealous will not be able to shout words of praise. The beat goes on! Let peace reign! Viva ANC! [Applause.]]

2006 PROGRESSIVE GOVERNANCE SUMMIT

(Minister's Response)

The MINISTER OF FINANCE: House Chairperson, I would like to respond, firstly, to the statement just read in respect of the Progressive Governance Summit.

It was a very good experience to participate in the summit, because you have government representatives of people in different parts of the world struggling with what it means to put people first and what the opportunities are.

Amongst the issues raised is, of course, the sharing of information and experiences.

There are some issues that other governments are taking to heed from South Africa; not just the Constitutional order and the methodology we apply, but also systems such as free basic services, which creates an extension to the social wage that protects the poor from the ravages of the market. This is something that is likely to take root. Another of the issues that was accepted by the heads of state and the other participants in the summit that was the defining of the humanism that is required of progressives the world over.

So, I want to express appreciation for the matter being raised here. Clearly, we have work ahead because we are not just doing it for ourselves, we are doing it for the world.

The second issue relates to the matter referred to by the hon Mentor on the AC Nielsen study. The AC Nielsen study comes after the Gallup international study, which was released on 1 January 2005, which confirms that South Africans in general are amongst the world's most optimistic people, and that's not without reason. [Applause.]

Similarly, the AC Nielsen study confirms in detail that South Africans, many of whom are poor, feel that there are measurable improvements in the quality of life.

When you take these issues together, namely the Progressive Governance Summit and the AC Nielsen study—and it's not an ANC study, it's an AC Nielsen study of respondents out there—I think we can confirm that this is the time of hope. We've got to build

on that. I'm pretty sure that the electorate will respond accordingly.

I would like to make a quick response in respect of what hon Ellis raised on the posters. I'm advised that some of the DA posters have found their way into schools of anatomy in various parts: DA Lewer! Mense soek nou die hart, die longe, die kop en die ore! [DA "De-livers"! People are now looking for the heart, the lungs, the head and the ears!]

So, it's that kind of thing we see on those posters. [Time expired.] [Applause.]

THE MURDER OF MUSA MASONDO

(Minister's Response)

The MINISTER FOR JUSTICE AND CONSTITUTIONAL DEVELOPMENT: Ngifuna ukugcizelela amazwi eqabane uZulu uma ethi kuyashaqisa ukuthi iqabane lethu uMasondo obehola igatsha le-Pixley ka Seme kwaNongoma libuwale kabuhlungu ngale ndlela elibulawe ngayo. Ngifuna ukuthi . . . [I want to emphasise Comrade Zulu's words when he says it is shocking that our Comrade Masondo, who led the Pixley Seme branch in kwaNongoma, was brutally killed in such a way. I want to say . . .]

. . . in reality, this shouldn't be happening in the year 2006. It is time for us to mature. We all have the responsibility of adhering to the electoral code of conduct. We as leaders gathered here, representing our parties and indeed playing very important leadership roles, have a responsibility to ensure that our members are not involved in violence and thereby in breach of a code that we all have signed as political parties.

I want to say that our cluster is committed to ensuring that the rule of law is respected in our country and that those guilty of this dastardly act will be found and indeed brought before the courts and hopefully, if guilty, they will be convicted.

And this brings me to the remarks made by the hon member of the DA. All of us, all good citizens abhor crime. But I think that in order to deal realistically with challenges that face us, we must stay away from hysteria and exaggerations.

There is no link and good sense in raising the commandos and giving us information on what could have happened around a crime scene. I thought that it was disingenuous, but let me say that we are committed. I think there has been progress in combating crime in the past 10 years; we are indeed committed to deal effectively with the scourge of crime. We are dealing with this matter in an integrated fashion. We do not only want to arrest the criminals, and we are not only arresting the criminals; we also want to secure conviction. [Applause.]

SIXTEEN DAYS OF ACTIVISM CAMPAIGN

PAC COUNCILLORS TO ADD VALUE AT LOCAL GOVERNMENT LEVEL

CONDEMNATION OF ACTIONS OF MR JACOB ZUMA'S SUPPORTERS

(Minister's Response)

TONA YA LEFAPHA LA THUTO: Modulasetulo, ke rata go simolola ka go leboga moemedi wa IFP ka go amogela boeteledipele ba Lefapha la Thuto la Gauteng, le le tshepisang bana ba rona ba basetsana polokego mo dikolong tsa rona. Re amogela tiro e, e e tlileng go dira gore bana ba rona ba tlhokomelwe. Re batla go tlhokomela bana botlhe, basetsana le basimane. Ke tshepa gore mafapha a mangwe a thuto a tlile go dira jaaka Gauteng.

Re setse re simolotse mono mo Kapa Bophirima. Re dira porojeke ya rona ya dikolo ya go tlhokomela basetsana. Re tlile go dira jalo mo mafapheng otlhe a Aforika Borwa. Ke batla go fetsa ka gore, le rona re le batsadi re tshwanetse go netefatsa gore mo

magaeng re ruta bana ba rona gore ba itshware jang fa ba le mo dikolong, segolo bana ba basimane.

E kete ga go na yo o nthusang go bua puo e ke e buang e ka sekgoa. Fa e le gore ga bayo, ke tla kopana le baemedi ba ba sa nkutlweng sentle ke ba tlhalosetse gore ke ne ke bua ka eng.

Kwa bofelong ke batla gore re dumalana le Khomishene ya Tekatekanyo ya Bong [Commission on Gender Equality]. *(Translation of Setswana paragraphs follows.)*

[The MINISTER OF EDUCATION: Chairperson, I would first like to thank a representative of the IFP for welcoming the leadership of the Gauteng Department of Education, which has promised our female learners that they will be safe in our schools. We welcome this initiative and hope it will ensure that our children are safe. We would like to ensure that all the children, both boys and girls, are safe. I hope that other education departments will do what Gauteng did.

We have already started in the Western Cape. We have a girl child project in schools. We will do the same in all other government departments. I would like to conclude by saying that as parents we should ensure that we teach children, especially boys, how they should behave at school.

It looks like there is no one to interpret my speech into English. If this is the case, I will meet with the representatives of those who did not hear and explain to them what I said.

In conclusion, I would like to say that we agree with the Commission on Gender Equality.]

There is no organisation that has been as open in speaking out against the conduct of persons who were outside the court in Johannesburg and their conduct towards the alleged victim, as well as the person that was mistaken for the victim. Any such act against women who we have encouraged to speak out should be condemned. I don't think we should make any politics out of this. The Women's League statement has to be welcomed, and we object to any conduct that would further abuse victims. [Applause.]

Finally, we would want to say to the PAC that they should not mislead the electorate. If any PAC member is elected as a councillor in local government—which is very doubtful—they will have very little impact on the redistribution of land because that is executed at national level. We urge voters to vote for the ANC. Thank you. [Applause.]

EXTENSION OF CONTRACT OF CAPE TOWN MUNICIPAL MANAGER

SPEEDING UP OF SERVICE DELIVERY

(Minister's Response)

The DEPUTY MINISTER FOR PROVINCIAL AND LOCAL GOVERNMENT: Hon House Chairperson, I am going to respond to two statements: one from the hon Doman and second another from the hon Comrade Lechesa.

The first one is on the reappointment of the Unicity manager of Cape Town. There is nothing wrong with that. [Interjections.]

The HOUSE CHAIRPERSON (Ms C-S Botha): Hon Minister, could you kindly pronounce his name for us just to help us with the pronunciation.

The DEPUTY MINISTER FOR PROVINCIAL AND LOCAL GOVERNMENT: The name is pronounced Mgoqi, and not "Magogi". I almost didn't know who he was referring to, until an hon member on that side intervened. It was then that I realised he was referring to Mgoqi, and not Magogi, whom I don't know.

There is nothing wrong in the re-appointment of the city manager. It is the prerogative of the Unicity mayor to reappoint a manager. At least this manager, we understand, is very, very active in the transforma-

tion of the Unicity and making a people's Unicity, unlike the managers that you used to appoint who used to deal with "spooks" and all such things in the buildings. That is what your managers used to do instead of dealing with transformation and delivery issues. So, there is nothing wrong with that. They were busy with "spooks" strategies. [Interjections.] Mr Doman, don't get uncomfortable, please, just listen. I listened to you; don't get uncomfortable.

With regard to Mr Lechesa's statement I would like to say: Viva Project Consolidate Viva!

HON MEMBERS: Viva!

The DEPUTY MINISTER FOR PROVINCIAL AND LOCAL GOVERNMENT: This government is well aware of these challenges and we are dealing head-on with them. In the past 10 years we have identified exactly where the challenges are. But, the DA is going around and saying that we have failed the people of South Africa in the past 10 years. I am going to refer them to this province and the Unicity, where they governed . . . [Interjections.]

The HOUSE CHAIRPERSON (Ms C-S Botha): Order! Hon Minister, would you please take your seat.

Mrs S A SEATON: Madam Chair, I'm just wondering if we are in an ANC rally today, because it certainly sounds that way.

The DEPUTY MINISTER FOR PROVINCIAL AND LOCAL GOVERNMENT: I'm responding to statements about where they governed. They would have at least halved the ANC's work in this province and in the Unicity if they had delivered during the years they governed.

Now, what the DA delivered in the province and in the Unicity was the eviction of poor people . . . [Interjections.]

The HOUSE CHAIRPERSON (Ms C-S Botha): Order! Hon Minister, I'm sorry, the time for ministerial responses has expired. Would you please conclude?

Mr M B SKOSANA: I am sorry to come in this late, but I think you didn't see me. I simply wanted to get a confirmation from the Minister with regard to the killings in Nongoma. I sympathise with the member who made the statement, but then when the Minister made the statement or reiterated it, I needed confirmation as to whether that was really a political killing or not. Or is it related to party politics?

The HOUSE CHAIRPERSON (Ms C-S Botha): Order! Hon member, I don't consider this as a point of order. I suggest that you take it up with the Minister after the sitting.

Mr M B SKOSANA: It is not a question to the Minister.

The HOUSE CHAIRPERSON (Ms C-S Botha): I'm afraid there's no opportunity for a question now.

The House adjourned at 11:51.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 16 FEBRUARY 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. **Classification of Bill by Joint Tagging Mechanism**

   (1) The Joint Tagging Mechanism on 16 February 2006 in terms of Joint Rule 160(6)(d) classified the following Bill as a section 76 Bill:

   (i) ***Division of Revenue Bill*** [B 3—2006] (National Assembly—sec 76).

National Assembly

The Speaker

1. **Referral of Bills**

The *Additional Adjustments Appropriation Bill (2005/06 Financial Year)* [B 4—2006] (National Assembly—sec 77) was referred to the Portfolio Committee on Finance on 15 February 2006. In considering the Bill, the Committee is instructed to confer with the **Portfolio Committee on Transport** and the **Portfolio Committee on Public Enterprises** with regard to the adjustments that affect those portfolios.

COMMITTEE REPORTS

National Assembly

1. **Report of the Portfolio Committee on Finance on the Division of Revenue Bill [B 3—2006] (National Assembly—sec 76), dated 16 February 2006:**

The Portfolio Committee on Finance, having considered the subject of the **Division of Revenue Bill** [B 3—2006] (National Assembly—sec 76), referred to it and classified by the Joint Tagging Mechanism as a section 76 Bill, reports the Bill without amendment.

2. **Report of the Ad Hoc Committee on Nomination of Persons to fill vacancies on the Commission on Gender Equality, dated 15 February 2006:**

The Ad Hoc Committee on Nomination of Persons to fill vacancies on the Commission on Gender Equality, having been appointed by the House on 2 November 2005 to make nominations to the House in order to enable it to recommend to the President in terms of section 3(2) of the Commission on Gender Equality Act (Act No 39 of 1996) persons to fill vacancies on the Commission on Gender Equality, reports as follows:

The Committee met on 15 February 2006 to elect a Chairperson and to outline the process it will follow.

In order to be adequately capacitated to deal with its mandate and be clear on all its options, the Committee resolved to invite an official from the Department of Justice to brief it on certain matters pertaining to the appointment of Commissioners.

The Committee therefore requests the House to extend the prior deadline of 15 February 2006 by which it was required to report, to 22 March 2006.

Report to be considered.

FRIDAY, 17 FEBRUARY 2006

ANNOUNCEMENTS

National Assembly

The Speaker

1. **Message from National Council of Provinces to National Assembly in respect of Bills passed by Council and transmitted to Assembly**

(1) Bill, subject to proposed amendments, passed by National Council of Provinces on 16 February 2006 and transmitted for consideration of Council's proposed amendments:

(i) ***Electricity Regulation Bill*** [B 29B—2005] (National Assembly—sec 75) (for proposed amendments, see Announcements, Tablings and Committee Reports, 15 February 2006, p 237).

The Bill has been referred to the **Portfolio Committee on Minerals and Energy** of the National Assembly for a report on the amendments proposed by the Council.

PROCEEDINGS OF THE NATIONAL ASSEMBLY

The House met at 17:53.

The Deputy Speaker took the Chair.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS—see col 563.

VACANCY

The Deputy Speaker announced that Mr I F Julies had been nominated with effect from 22 February 2006 to fill the vacancy that arose as a result of the passing away last year of Mr S F Haasbroek. The member had made and subscribed to the oath in the Speaker's office.

INVITATION TO ADDRESS JOINT SITTING

The CHIEF WHIP OF THE MAJORITY PARTY: Deputy Speaker, I move:

> That the House, subject to the concurrence of the National Council of Provinces, resolves to invite Mr Kofi Annan, Secretary-General of the United Nations, to address a joint sitting of the Houses on 14 March 2006.

Agreed to.

The House adjourned at 17:54.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 23 FEBRUARY 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Translations of Bills submitted

(1) The Minister of Finance

(i) ***Addisionele Aansuiwerings-begrotingswetsontwerp (Finansiële Jaar 2005/06*** [W 4—2006] (National Assembly—art 77)

This is the official translation into Afrikaans of the ***Additional Adjustments Appropriation Bill (2005/06 Financial Year)*** [B 4—2006] (National Assembly—sec 77).

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Correctional Services on Annual Report and Financial Statements of the Department of Correctional Services for 2004-05:

The Portfolio Committee on Correctional Services, having considered the Annual Report and Financial Statements of the Department of Correctional Services for 2004-05, reports as follows:

A. Introduction

The Portfolio Committee on Correctional Services has scrutinised the Annual Report of the Department of Correctional Services for 2004-05, including the Report of the Auditor General.

On 28 October 2005, the Committee met with the Deputy Minister of Correctional Services and representatives from the Department of Correctional Services (DCS) to discuss the 2004-05 Annual Report and Financial Statements of the DCS.

In terms of the Annual Report, the Portfolio Committee notes the following key issues:

1. The Annual Report 2004-05 provides a clear overview of the

functioning of the DCS for the financial year 2004-05.

2. Targets are clearly identified and reasons have, for the most part, been provided in instances where targets have not been met.

3. Key targets that were not met during this period, which include:

a. Underspending in the programme of Administration.

b. Number of assaults on prisoners and staff.

c. Number of unnatural deaths in prison.

d. The assessment and profile of offenders as part of its risk management strategy.

e. The training of 41 000 offenders as HIV/AIDS peer educators, volunteer care givers and lay counsellors.

f. Number of offenders participating in formal education programmes.

g. Number of offenders participating in skills development programmes.

h. Number of probationers and parolees per supervisory officer.

i Building/Procurement of New Generation Prisons.

j. Number of prisons being renovated.

In terms of the Report of the Auditor General the Portfolio Committee notes the following key issues:

1. The Committee is concerned that once again the DCS has received a qualified audit opinion by the Auditor-General.

2. Key areas of concern include:

a. *Control Assets*—Instead of zero balances reflected at the end of the financial year, significant balances were still reflected at year-end.

b. *Compliance with laws and regulations*—The A-G reports noncompliance by the Department with laws and regulations relating to overtime and the reporting of financial misconduct to the National Treasury and the A-G.

c. *Internal audit*—The Department did not submit quarterly reports as required by Treasury Regulation No. 3.2.7.

d. *Information systems audit*—The A-G reports that the Department's security systems are inadequately protected and the system of internal control and data integrity could be seriously jeopardised due to a number of weaknesses in the system. The weaknesses exist because the Department either does not have standardised security procedures, or its security procedures are not comprehensive.

e. *Medical expenditure*—The Department could not provide the A-G with membership records that indicate Members' number of dependants and benefit options for January, February and March 2005.

Areas of Improvement

The A-G has concurred with the following areas of improvement (progress) reported by the accounting officer:

1. The A-G reported no unauthorised expenditure by the Department in the 2004-05 financial year.

2. The Department has effected normal employer's medical expense contribution (2/3) in line with the rest of the Public Service, with effect from 1 January 2005.

3. All regions and branches have developed action plans to improve compliance with internal control measures.

4. Performance contracts of senior managers have been reviewed to include risk management and compliance with policies. This should address the problem of lack of commitment by management to exercise internal control identified by the A-G.

5. A Master Information System Plan will be completed soon and measures are taken to improve security and backup capacities.

6. The Department has started phasing in the seven-day working week system substantially.

7. Measures are currently put in place to improve personnel well-being to reduce current levels of disability leave.

B. Presentation by the Department on its Annual Report 2004/5

The DCS made a formal presentation on the Report to the Committee. The Annual Report of the Department is structured into five parts as per the guidelines of the Department of Public Service and Administration and Treasury Regulations ie

Part 1: General Information

Part 2: Programme performance

Part 3: Report of the Audit Committee

Part 4: Annual Financial Statements

Part 5: Human Resource Management

The Committee was then briefed on Part 2 of the Annual Report, which is Programme performance. The Operational areas of the Department are as follows:

a. Administration.

b. Incarceration.

c. Rehabilitation.

d. Corrections.

e. Facilities management and capital works.

1. Administration

The Department has done significant work in this programme during this financial year. The development and implementation of the White Paper contributed to the successes of this programme. The DCS has interacted with Treasury and other government departments in seeking solutions to the problem of overtime. Measures have been put in place to ensure that overtime is properly managed and an agreement has also been signed with the Trade Unions in respect of the movement from a five-day to a seven-day establishment. Certain sections of the Correctional Services Act were promulgated in October 2004, except for sections that deal with children, as child matters will be addressed in the Child Justice Bill. Another highlight was the implementation of Sections 76 and 77 of the Correctional Services Act and the appointment of community members to serve on the Correctional Supervision and Parole Boards. The DCS has made headway in exposing corruption amongst officials. The DCS has also

launched its magazine, SA Corrections Today, as well as DCS logo during December 2004. Some 36 Centres of Excellence have been identified during the year and systems for the operation of the Centres have been put in place.

2. Security

As a measure to improve security within the DCS, biometric security access systems will be installed in 60 Correctional Centres. This was prioritised for the bigger correctional centres, such as Pollsmoor and the centres of excellence. The DCS has almost completed the vetting of senior managers and will vett operational staff as well, but because the DCS is not directly responsible for the vetting of operational staff, backlogs are experienced. Marginal progress has also been made in curbing the number of escapes from facilities. Most escapes took place outside facilities at courts or hospitals. However escapes had become very violent. The DCS has also introduced a policy on Minimum Security Standards. A classification system for placement of inmates in facilities in terms of their security levels has also been developed.

3. Corrections

This programme functioned mainly around the development of policies and programmes, which will be implemented this financial year (2005-06). A training manual for Unit Managers has also been developed. The Minister, Deputy Minister and the Commissioner participated in many imbizos to promote corrections as a societal responsibility.

4. Care

The DCS is registered by the Department of Health for compulsory community service by psychologists (within the DCS). 24-hour access to comprehensive health services for inmates is also being provided. The DCS complies with providing a three-meal system within the required timeframes per day. Services, such as psychological, social work and spiritual care services, has increased during the year under review. In partnership with external service providers, 1086 inmates have been trained as HIV/Aids peer educators.

5. Development

A highlight in this programme is the accreditation of seven correctional centres as training service providers in terms of the requirements of the National Skills Development Act. The New Zealand government donated funds to the Department of Arts and Culture, which was handed over to the DCS to launch a project called arts and culture against crime in Kroonstad. INDLELA assisted the DCS with the number of programmes that were accredited. National Skills Fund provided funds for improving further learning of inmates. This assisted in the increase in the average number of offender work opportunities within the centres.

6. After Care

This programme's name will be changed to Social Reintegration. This programme facilitates the continued integration of inmates in communities and the work and appointments of the Parole Boards. 64% of parolees and probationers, who had absconded, had been traced. There is also a continued increase in the number of inmates provided with material assistance upon release to ensure re-integration.

7. Facilities

During the previous year, the DCS realised it was unable to spend all capital funds, because the Department of Public Works does repair and maintenance work on DCS sites. Accord-

ingly, a decision had been taken to start a programme of building the Department's own capacity. This was piloted at centres in the Western Cape and the Free State, where the inmates did renovations to the facilities. 245 inmates acquired critical training and practical knowledge transfer. The DPW upgraded 10 correctional facilities. A Transactional Advisor has been appointed to conduct a feasibility study for a new Head Office.

8. Annual Financial Statements

The Auditor-General reported no unauthorised expenditure by the DCS in the 2004/5 financial year. The Department has effected normal employer's medical expense contribution (two thirds) in line with the rest of the Public Service, with effect from 1 January 2005. The reason for implementing this only at 1 January 2005 is that the end of the financial year of Medcor ends in December. The DCS determined benefits of officials at the end of December. The DCS has also managed a significant improvement in Asset Control and Management (98% of total assets of DCS was registered). There was also an improvement of IT contract management compared to the concern raised by the Auditor General in the previous financial year. The DCS also geared up its recruitment strategy to fill vacancies. Other issues of security will be addressed. The Minister has submitted a report to SCOPA as per the recommendation of the Portfolio Committee in which the Committee recommends that a report on programme of action of the DCS must be submitted. Two programmes of the DCS were qualified on two accounts in that the DCS, over a period of nine months, took a risk of subsidising Medcor, with the knowledge that at the end of the financial year its books will not balance. The DCS requested an extension from Treasury, which was granted. This was done because of the conversion from the financial management system (FMS) to the basic accounting system (BAS).

Departmental Budget

The table below highlights Appropriation versus Expenditure:

Programme	Final Appropriation	Expenditure	Variance	%
Administration	2 655 131	2 705 088	(49 957)	101,9
Security	2 819 582	2 706 205	113 377	96,0
Corrections	478 601	466 318	12 283	97,4
Care	846 154	725 899	120 255	85,8
Development	380 600	310 320	70 280	81,5
After Care	297 513	288 079	9 434	96,8
Facilities	1 603 927	1 524 419	79 508	95,0
Internal Charges	(624 016)	(424 791)	(199 225)	68,1
TOTAL	8 457 492	8 301 537	155 955	98,2

Parliament appropriated R 8,4 Billion to the DCS in this financial year. The actual expenditure was appropriated at R 8,3 billion, which accounted for 98%

of budget. The Department was not able to spend all funds in specific programmes because of the following reasons:

(i) over expenditure in certain programmes, because of inadequate control measures

(ii) filling of vacant posts

(iii) inability to work with Department of Public Works to spend capital budget.

However, the DCS undertook alternative ways to spending these funds i e

(i) The DCS procured external services for the implementation of biometric access in 60 correctional centres, of which a substantial amount of work will be finalised during November of this year.

(ii) The DCS also used funds, in consultation with Treasury, for the settlement of a tax liability the DCS had because of subsidies for medical aid cover of officials.

C. Key areas of concern raised by the Committee

1. Administration

Corruption: Whilst the Committee notes the Department's efforts in rooting out corruption, it still exists especially in Correctional centres amongst inmates and staff. The Committee wanted to know how the Department plans to address this.

The DCS stated that it has strengthened its investigative capacity and has identified a number of cases. At a management retreat held earlier this year, it was determined that there was a need to look at the culture of DCS. Whilst the DCS has a code of ethics, it was not clear whether officials are familiar with it. The DCS will also look at harnessing an organisational culture in support of the White Paper on Corrections as well as encourage the revitilisation of Batho Pele within the Department.

The DCS is aware of misbehaviour and corruption in Correctional Facilities and will focus on the detection and follow up of such cases. The DCS also urged the Committee to bring such cases to their attention.

The Committee wanted to ascertain what the DCS targeted official to inmate ratio is.

The DCS reported that its interim promotion policy would address the ratio of official to inmate. With the movement to a seven-day establishment the DCS aims to employ 8 300 officials over the next three years, and has started this process already. The DCS aims to move staff to more supervisory positions, but this is often difficult as most of the facilities are old and are not conducive to rehabilitation programmes.

The Committee was also interested in the Retention strategy of the DCS, especially in retaining professionals such as psychologist, nurses, social workers and educationists. The Committee stated that, whilst it is important that the DCS evaluate its services, the DCS has a responsibility to retain staff.

The DCS stated that it was a very difficult process to retain professionals. In the past many professionals flocked to the DCS because of the overtime benefits, but with the phasing out of overtime, staff had started leaving the Department. The DCS has advertised positions for doctors on the level of deputy directors with a scarce skills allowance, but despite this, the DCS did not receive any applications. A discussion was held with Treasury to review these packages.

Whilst the Department of Health advertised scarce skills allowance for nurses, the DCS could not register the same need, as scarce skills requires nurses to work in theatres. Not all correctional facilities are in rural areas, but the DCS is in the process of formulating policies around scarce skills and rural allowances with the Departments of Public Service and Administration and Public Works.

The DCS upgraded the salary packages of social workers during this year as part of a retention strategy, aligning these with the rest of the Public Service.

The Committee wanted to know how the DCS planned to boost the morale of staff, especially after the phasing in of the seven-day establishment and whether the DCS has an Employee Assistance Programme in place, as many Correctional Centres experience high numbers of absenteeism and sick leave.

The DCS stated that it is concerned about the low morale amongst staff members. Recent research studies had shown that morale of lower level staff is not as high expected, especially since staff on these levels was mostly affected by the implementation of the seven-day establishment. The Department has indeed an Employee Assistance Programme as stated on page 30 of the Annual Report. A new project to intensify employee assistance has also been launched at the Drakenstein Correctional Centre.

The Committee said that the Estimates of National Expenditure indicated that the DCS aimed at filling 1 162 vacant positions and wanted to ascertain how the recent recruitment drive impact upon the realising this target, addressing staff shortages and the implementation of the seven-day establishment.

The Committee also noted that Recruitment within the DCS has been outsourced to external agencies and wanted to know if these agencies are being monitored and adhere to the government policies of employment equity.

The Committee also wanted to know whether the DCS is managing overtime.

The DCS has spent R740 million on overtime in this financial year whilst an amount of R960 million was projected. The DCS was then in a position to advertise vacant positions, but because of the impact of overtime payments on the Departmental budget, the filling of these posts was delayed. During 2005, the DCS filled 4 000 vacant positions. Even though the DCS was threatened with industrial action, it had to tackle the problem of overtime and the positive results in its expenditure trends, is clearly visible.

Many challenges are faced with the massive recruitment drive the DCS is undertaking, but the DCS reported that it receives regular reports from the recruitment agencies in terms of progress and challenges faced.

1. Care

The Committee wanted more clarity on the roll out of Anti-retroviral drugs within correctional facilities, especially in the light that a person receives these drugs in the area that he/she is coming from. This is often very difficult for inmates, as many of them are not detained in the areas they are coming from, but rather in the area the crime has been committed. What is being done in this regard?

The DCS has difficulty in obtaining accreditation for the roll out of anti-retroviral drugs.

3. After Care

The Committee noted that 40% of released inmates receives financial and material assistance upon release and wanted to know what kind of material assistance inmates are receiving.

The DCS said that those inmates who participated in specific skills related training at correctional centres receive basic tools to assist them to operate or seek employment opportunities.

The Committee stated that page 54 of the annual report mentions a number of work opportunities for offenders and wanted clarity as to whether this number represents offenders or work opportunities.

The DCS responded that the Annual Report set out a target for job opportunities for offenders for that specific year. The number relates to those doing duty on any given day at a facility. The DCS managed to give job opportunities to 65 000 inmates and offered 303 technical programmes, but not all the programmes are accredited. However, there is an ongoing relationship between the DCS and certain SETAs (Sector Education and Training Authorities), FIETA (Forest Industries and Education Authorities) and MERSETA (Manufacturing, Engineering and Related Services Authories), who have accredited many of the DCS' programmes. The Department aimed at having all its centres and programmes accredited in future.

4. Facilities

The Committee raised serious concerns with regard to Facilities and Facility management in the DCS. The DCS was asked to give more clarity on:

(a) poor progress made in the building and completion of the New Generation Prisons (NGs);

(b) the cost effectiveness of the NGs;

(c) the tender specifications for the NGPs; and

(d) what remedial steps have been taken to address the challenges faced.

The DCS responded in writing that it had budgeted R350 million for construction of each one of the four planned New Generation Prisons. The construction work is planned to commence during the 2005-06 financial year. In all cases except one, bulk earthworks were completed, ie Kimberley, Leeuwkop and Nigel. At the last site in Klerksdorp, the tendering process combined provision of both earthworks and construction.

The processes of procuring construction for buildings are done by the Department of Public Works on behalf of all government departments, including the DCS. These processes include bulk works. Currently the DCS is aware that tenders were issued and are in various stages of adjudication. Therefore until the DPW has finalised the process of adjudication and awarded tenders to bidders, the matter remains confidential'.

Pre-predictions of the estimated total costs of the NGPs amounted to R463 million, but when tenders were put out the total costs came to R609 million per NGP. A number of factors contributed to this i.e. the increase in the price of steel. The DCS is engaging in discussions with the Department of Public Works and Treasury to try and come up with solutions. The reality is that contracts for these prisons had already been signed and breaching these contracts will impact on the DCS' expenditure.

The Committee also raised concerns with regard to the private prisons and asked what the cost differential was between the PPPs and the public prisons.

The DCS confirmed that operating the PPPs is extremely expensive and that transaction advisors had been appointed to engage with the two PPPs in lowering their costs and to renegotiate a contract. The possibilities to reduce operational costs of these facilities are very limited. The proposals to recoup some of those expenses included increasing the capacity at these facilities, but this is still under negotiation.

5. Rehabilitation

The Committee is aware that Cabinet has approved the White Paper on Corrections in February 2005 and is interested in whether the DCS has made any progress in implementing and prioritising the aims of the White Paper, since rehabilitation is at the core of the DCS' priorities.

The DCS responded that there is no reason why it cannot ensure effective rehabilitation and participation programmes. The DCS is in the process of harnessing organisational culture in support of the White Paper and rewards and recognition will be included in this process. The DCS wants to move away from a culture of locking and unlocking of facilities. Whilst the ratio of staff to inmates is often very high, it is important that rehabilitation is effected. The seven-day establishment would create better opportunities to capacitate the DCS in realising this. More time would be spent on working with inmates than on administrative tasks.

6. Inmate Tracking System (ITS)

The Committee is extremely dissatisfied with the implementation of the ITS, specifically at the Durban-Westville Correctional Centre. The Committee was of the view that the ITS is for Security purposes, but at Durban-Westville, it is merely used for identification purposes, i e fingerprints and photos. Of grave concern to the Committee is the lost equipment (8 000 tags) that amounted to R7 million, and the fact that the problem had not been addressed as this loss was reported in February this year. The readers placed on the outside walls of the facility are often damaged by lightning and these readers are not insured, whilst the total cost of this contract amounts to R28 million. The Committee was informed that the straps are being cut off and replaced when detainees go to court and return to facilities. The cost per strap amounts to ±R3,50 and can escalate to R700 per day for 200 offenders attending court daily. This is not a very viable exercise.

The DCS responded in writing that 'the initial cost for inmate tracking were estimated at R28 543 438,56. Today a total amount of R27 193 951,24 has been paid to the Service Provider consistent with delivery of services. The remaining total of R1 349 487,32 would still be paid to the service provider for maintenance. Inmate tracking project is an IJS pilot project aimed at facilitating management and movement of Awaiting Trial Detainees (ATD) between facilities and the courts. It also facilitates easy location and placement of ATD within the holding facilities in the event where they are required for any specific reason. Phase one of the pilot project was conducted at Medium A of Durban-Westville and phase two at the Johannesburg management area.

The project aimed to introduce new technologies in the administration of awaiting trial detainees and therefore

required strong management and focused management change processes. In the case of Medium A of Durban-Westville both management and change management processes, which are critical to the successes of similar projects, were proved to have been ineffective. As a result of the staff resistance and management incapacity, management of the project resulted in loss of tags that compromised the efficiency of the system. The DCS is instituting measures to investigate the total impact that poor management and ineffective change management process has on the project at Durban-Westville. The results of the investigation should reveal the actual financial loss, the causes of the loss and make recommendations of the action taken.

The Commissioner has approved the appointment of the Evaluation Committee whose main aim will be to assess the value of the pilot project in both centres and recommend to the IJS whether or not the pilot was a success and required to be extended to other management areas.

In terms of the management of the pilot, this project is a project of the IJS and the DCS was appointed as the lead department. Accordingly, in terms of institutional management of the project, a project manager and a Task Team were appointed for effective implementation. Accountability for the success of the project is the sole responsibility of the Commissioner of Correctional Services.

7. Corrections

The Committee agrees that the high number of ATDs is not the responsibility of the DCS alone. The Committee reported that the 2004-05 Annual Report of the Inspecting Judge reports 9 311 ATD's with unpaid bail of less than R1 000 in Correctional centres. Section 62(f) of the Criminal Procedure Act is clearly not implemented and yet the Correctional Services Act empowers a Head of Prison to act in this regard. What is the DCS doing to ensure the implementation of the above-mentioned Acts?

The Committee is also concerned with the low number of offenders on parole and in those sentenced to community corrections.

The Deputy Minister stated petty criminals often become real criminals in the current system. Deterrents need to be brought into the system. If this was not possible via the Integrated Justice system, it was necessary to start driving the process by setting achievable goals. A sentencing framework which supported the minimum sentencing framework should be drafted that clearly indicates that a person could not go to prison for certain offences. More funds need to be invested in community corrections, in order for magistrates and judges to sentence offenders to community corrections. Harsh sentencing frameworks do not reduce crime.

8. Auditor-General's Report (A-G) and SCOPA Resolutions

The Committee noted that a substantial amount of staff debt is due and requested clarity on the matter. The A-G's report also reflects that the DCS has various shortcomings with internal controls despite the fact that the accounting officer has a documented system of internal control in place.

The Committee wanted to know what progress has been made in terms of SCOPA's resolutions. At a SCOPA meeting on 10 November 2004, the A-G noted that taxes were due by the DCS on medical aid contributions in excess of R341 million. Issues of information technology have also not been resolved.

The DCS responded both verbally and in writing to the above matters. A tax liability of R273 821 176 was settled by the DCS with the South African Receiver of Revenue. It should be noted that at the time of settlement, the SARS waived DCS liability in respect of penalties and interest to the value of R67 390 281. The DCS has ensured compliance with Schedule 7 of the Income Tax Act of 1962 since January 2005.

Co-ordination with SITA and Service Level Agreements

The DCS has monthly meetings with SITA to co-ordinate SITA/DCS activities and the Service Level Agreement. The senior manager of the two organisations agreed to institutionalise quarterly executive meetings to address strategic issues and resolve bottlenecks.

The DCS has a service-level agreement with SITA on mandatory Services, as per the SITA Act. This agreement is renewed on an annual basis. However, in other instances the department sources services from suppliers that participate in existing contracts with SITA. The SITA policy obliges individual departments to negotiate their own SLA when entering in these specific contracts. The Department does have the required service-level agreements applicable in these cases. As required by the SITA Act, the department has a Business Agreement with SITA and this agreement is renewable every second year. The current agreement was renewed this year.

IT and Disaster Recovery Plan

The operational plan has scheduled completion of the IT Plan containing Disaster Recovery Plan for January 2006. There is already an off-site disaster recovery site that may only need upgrading.

The moneys owed in terms of staff debt are due to the fact that many staff members leave the organisation without the necessary deductions made. The huge amount of moneys owed is due to the Judge White Commission cases where a lot of irregular promotions took place especially in the Eastern Cape and the former Ciskei. These promotions had to be rectified and the DCS had to find ways of recovering these moneys.

D. Committee observations and recommendations

The Committee, having considered the annual report of the Department, wishes to make the following observations and recommendations:

I. Administration

a. The Committee recommends that the DCS report back to Parliament on progress made with regard to its Retention Strategy and Recruitment drive.

b. The Committee is aware that the DCS will implement its Promotion Policy by November 2005 and requests that the Committee be kept abreast of all developments in this regard.

c. The Committee recommends that the DCS report back on the impact the Jali Commission's report will have on DCS' controls and governance.

d. The Committee requests the DCS to provide information on the recruitment agencies in terms of implementing Government policy and its feasibility.

e. The Committee recommends

that the DCS' magazine called *SA Corrections Today,* contain information on all policies and programmes the DCS intends implementing.

f. The Committee also requests a report on the centres of excellence and their operation.

2. Security

a. The Committee requests a detailed report on the implementation of the biometric access systems, which will be implemented at the seven biggest correctional centres, as well as at the centres of excellence.

b. The Committee notes the marginal progress that has been made in terms of curbing escapes, but recommends that the DCS implement measures to curb escapes en route to courts and hospitals.

3. Corrections

a. The Committee recommends that the DCS involves members of the Committee in its Imbizos as the Committee is committed to playing a role in educating communities on the reintegration of offenders after release. The Committee recommends that a detailed report be provided on the DCS' assessment and profile tools of inmates and how this has succeeded.

b. The Committee recommends that the DCS report back on the impact and efficacy of the parole system after the appointment of the new Correctional Supervision Parole Boards.

c. The DCS must also take the initiative in reducing overcrowding by ensuring that there are no awaiting trial detainees within prison who do not need to be there.

d. The Portfolio Committee requests a report back from the DCS on the results of such an exercise.

4. Care

The Committee recommends that the DCS speedily obtain accreditation for the roll out of anti-retroviral drugs at correctional centres and report back on its successes and challenges.

5. After Care

The Committee recommends that more stringent measures be taken with regard to the role community supervision officers play in the release and reintegration of offenders.

6. Development

a. The Committee requests that the DCS speedily obtain accreditation for all programmes and courses at correctional centers as these play a major role in seeking employment after the release of offenders.

b. The Committee recommends that the DCS look at measures and or policies to use its own capacity in building and maintenance projects.

7. Facilities

a. The Committee recommends

that the DCS reports back upon the finalisation of procurement projects in respect of the new-generation prisons.

b. The Committee recommends that feasibility studies be done in respect of the building of additional new-generation prisons, which will be situated in Port Shepstone, East London, Allandale and Upington and that this be submitted to the Committee for its consideration and recommendation.

c. The Committee recommends that it be provided with the report of the transaction advisors who are negotiating the contract and costs of the private prisons.

d. The Committee strongly recommends that the DCS considers placing juvenile offenders in the private prisons, as it is more conducive to rehabilitation and education of juveniles. It is senseless to place adult offenders with long sentences in these facilities.

8. *Inmate Tracking System*

a. The Committee requests the DCS to present before it the findings of the investigation into the inmate tracking system as well as the report of the evaluation committee.

b. The Committee further recommends that strong action be taken against those found guilty, negligent or irresponsible in the handling and management of the equipment.

c. The Committee recommends that the situation at the Durban-Westville prison be attended to and progress made be reported to the Committee.

d. The Committee also recommends that any projects, similar to inmate tracking and or electronic monitoring be tabled before the Committee for its consideration and recommendation.

Conclusion

The Committee noted that the annual report contains a lot of unnecessary information. Many of the pages have photographs rather than information. The Committee is of the opinion that it is very difficult to compare the annual report with the strategic plan of the DCS. What are noted as key departmental objectives in the strategic plan is reflected in the annual report as outputs or indicators. This makes it difficult to compare plans against progress and the format does not reflect accountability and transparency. The annual report also does not reflect end results and impact of projects and audits undertaken by the DCS. The annual report of 2004-05 is merely a "cut and paste" exercise.

The Committee commends the DCS on successes attained during the 2004-05 financial year and recommends that concrete steps are taken to address areas, which have been identified as problematic, particularly those areas of financial management identified as concerns by the Auditor-General.

APPENDIX 1

Attendance:

The following members of the Portfolio Committee on Correctional Services attended the meeting:

a. Mr D Bloem (Chairperson)

b. Ms LS Chikunga

c. Mr S Mahote

d. Ms MW Makgate

e. Ms W Ngwenya

f. Mr MJ Phala

g. Ms SP Rwexana

h. Mr LJ Tolo

i. Mr ET Xolo

The DCS was represented by:

a. The Hon Ms CE Gillwald—Deputy Minister: Department of Correctional Services

b. Mr V Petersen—Chief Deputy Commissioner: Corporate Services

c. Mr T Motseki—Executive Manager: Office of the Commissioner

d. Mr Andre Fourie—Deputy Director: Performance Management, Branch Corporate Services

e. Mr Kriek—Director: Special Remissions and Resettlement

f. Mr Sekhonyane—Director: Strategic Planning and Monitoring

Report to be considered.

FRIDAY, 24 FEBRUARY 2006

TABLINGS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

(a) Report of the Auditor-General on the findings identified during a performance audit of the approval and allocation of housing subsidies at Provincial housing departments, January 2006 [RP 13-2006].

TUESDAY, 28 FEBRUARY 2006

TABLINGS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

(a) Quarterly Report of the Auditor-General on the submission of financial statements by municipalities and the status of audit reports as at 31 December 2005 for the financial year ended 30 June 2005 [RP 16-2006].

2. The Minister of Arts and Culture

(a) Report and Financial Statements of the South African State Theatre for 2004-05, including the Report of the Auditor-General on the Financial Statements for 2004-05.

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Trade and Industry on the Annual Report of the Department of Trade and Industry 2004-05—January 2005, dated 1 February 2006:

The Portfolio Committee on Trade and Industry having considered the Annual Report of the Department of Trade and Industry for 2004-05 financial year, Medium-Term Expenditure Framework, as well as Quarterly Financial Statements, referred to it, reports that it has completed its deliberations on the report.

THURSDAY, 2 MARCH 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

The Speaker and the Chairperson, on 2

March 2006, called a Joint Sitting of the National Assembly and the National Council of Provinces, as follows:

CALLING OF JOINT SITTING OF PARLIAMENT

The Speaker of the National Assembly, Ms B Mbete, and the Chairperson of the National Council of Provinces, Mr M J Mahlangu, in terms of Joint Rule 7(2), have called a joint sitting of the Houses of Parliament for Wednesday, 8 March 2006 at 14:00 to conduct a debate in celebration of the International Women's Day.

B M BETE, MP SPEAKER OF THE NATIONAL ASSEMBLY	M J MAHLANGU, MP CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES
Date:_____	Date:_____

MONDAY, 6 MARCH 2006

ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of papers tabled

1. The *Appropriation Bill* [B 2—2006] is referred to the following portfolio committees for consideration and report on the relevant parts of the Schedule in terms of their mandate:

a) Arts and Culture;

b) Agriculture and Land Affairs;

c) Correctional Services;

d) Communications;

e) Defence;

f) Education;

g) Environmental Affairs and Tourism;

h) Foreign Affairs;

i) Health;

j) Home Affairs;

k) Housing;

l) Justice and Constitutional Development;

m) Labour;

n) Minerals and Energy;

o) Provincial and Local Government;

p) Public Works;

q) Public Enterprises;

r) Public Service and Administration;

s) Social Development;

t) Sport and Recreation;

u) Safety and Security;

v) Science and Technology

w) Trade and Industry

x) Transport; and

y) Water Affairs and Forestry.

2. The *Appropriation Bill* [B 2—2006] is referred to the following joint monitoring committees for consideration in terms of their mandate:

a) Joint Monitoring Committee on Improvement of Quality of Life and Status of Women;

b) Joint Monitoring Committee on Improvement of Quality of Life and Status of Children, Youth and Disabled Persons.

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Labour

(a) Strategic Plan of the Department of Labour for 2006 to 2009.

2. The Minister of Health

(a) Strategic Plan of the Department of Health for 2006-07 to 2008-09 [RP 29-2006].

3. The Minister in The Presidency

(a) Strategic Plan of Government Communication and Information System (GCIS) for 2006 to 2009.

TUESDAY, 7 MARCH 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Classification of Bills by Joint Tagging Mechanism

(1) The Joint Tagging Mechanism on 6 March 2006 in terms of Joint Rule 160(6)(c), classified the following Bills as money Bills:

(i) ***Appropriation Bill*** [B 2—2006] (National Assembly—sec 77)

(ii) ***Additional Adjustments Appropriation Bill (2005-06 Financial Year)*** [B 4—2006] (National Assembly—sec 77).

National Assembly

The Speaker

1. Referral to committees of papers tabled

1. The following paper is referred to the **Portfolio Committee on Finance** and the **Portfolio Committee on Public Service and Administration:**

(a) Government Notice No R 1105 published in the Government Gazette No 28226 dated 14 November 2005: Amendment of prescribed fees, made in terms of section 36 of the Pension Funds Act, 1956 (Act No 24 of 1956).

2. The following paper is referred to the **Portfolio Committee on Justice and Constitutional Development** for consideration, the committee to confer with the **Portfolio Committee on Safety and Security**, if necessary:

(a) Notice of Regulations made in terms of section 44(1)(a) of the Regulation of Interception of Communications and Provision of Communication-related Information, 2002 (Act No 70 of 2002), submitted in terms of section 44(4) of the Act.

3. The following paper is referred to the **Standing Committee on Public Accounts** for consideration and to the **Portfolio Committee on Public Enterprises:**

(a) Letter from the Minister of Public Enterprises dated 19 December 2005 to the Speaker of the National Assembly, in terms of section 65(2)(a) of the Public Finance Management Act, 1999 (Act No 1 of 1999), explaining the delay in the tabling of the Annual Report and Statements of Denel (Pty) Limited for 2004-05.

4. The following papers are referred

to the **Portfolio Committee on Education** for consideration:

(a) Government Notice No 1056 published in Government Gazette No 28159 dated 25 October 2005: National Policy regarding Further Education and Training programmes: Approval of the amended schools policy document, namely a resume of instructional programmes in schools, Report 550 (2005-09), made in terms of sections 3(4)(l) and 7 of the National Policy Act, 1996 (Act No 27 of 1996), and sections 6(A) and 61 of the Schools Act, 1996 (Act No 84 of 1996).

(b) Government Notice No 1175 published in Government Gazette No 28300 dated 7 December 2005: National Policy regarding Further Education and Training programmes: Approval of additional Agricultural subjects to be listed in the National Curriculum Statement Grades 10-12 (General), made in terms of sections 3(4)(l) and 7 of the National Policy Act, 1996 (Act No 27 of 1996), and sections 6(A) and 61 of the Schools Act, 1996 (Act No 84 of 1996).

5. The following papers are referred to the **Portfolio Committee on Finance**:

(a) Report and Financial Statements of the Financial Services Board on the Registrar of Collective Investment Schemes for the year ended 31 December 2004.

(b) Report and Financial Statements of the Financial Services Board on the Registrar of Pension Funds for 2004.

(c) Government Notice No 1179 published in Government Gazette No 28306 dated 7 December 2005: Approval of allocations to provincial and local government spheres, in terms of the Division of Revenue Act, 2005 (Act No 1 of 2005).

6. The following paper is referred to the **Portfolio Committee on Public Enterprises** for consideration and report. The Report of the Independent Auditors on the Financial Statements is referred to the **Standing Committee on Public Accounts** for consideration:

(a) Report and Financial Statements of Denel (Pty) Ltd for 2004-05, including the Report of the Independent Auditors on the Financial Statements for 2004-05.

7. The following papers are referred to the **Portfolio Committee on Water Affairs and Forestry** for consideration and report. The Reports of the Independent Auditors on the Financial Statements are referred to the **Standing Committee on Public Accounts** for consideration:

(a) Report and Financial Statements of Bushbuckridge Water for the year ended 30 June 2005, including the Report of the Independent Auditors on the Financial Statements for the year ended 30 June 2005.

(b) Report and Financial Statements of Ikangala Water for the year ended 30 June 2005,

including the Report of the Independent Auditors on the Financial Statements for the year ended 30 June 2005.

(c) Report and Financial Statements of Magalies Water for the year ended 30 June 2005, including the Report of the Independent Auditors on the Financial Statements for the year ended 30 June 2005.

8. The following paper is referred to the **Portfolio Committee on Water Affairs and Forestry** for consideration:

(a) Government Notice No 1180 published in Government Gazette No 28307 dated 9 December 2005: Invitation to submit written comments on the proposed list of particular trees and particular group of trees under section 12(1)(a) and (b) of the National Forests Act, 1998 (Act No 84 of 1998).

9. The following paper is referred to the **Portfolio Committee on Justice and Constitutional Development** for consideration:

(a) Medium-Term Strategic Framework for the Department of Justice and Constitutional Development for 2005-06—2008-09.

10. The following paper is referred to the **Standing Committee on Public Accounts** for consideration:

(a) General Report of the Auditor-General on the Audit Outcomes for 2004-05 [RP 223-2005].

11. The following paper is referred to the **Portfolio Committee on Sport and Recreation** for consideration and report. The Report of the Auditor-General on the Financial Statements is referred to the **Standing Committee on Public Accounts** for consideration:

(a) Report and Financial Statements of Boxing South Africa for 2004-05, including the Report of the Auditor-General on the Financial Statements for 2004-05.

12. The following papers are referred to the **Portfolio Committee on Communications** for consideration and report:

(a) Final Acts of the Plenipotentiary Conference in Marrakesh, Morocco in 2002 of the International Telecommunications Union, tabled in terms of section 231(2) of the Constitution, 1996.

(b) Explanatory Memorandum to the Final Acts of the Plenipotentiary Conference in Marrakesh, Morocco in 2002 of the International Telecommunications Union.

13. The following papers are referred to the **Portfolio Committee on Safety and Security** for consideration and report:

(a) Proclamation No R.65 published in Government Gazette No 28279 dated 2 December 2005: Notification by President in accordance with section 25 of the Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No 33 of 2004).

(b) Proclamation No R.66 published in Government Gazette No 28279 dated 2

December 2005: Notification by President in accordance with section 25 of the Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No 33 of 2004).

14. The following paper is referred to the **Portfolio Committee on Housing** for consideration and report. The Report of the Independent Auditors on the Financial Statements is referred to the **Standing Committee on Public Accounts** for consideration:

    (a) Report and Financial Statements of Servcon Housing Solutions (Proprietary) Limited for 2004-05, including the Report of the Independent Auditors on the Financial Statements for 2004-05.

15. The following papers are referred to the **Portfolio Committee on Transport** for consideration and report:

    (a) The Convention for the Unification of Certain Rules for International Carriage by Air, tabled in terms of section 231(2) of the Constitution, 1996.

    (b) Explanatory Memorandum on the ratification and/or accession to the Convention for the Unification of Certain Rules for International Carriage by Air.

WEDNESDAY, 8 MARCH 2006

ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of papers tabled

1. The following paper is referred to the **Joint Monitoring Committee on Improvement of Quality of Life and Status of Women** and the **Joint Monitoring Committee on Improvement of Quality of Life of Children, Youth and Disabled Persons** for consideration of the relevant programmes of the Memorandum:

    (a) Memorandum on Vote No 1—"The Presidency", Main Estimates, 2006-2007.

2. The following paper is referred to the **Portfolio Committee on Foreign Affairs** for consideration and report:

    (a) Memorandum on Vote No 3—"Foreign Affairs", Main Estimates, 2006-07.

3. The following paper is referred to the **Portfolio Committee on Home Affairs** for consideration and report:

    (a) Memorandum on Vote No 4—"Home Affairs", Main Estimates, 2006-07.

4. The following paper is referred to the **Portfolio Committee on Provincial and Local Government** for consideration and report:

    (a) Memorandum on Vote No 5—"Provincial and Local Government", Main Estimates, 2006-07.

5. The following paper is referred to the **Portfolio Committee on Public Works** for consideration and report:

    (a) Memorandum on Vote No 6—"Public Works", Main Estimates, 2006-07.

6. The following papers are referred to the **Portfolio Committee on Communications** for consideration and report:

   (a) Memorandum on Vote No 7—"Government Communications and Information System", Main Estimates, 2006-07.

   (b) Memorandum on Vote No 26—"Communications", Main Estimates, 2006-07.

7. The following papers are referred to the **Portfolio Committee on Finance** for consideration and report:

   (a) Memorandum on Vote No 8—"National Treasury", Main Estimates, 2006-07.

   (b) Memorandum on Vote No 13—"Statistics South Africa", Main Estimates, 2006-07.

8. The following paper is referred to the **Portfolio Committee on Public Enterprises** for consideration and report:

   (a) Memorandum on Vote No 9—"Public Enterprises", Main Estimates, 2006-07.

9. The following papers are referred to the **Portfolio Committee on Public Service and Administration** for consideration and report:

   (a) Memorandum on Vote No 10—"Public Service and Administration", Main Estimates, 2006-07.

   (b) Memorandum on Vote No 11—"Public Service Commission", Main Estimates, 2006-07.

   (c) Memorandum on Vote No 12—"South African Management Development Institute", Main Estimates, 2006-07.

10. The following paper is referred to the **Portfolio Committee on Arts and Culture** for consideration and report:

    (a) Memorandum on Vote No 14—"Arts and Culture", Main Estimates, 2006-07.

11. The following paper is referred to the **Portfolio Committee on Education** for consideration and report:

    (a) Memorandum on Vote No 15—"Education", Main Estimates, 2006-07.

12. The following paper is referred to the **Portfolio Committee on Health** for consideration and report:

    (a) Memorandum on Vote No 16—"Health", Main Estimates, 2006-07.

13. The following paper is referred to the **Portfolio Committee on Labour** for consideration and report:

    (a) Memorandum on Vote No 17—"Labour", Main Estimates, 2006-07.

14. The following paper is referred to the **Portfolio Committee on Social Development** for consideration and report:

    (a) Memorandum on Vote No 18—"Social Development", Main Estimates, 2006-07.

15. The following paper is referred to the **Portfolio Committee on Sport and Recreation** for consideration and report:

(a) Memorandum on Vote No 19—"Sport and Recreation South Africa", Main Estimates, 2006-07.

16. The following paper is referred to the **Portfolio Committee on Correctional Service** for consideration and report:

(a) Memorandum on Vote No 20—"Correctional Services", Main Estimates, 2006-07.

17. The following paper is referred to the **Portfolio Committee on Defence** for consideration and report:

(a) Memorandum on Vote No 21—"Defence", Main Estimates, 2006-07.

18. The following papers are referred to the **Portfolio Committee on Safety and Security** for consideration and report:

(a) Memorandum on Vote No 22—"Independent Complaints Directorate", Main Estimates, 2006-07.

(b) Memorandum on Vote No 24— "Safety and Security", Main Estimates, 2006-07.

19. The following paper is referred to the **Portfolio Committee on Justice and Constitutional Development** for consideration and report:

(a) Memorandum on Vote No 23—"Justice and Constitutional Development", Main Estimates, 2006-07.

20. The following papers are referred to the **Portfolio Committee on Agriculture and Land Affairs** for consideration and report:

(a) Memorandum on Vote No 25— "Agriculture", Main Estimates, 2006-07.

(b) Memorandum on Vote No 29—"Land Affairs", Main Estimates, 2006-07.

21. The following paper is referred to the **Portfolio Committee on Environmental Affairs and Tourism** for consideration and report:

(a) Memorandum on Vote No 27—"Environmental Affairs and Tourism", Main Estimates, 2006-07.

22. The following paper is referred to the **Portfolio Committee on Housing** for consideration and report:

(a) Memorandum on Vote No 28—"Housing", Main Estimates, 2006-07.

23. The following papers are referred to the **Portfolio Committee on Minerals and Energy** for consideration and report:

(a) Memorandum on Vote No 30—"Minerals and Energy", Main Estimates, 2006-07.

24. The following paper is referred to the **Portfolio Committee on Science and Technology** for consideration and report:

(a) Memorandum on Vote No 31—"Science and Technology", Main Estimates, 2006-07.

25. The following paper is referred to the **Portfolio Committee on Trade and Industry** for consideration and report:

(a) Memorandum on Vote No 32—"Trade and Industry", Main Estimates, 2006-07;

26. The following paper is referred to

the **Portfolio Committee on Transport** for consideration and report:

(a) Memorandum on Vote No 33—"Transport", Main Estimates, 2006-07.

27. The following papers are referred to the **Portfolio Committee on Water Affairs and Forestry** for consideration and report:

(a) Memorandum on Vote No 34—"Water Affairs and Forestry", Main Estimates, 2006-07.

TABLINGS

National Assembly and National Council of Provinces

1. The Minister for the Public Service and Administration

(a) Strategic Plan of the South African Management Development Institute for 2005-06 to 2010-11.

2. The Minister for Agriculture and Land Affairs

(a) Strategic Plan of the Department of Agriculture for 2006.

(b) Strategic Plan of the Land and Agricultural Development Bank for 2006-07.

(c) Strategic Plan of the Commission on Restitution of Land Rights for 2006-07 to 2008.

(d) Strategic Plan of the Agricultural Research Council for 2006-07 to 2010-11.

(e) Strategic Plan of the Ingonyama Trust Board for 2006-07.

(f) Strategic Plan of the Onderstepoort Biological Products Ltd for 2006 to 2009.

(g) Strategic Plan of the Perishable Products Export Control Board.

3. The Minister in The Presidency

(a) Strategic Plan of Media Development and Diversity Agency (MDDA) for 2006 to 2009.

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Finance on the ***Additional Adjustments Appropriation Bill (2005-06 Financial Year)*** [B 4—2006] (National Assembly—sec 77), dated 6 March 2006:

The Portfolio Committee on Finance, having considered the subject of the ***Additional Adjustments Appropriation Bill (2005-06 Financial Year)*** [B 4—2006] (National Assembly—sec 77), referred to it and classified by the Joint Tagging Mechanism as a section 77 Bill, and having conferred with the Portfolio Committees on Transport and Public Enterprises, reports that it has concluded its deliberations thereon.

PROCEEDINGS OF THE NATIONAL ASSEMBLY

The House met at 14:02.

The House Chairperson, Ms C-S Botha, took the Chair and requested members to observe a moment of silence for prayers or meditation.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS—see col 690.

ADDITIONAL ADJUSTMENTS APPROPRIATION BILL (2005-06 FINANCIAL YEAR)

(First Reading debate)

Mr G D SCHNEEMANN: Chairperson, Ministers, comrades and hon members, as the ANC we support the appropriation of an additional amount of R2,7 billion which will enable the Road Accident Fund to meet its liabilities for the period 2005-06.

In addition, this appropriation clearly indicates the caring nature of our government. The Road Accident Fund provides compensation to victims of motor-vehicle accidents for injuries, loss of income and loss of financial support.

Without this appropriation many victims would be adversely affected and would not receive the much-needed compensation provided for by the Road Accident Fund.

We are mindful that this is not a permanent solution to the challenges facing the Road Accident Fund and we urge the Minister of Transport, together with the national Department of Transport and the Road Accident Fund, to ensure that the necessary measures needed for the Road Accident Fund to operate in a sound manner are introduced.

Amongst other things, attention will need to be given to minimising the cost of administration, promoting good governance and developing a sustainable economic model, which will put the Road Accident Fund in a financially sound position.

According to the estimates of National Expenditure in Vote 33—Transport, the recommendations of the Road Accident Fund Commission have been assessed regarding both their impact and implications. It further states that, subject to a Cabinet decision, work on a no-fault benefit scheme will start with the publication of a White Paper during 2006.

This appropriation will generate a surplus of R1,7 billion that will assist in partially offsetting future deficits over the 2006 MTEF.

During 2005-06 a total of 185 773 new claims were received by the Road Accident Fund. Owing to slow progress in finalising claims, the backlog of claims grew to 443 399. This indicates the need for measures to be introduced to ensure the future financial sustainability of the Road Accident Fund.

Whilst changes can be made to the structure of the Road Accident Fund, a critical challenge is the high number of fatalities and accidents which occur on our roads each year with an estimated cost to the economy of some R40 billion per annum. During December 2005 there was a 16,9% increase in fatalities in comparison to December 2004.

Every year more and more new drivers take to our roads. An estimated 60 000 new vehicles were purchased last year.

The national Department of Transport and the Arrive Alive campaign have performed well in raising awareness of the need for road safety. Despite these efforts the number of fatalities and road accidents remain at an unacceptably high level. On the one hand we need more visible and tougher traffic law enforcement, whilst on the other hand the users of our roads have to take responsibility

for their own driving practices and the roadworthiness of their motor vehicles. The owners of vehicle fleets must start to take responsibility for how the drivers they employ drive.

It is correct that government must take responsibility for the enforcement of traffic laws on our roads, but it is equally correct that the users of our country's roads must ensure that they abide by the traffic laws, which govern our roads. We are pleased that the Road Traffic Management Corporation has started to function. We urge the Road Traffic Management Corporation to approach its task with a sense of urgency, as it has an important role to play in ensuring order on our roads.

In conclusion, we in the ANC support this appropriation and also urge all the users of our roads to obey the rules of our roads. Together we can create safer roads and reduce the number of fatalities and motor vehicle accidents. I thank you. [Applause.]

Dr S M VAN DYK: Mevrou die Voorsitter, hierdie wetsontwerp kan beskou word as deel van die huidige boekjaar se aansuiweringsbegroting, waarvan die meeste aansuiwerings van ander departemente reeds einde verlede jaar in die Parlement aangehoor en bespreek is. Hierdie aansuiwerings ten opsigte van, onderskeidelik, Denel en die Padongelukkefonds word beskou as addisionele fondse en beredeneer as onvoorsienbaar en onvermydelik. *(Translation of Afrikaans paragraph follows.)*

[Madam Chairperson, this Bill could be regarded as part of the adjustments appropriation for the current financial year, of which most adjustments of other departments have already been addressed and discussed in Parliament at the end of last year. These adjustments, with regard to Denel and the Road Accident Fund, respectively, are regarded as additional funds and considered to be unforeseen and inevitable.]

The DA in principle supports the appropriation of R2,7 billion for the Department of Transport for further transfer to the Road Accident Fund in order for it to proceed with scheduled payments to successful claimants and to settle the outstanding payment to the SA Revenue Service. We base this decision purely on the knowledge of the 400 000 claims outstanding—some going back nearly three years—and the long and painful suffering these claimants have endured because of not receiving payment for injuries.

But just throwing R2,7 billion at the Road Accident Fund to bail it out of its state of insolvency is not the answer. The DA opposed the recent amendments to the Road Accident Fund Act, as did over 100 000 signatories to the Stop the Bill petition, because the Bill failed to address the real issues facing the fund, namely poor management and high costs of fees spent on lawyers, medical experts and actuaries.

In the long run the only thing that will make the Road Accident Fund sustainable is a dramatic reduction in the number of road accidents. Over 12 000 people died on our roads last year, and many more were injured and maimed. This costs the economy of the country as much as R40 billion per annum.

Die huidige toestand van Suid-Afrika se padnetwerk dra grootliks hiertoe by en die regering moet in 'n groot mate die medeaanspreeklikheid daarvoor aanvaar. Ek het die Minister van Vervoer verlede jaar gevra hoeveel kilometer paaie op die waglys is vir onderhoud en rehabilitering. Uit sy antwoord blyk dit dat 105 627 km paaie dringend aandag nodig het. [Tussenwerpsels.] Soos die agb Seremane dit stel, deesdae kyk 'n mens op sommige paaie nie meer uit vir die slaggate nie; jy soek eerder die pad wat oorgebly het tussen die slaggate! [Tussenwerpsels.] *(Translation of Afrikaans paragraph follows.)*

[The present state of South Africa's road network is largely contributing to this state of affairs and the government must, to a great extent, be held co-responsible. Last

year I requested the Minister of Transport to provide details of how many kilometres of road were placed on the waiting list for maintenance and rehabilitation. From his answer it appears that 105 627 km of road need urgent attention. [Interjections.] As the hon Seremane puts it, these days you no longer look out for potholes on certain roads, but rather for the piece of road that has been left between the potholes! [Interjections.]]

The question needs to be asked whether any conditions have been linked to this appropriation in terms of ensuring that the fund won't end up looking for further appropriations in the future, or, for that matter, a further increase in the fuel levy.

The DA has on a number of occasions in this House asked for the Minister to commission an appropriate external task team to investigate the Road Accident Fund with a view to coming up with recommendations to restructure the fund in an appropriate way and to make it more sustainable, efficient and free of corruption.

The amendments to the Road Accident Fund have a number of controversial clauses. Amendments now take away the common-law right of the innocent motorist, whilst the offending or negligent driver carries no such burden and in many cases can walk away scot-free, despite the fact that he or she may be in a position to pay for any damages caused in excess of the Road Accident Fund's accountability.

I wonder whether the Minister took these issues into consideration when so generously bailing out the Road Accident Fund. Surely, some of this money could be well placed in campaigns to educate and provide the necessary enforcement to stop the continued loss of life of and injuries to our citizens, which is indirectly costing the economy billions. I trust the Minister will have time to ponder these areas where we seem to be robbing Peter to pay Paul.

Secondly, the DA supports the R2 billion bail-out of Denel to restructure itself, given present circumstances. We are appalled by the financial losses this company suffers year after year and we must emphasise that this drain on the fiscus cannot be allowed to continue indefinitely. Denel must shape up or be shipped out!

Nevertheless, Denel is a strategically important enterprise that should be salvaged if at all possible. It has long-term commitments to maintain and has to upgrade existing weapons systems in the Defence Force. It is the core of our valuable aerospace capability. Its internationally recognised scientific and technical expertise is a national asset that we cannot afford to lose or compromise. It has more than 10 000 employees. They cannot just be abandoned to the hardships of unemployment or the lure of emigration.

Uit voorleggings aan die Parlement blyk dit dat daar geen wanpraktyke by die organisasie voorgekom het nie. Agterlosige bestuur en die verkleining van Denel se hoofuitsetmark, die SANW, is verantwoordelik vir die organisasie se verliesgeskiedenis. Tog lyk Denel se nuwe visie en missie as internasionale vennoot vir die ontwikkeling van onderdele van wapentuig, eerder as om die artikels volledig te vervaardig, meer belowend. Die ontwikkeling van wapentuig het verreikende openbare en nasionale strategiese beleidsimplikasies.

Gevolglik is dit moeilik om Denel te privatiseer. Denel moet óf herstruktureer word, óf, indien dit nie slaag nie, as organisasie gesloop en gelikwideer word. Die DA vertrou dat hierdie addisionele R2 miljard-inspuiting so 'n katastrofe sal voorkom en Denel eerder op die pad na herstel sal plaas. Die DA steun hierdie wetsontwerp. Dankie, Voorsitter. [Applous.] *(Translation of Afrikaans paragraphs follows.)*

[From submissions to Parliament, it appears that no irregularities occurred at this organisation. Careless management and the

shrinking of Denel's main market, the SANDF, are responsible for the organisation's loss history. Though, it seems that the new vision and mission of Denel, as international partner to develop spares for armaments rather than manufacturing the complete items, is more promising. The development of armaments has far-reaching public and national strategic policy implications.

Consequently, it is not easy to privatise Denel. Denel has either to be restructured, or, if this does not succeed, dissolved or liquidated as an organisation. The DA trusts that this additional R2 billion injection will prevent such a catastrophe and will rather place Denel on the path of recovery. The DA supports this Bill. Thank you. [Applause.]]

Mr T E VEZI: Thank you, Chair. According to Denel's annual report of 2005, the net loss for the year is significantly worse than the loss of the previous financial year, which came to R377,5 million. According to the report, the major contributors to this year's financial performance were, mainly, the failure to achieve the sales target, an increase in provision for contract losses and the adverse impact of the exchange rate.

According to Ernst and Young, included in the cost of sales is an amount of R697,8 million, representing the expected contract loss on the Rooivalk attack-helicopter project. Unfortunately, they did not obtain all the information and explanations they considered necessary to satisfy themselves that this provision is fairly stated. They conclude by stating:

> These conditions, along with other matters, as set out in the director's report, indicate the existence of a material uncertainty, which may cast significant doubt on the group's ability to continue as a growing concern.

Cash is the lifeblood of any living organism. And unless drastic steps are taken . . . [Time expired.]

Mr J BICI: Chair, hon members, the UDM supports the Bill. However, the Bill before us constitutes large additional appropriations for two government entities that suffer from perennial financial woes. As far as Denel is concerned, its struggle to become and stay profitable has been ongoing for years. This, despite billions in taxpayers' money being invested in it, as well as the billions more spent on the arms deal, which should have produced positive spin-offs. We are being asked to sponsor another restructuring. Let's hope that this time the investment bears fruit.

The other entity that stands to benefit from additional taxpayers' money is the Road Accident Fund. It has also been the subject of restructuring over the years. Despite annual promises of improvement following annual bail-outs, the RAF remains a budgetary black hole that sucks up the taxpayer's money, without ever seeming to get out of the red. Nevertheless, we support the Bill. Thank you.

Mr H B CUPIDO: Chairperson, the ACDP notes the progress made by Denel with regard to securing equity partnerships and the selling of noncore assets. This is a welcome step towards the goal of reshaping our parastatals, so that they are in line with international standards. We have repeatedly been told that the shortage of professional skills is the greatest challenge facing our state-owned enterprises.

The ACDP exercises its faith that Denel's R2 billion injection will cover world-class human resource practices. State-owned enterprises are generally expected to become largely self-financing, and not to place an extra burden on the budget. It is therefore our hope that every effort will be made to address those issues that may have been identified as obstacles to the growth of Denel.

Regarding the Road Accident Fund, the ACDP appreciates the precarious financial situation of the fund. The solution, however, lies in better management of the fuel levy

funds and the eradication of corrupt practices, not the reduction of victims' rights to claim. Additionally, we urgently need to reduce the number of serious collisions on our roads, which, in turn, will reduce the number of claims to the fund. Thank you, Ma'am.

Dr G G WOODS: Madam Chair, like other parties, the National Democratic Convention, Nadeco, sees the similarity between the circumstances of the two institutions that seek additional funding. The similarity concerns their viability, and therefore whether the additional appropriations are justifiable.

Concerning Denel, with no real competitive advantage in a tough international market, it has found it difficult to succeed. The arms-deal-related work gave it something like a reprieve, but this is insufficient and unlikely to last. We note that British Aerospace recently decided against buying a substantial share of Denel pertaining to questions of commercial viability, and we therefore ask: "Is Denel's latest turnaround plan sound enough to justify an additional R2 billion?"

Then there is the Road Accident Fund, which has long been problematic. There have been too many failed rescue plans to remember over this period. Seemingly, a lack of management and an inability to do what it takes to make the fund viable remain. Solutions concerning the scope, nature and integrity of the claims allowed against the fund have yet to be introduced. So, here too, are we just pouring money into a bottomless pit?

Nadeco, however, supports the appropriations on the understanding that the Ministers for Public Enterprise and of Transport will now be taking a far more rigorous approach towards dealing with the problems of these two institutions.

Mong M T LIKOTSI: Motsamaisi wa mosebetsi, PAC e amohela tshisinyo ena ya Tlatseletso ya Letlole lena la R2,7 billion bakeng sa Road Accident Fund, bakeng sa batho ba fumanang dikotsi mona ditseleng. PAC e boela ere ke maswabi a maholo hore ebe ho ntse ho ena le diketekete tsa batho hona jwale, ba so kang ba fumana ditlhapiso ha ba ile ba fumana dikotsi tsa ditseleng.

Re re ke boikarabelo ba mmuso hore baahi ba fumane tshireletso ya bohlokwa ditseleng, ele hore ba tle ba se ke ba iphumana ba le dikotsing. Mmuso o tlamehile ho bona hore o ntlafatsa mebila e le hore ho tle ho se ke ha eba le dikotsi tse etsahalang ha bobebe. PAC e amohela tlatseletso ena ya ditjhelete tsena, e le hore tshebetso e tle e kgone ho tswella pele hantle. Ke a leboha. *(Translation of Sesotho speech follows.)*

[Mr M T LIKOTSI: Madam Speaker, the PAC supports the Adjustments Appropriation Bill for allocating an additional R1,2 billion to the Road Accident Fund to compensate people involved in road accidents. The PAC notices with despair that there are still thousands of people who have not yet received compensation from the fund.

We feel that it is the responsibility of the government to protect its citizens on the roads and to minimise accidents. The government should upgrade roads constantly to avoid an increase in road accidents. The PAC supports the Bill. Thank you.]

Mr R H BHOOLA: Madam Chairperson, the MF acknowledges and accepts that a total of R4,25 billion was appropriated in this Bill. We do feel that there is no need for a roll-over if sectors utilise their funds adequately. We are not, however, suggesting that expenditure should be created to avoid a roll-over, but in view of the fact that we are constantly complaining about a shortage of funds, that a roll-over does exist, it does not make sense.

We believe that because of the seriousness of unemployment, the Department of Labour should devise means to utilise funds adequately in the alleviation of unemployment. We have no reservations regarding additional funds appropriated to Public Enter-

prises and Transport. Considering the reasoning behind this addition, we support it.

We are, however, pleased that the funds are being made available to manage the Road Accident Fund and for the adequate payment of successful claimants. The MF supports the Adjustments Appropriation Bill.

Mr C L GOLOLO: Chairperson, I want to applaud the President and the Finance Minister on realising the importance of giving support to this very strategic entity, Denel, which is universally renowned for the state-of-the-art and sophisticated products it has to offer the defence fraternity.

Denel cannot ship out. Indeed, there are those who feel that Denel should be privatised and should not be given state funding. But the majority in our portfolio committee appreciate that the new leadership at Denel has a major responsibility to restructure it and make it a competitive, viable and world-class entity.

It is a fact that we as a nation do not face any external military threats because of the fact that we have made more friends than enemies since the demise of the apartheid regime. The picture that was painted last year by the new leadership of Denel, of the need to fundamentally transform it, seems reasonable to us.

We would like to call upon all relevant stakeholders to work together and do their utmost to reconstitute Denel and ensure that it serves the national interests and that it is commercially viable on a sustainable basis.

We believe the CEO when he says that part of the problem has been lack of clarity among the government and other stakeholders of the exact role Denel should play to the extent that there is convergence among the major stakeholders on the exact role of Denel and greater co-operation among them. We appreciate that.

If there is disagreement on this matter, particularly within government, surely there should be more political and financial support for Denel too, especially as we are told that defence companies globally rely on Denel.

The recent R2-billion injection by National Treasury to Denel is a positive move in that it will not only sustain jobs, but will also ensure that new skills in science and technology are acquired. This eventually enhances development, which will enable us to meet our economic growth rate goal of 6% by 2010.

In our interaction last year the CEO, Mr Liebenberg, said that fixing Denel included making Denel a profitable and dynamic organisation commercially; delivering consistent growth; attracting, developing, retaining and appropriately rewarding world-class skills; achieving world-class productivity; focusing on areas in which Denel can compete credibly; partnering with state agencies to meet the country's defence needs; and competing in the open market, which means behaving like the best in the open market.

Denel cannot achieve world-class results with a subsidy mind-set. Anything other than world-class will not cut it in this highly competitive environment. Denel needs to decide on what it is and focus on a game plan.

Global defence procurement is a US $360 billion market. Many of the global defence contractors such as Denel find it almost impossible to serve the United States, for example, and the Nato countries, which have a closed bidder and tender process. The USA and Europe are also trying to expand their markets to areas previously served exclusively by Denel, such as the Middle East, the Far East and South America. Independent contractors such as Denel are forced to become reliant on domestic markets.

To succeed, Denel should pursue a strategy based on prime contracting here at home,

and the export of systems and components through selective equity partnerships and alliances. A process is under way to evaluate alliance opportunities and drive internal improvements across all business units.

In conclusion, this time round we as a committee are going to closely watch Denel's performance after its R2 billion allocation. Denel is the only state-owned enterprise getting money directly from the national fiscus. Hence, our committee will have a much more direct oversight role over Denel.

We need to be clear about what the money is going to be used for and we are going to monitor that it is being used for the correct purpose. We will be meeting with Denel very soon to make it clear that we are going to monitor them regularly. Hon members, ladies and gentlemen, the ANC supports this Bill. I thank you. [Applause.]

The MINISTER OF FINANCE: Thank you very much, Chairperson. Let me express appreciation for the support from all parties in the House, and deal with the issues at hand.

The first issue I'd like to deal with is that which the hon Gololo raised about the friendship that we enjoy internationally. Minister Erwin has assured me that this is not because of diplomatic endeavours, but rather because of the awesome array of weaponry that Denel has produced that has created this condition in which there are no external threats. So, it is in that context that we have to see the Additional Adjustments Appropriation Bill as well.

Of course there are different issues at play here. In agreeing, as this House does this afternoon, to an appropriation of an additional R2 billion to Denel, it is done against the backdrop of very intensive discussions, detailed presentations by the CEO and the Minister to the portfolio committee on state-owned enterprises; discussion then about the choices we exercise in order to retain the capacity in weaponry manufacture; and also against the backdrop of where Denel has been, understanding why this additional appropriation is now important.

The issues in the Road Accident Fund are considerably different. It's worth commenting on them again, because a number of hon members did so here this afternoon. We don't have a choice about the Road Accident Fund. The R2,7 billion that we're asking Parliament to appropriate to the Road Accident Fund arises against the backdrop of, firstly, understanding that the Road Accident Fund is an integral part of our social security network. It's part of the raft of social security that we have.

If we take that perspective, then a series of other issues follows. Yes, firstly, I think we must agree with those members who raised the fact that we have to do considerably more to ensure that drivers are held responsible for their conduct on the roads. It's too easy a cop-out to say that it's potholes in the roads. There is an incredible amount of driver irresponsibility in South Africa, and that is something we have to take joint responsibility for wherever we find ourselves.

The second issue is, of course, that this has been the most remarkable honeypot for all kinds of interests—lawyers, doctors, hospitals, people who claim way in excess of what they had previously—and what we need is a system that minimises the fault and minimises the payout.

Now, if you accept that this is part of our social security system, we then don't take responsibility for paying wealthy people more by way of pensions. Why should we suddenly have to pay wealthy people more when they have their private insurance as well? It's all part of retraining and re-educating, and I hope that this House will stand united as we transform the conduct of those who drive on our roads, those who are responsible for accidents, and ensure that we can maintain the RAF as an instrument

within the raft of social security institutions we have in South Africa, recognise that there must be equity in how we go about this, and ensure that we can keep the fund solvent. I thank you for your support. [Applause.]

Debate concluded.
Bill read a first time.

ADDITIONAL ADJUSTMENTS APPROPRIATION BILL (2005-06 FINANCIAL YEAR)

(Second Reading debate)

There was no debate.

Bill read a second time.

The HOUSE CHAIRPERSON (Ms C-S Botha): I'm going to ask the Secretary . . . Mr Nene . . . The Secretary will read the Third Order of the Day.

APPROPRIATION BILL

(Consideration of Report of Portfolio Committee on Finance thereon)

Mr N M NENE: Chairperson, I think there is confusion. Regarding the consideration of the report, the committee moves that the report be adopted. Thank you.

The HOUSE CHAIRPERSON (Ms C-S Botha): Thank you. May I then ask a Whip from the majority party to move a motion to adopt or note the report?

Mr S K LOUW: Madam Chairperson, I move the adoption of the report.

Motion agreed to.

Report accordingly adopted.

APPROPRIATION BILL

(First Reading debate)

Mr N M NENE: Chairperson and hon members, yesterday this country celebrated and commemorated Human Rights Day 46 years from the day that unarmed citizens were massacred for protesting against an unjust system that oppressed the majority of the indigenous inhabitants of this country.

We celebrated because South Africa today is a different country. It is free, and the rights of all human beings are guaranteed and protected in the Statute Book and in practice. We commemorated the day because we were also paying tribute to those who laid down their lives in pursuance of this cause of building a South Africa that belongs to all who live in it, without discrimination.

It is for this reason that one of our institutions supporting democracy, the Human Rights Commission, took stock of how far we have come as a country to realise these human rights, as entrenched in our Constitution. The findings of this commission are encouraging indeed. This progressive realisation of basic human rights has been made possible by the ANC government's commitment to its historical principle that has characterised this movement over decades without flinching.

The distribution of resources has been informed by the People's Charter, which categorically guaranteed equality before the law in the economy and at a social level.

It was only 12 years ago when the ANC came into power and faced daunting economic challenges of severe poverty, inequality and economic stagnation. It was beyond imagination how the ANC government was going to address these challenges, as it has done in the first decade of our democracy.

To use the wise words of Alan Hirsch in his book *Season of Hope*, he said that:

> . . . the ANC government followed a consistent economic philosophy that had the following elements: . . . at the centre is a social democratic approach to social reform—it is the state's job to underwrite the improvement in the quality of life of the poor and to reduce inequalities, but with a firmly entrenched fear of the risks of personal dependency on the state and of the emergence of entitlement attitudes.

> The state exists within a market economy that depends on private investment, and therefore a successful state creates an environment that supports high levels of private investment.

It is in the context of this emerging market economy faced with new challenges of a shortage of suitable skills, persistent poverty and unemployment, and limited uptake of investment opportunities that this year's Budget was tabled.

The economic outlook for the coming Medium-Term Expenditure Framework period remains positive and is set to continue improving. We have been experiencing higher than expected economic growth and expect an average of 5% over the medium term. The expansionary fiscal stance adopted since 2001 continues, with an increase in government expenditure in pursuit of the accelerated shared growth initiative goals.

This initiative is consistent with the ANC government's unwavering commitment to the ideals of the Freedom Charter; the Reconstruction and Development Programme; and the Growth, Employment and Redistribution policy, as these refocus government's efforts to the new challenges.

The Freedom Charter captured the aspirations of all South Africans, whilst the Reconstruction and Development Programme was a programme that served as the ANC's manifesto for the 1994 elections. And then the Growth, Employment and Redistribution policy was our macroeconomic policy that made it possible for this government to increase expenditure in areas that would have redistributive outcomes.

Real increases in social spending, with significant increases in infrastructure development and a renewed commitment to skills development—given that these are some of the pillars of the Accelerated and Shared Growth Initiative for South Africa, Asgisa—seek to address the constraints on economic growth.

Asgisa, in line with government's main policy aims of reconstruction and development, supports the fiscal stance that offsets the impact of the commodity price cycle and the robust consumption. It further identifies that the recent growth, although welcomed, is not balanced as it is based on strong commodity prices, capital inflows and domestic consumer demand, which have increased imports and have strengthened the currency beyond desirable levels, as observed by the Minister of Finance in his speech.

The Minister further warned that the current boom in commodity prices is not sustainable in the absence of support on the production side. The economists that appeared before the committee share the Minister's view and added that, historically, economic growth has been followed by a period of recession in which commodity prices were major catalysts for growth, citing 1981 and 1994 as examples of this phenomenon.

An important feature of the government's economic management is the Medium-Term Expenditure Framework, with projections spanning over a three-year period. The committee noted that government's projections have been relatively conservative, hence the higher than expected growth rate in 2005-06.

According to the Medium-Term Budget Policy Statement, inflation is expected to remain within the target range of 3% to 6% over the MTEF, further underlining the fact that the economy is on a structurally stronger growth path.

This positive economic outlook is underpinned by a number of factors, among which are: a sound and sustainable macroeconomic platform; favourable global economic conditions, particularly the growth in Japan and China, and a growing market in Africa; the improvement in policy co-ordination between National Treasury and the Reserve Bank in keeping inflation within the target

range, moderate interest rates and reduced costs of capital; and a rise in commodity prices.

Inselele ekulu-ke ebhekene nalo hulumeni eyokuxosha ikati eziko nokudala amathuba emisebenzi ukuze abantu bahlomule kulolu hlelo lokuthuthukisa umnotho olusheshayo futhi olunkomo isengwa yiviyo.

Ingqinamba-ke kulokhu ngeyokungabikho kwamakhono afanele nobuchwepheshe besimanjemanje. Kungakho nje isabelo sezimali sokuthuthukisa amakhono sikhule ngokubonakalayo kulo nyaka. Ukukhula kwalesi sabelo sezimali sokwakhiwa kwezingqalasizinda nakho kuzoba nezithelo ezinhle ngoba kushaya izinyoni ezintathu ngetshe elilodwa, kunikeza amathuba emisebenzi, kususa ikati eziko futhi kunikeze labo abaqashiwe amakhono emisebenzi yezandla abangaziphilisa ngawo izimpilo zabo zonke.

Izibalo zakamuva-ke zikhombisa ukuthi noma amathuba emisebenzi ekhulile kodwa izinga lokuqashwa alehlanga ngokwanele ngenxa yokwanda kwabantu abazama ukungena kwezomsebenzi.

Inhlangano ebhekene nokuqoqwa kwezibalo, iStatistics SA, iphezu komkhankaso wokulungiswa kwendlela eziqoqwa ngayo izibalo ukuze lezi zibalo zifeze umsebenzi wazo ngendlela efanele. *(Translation of isiZulu paragraphs follows.)*

[The biggest challenge facing the government is poverty alleviation and job creation so that people will benefit from the Accelerated and Shared Growth Initiative for South Africa.

The obstacle to this is a skills shortage and technology. It is for this reason that the budget for skills development has been increased this year. The budget increment for infrastructure development is also going to bear fruit because it means that we are killing three birds with one stone. It creates jobs, alleviates poverty and gives the unemployed craft skills to make ends meet.

The latest statistics show that employment opportunities have increased but the rate of unemployment has not decreased because of the increase in the number of people looking for jobs. The statistics company, Statistics SA, is in the process of changing the way in which information is collected so that statistics will serve their intended purpose in a proper way.]

With the ANC having once again emerged as the only reliable champion of the poor and the vulnerable in the recent local government elections, the challenge to live up to the expectations of the masses of this country is even greater. Indeed, the people shall continue to share in the country's wealth and all shall enjoy equal human rights.

The committee is going to ensure that all matters raised during the hearings and all undertakings by the department are implemented without fail. Progress on the recommendations, as tabled in the report, is also going to be monitored on an ongoing basis. My other colleagues are going to be speaking on the aspects of oversight, social spending and tax policy in more detail.

Allow me to commend the National Treasury, under the political leadership of the Minister, Mr Manuel, the director-general and staff, the commissioner, the SA Revenue Service staff, the statistician-general and Statistics SA staff for all their hard work. I also commend committee members for their dedication and hard work, as well as the committee support staff for putting up with the pressures of the committee.

Business, labour, academia and civil society have also contributed tremendously in the hearings, and their inputs are going to inform our future engagements going forward. The ANC supports this Appropriation Bill. Thank you, Chairperson. [Applause.]

Mr I O DAVIDSON: Madam Speaker, the DA wishes to congratulate the Minister on the presentation of his tenth budget to this House. Under his tenure we have seen the

introduction of prudent macroeconomic policies, which appear to have a sound base for economic growth. This we applaud.

Yet, despite the sound base, we have seen our economy struggle to reach GDP levels comparable to other emerging markets, and more importantly, to grow at a level that not only absorbs the annual entrants into the labour market but also makes a dent in our stubbornly high rate of unemployment.

It is in this context that we welcome the Deputy President's growth initiative, Asgisa, aimed at projecting our GDP growth to 6% and above. We are supportive because growth in economy brings growth in jobs and alleviates poverty. The Deputy President reflected correctly that our recent growth has been unbalanced based on strong international commodity prices, strong capital flows and strong consumer demand.

We agree with the Minister of Finance that commodity prices will one day retreat and investment flows can, as they have done in the past, swing away from emerging markets.

Sustainable growth cannot take place on the back of consumption demand alone. What is needed is growth on the investment and the production side if South Africa is to be placed on a more sustainable growth path.

We need to turn the current low-inflation, high-consumer growth momentum into a high-fixed-investment, high-employment-growth environment.

In respect of investment, government is to be commended on the R372 billion infrastructure roll-out over three years. But even—and this is the point—if government does succeed in spending all of this allocation it will only raise fixed capital investment by between 1% and 2%. At present, fixed capital investment is at round about 16,5% of GDP, up on the recent low of 15% in 2000, but still well behind the 23,6% of emerging market countries and even further from the 25% target we have set ourselves if we are going to hit the 6% growth level.

So, my simple point is this: Where is the rest of the fixed investment going to come from? The answer is obvious: the private sector. Government itself has acknowledged that the private sector is the main engine room for sustained economic growth. Their participation is key. Yet, where are the incentives in the budget to induce the private sector to be part of government's growth initiative? Where are the measures to boost the supply side of the economy and enhance South Africa's attraction to foreign and local investors?

Despite a good deal of rhetoric, a few key figures evident in the Treasury's Budget Review tell a revealing story: Firstly, net foreign direct investment inflows for the first nine months of 2005 reached about R35,7 million, a great improvement on the stagnant levels of 2003 and 2004, but if you strip out the Barclays-Absa deal, which constitutes the bulk of that amount, we are back to the stagnant levels of before. The truth of the matter is that we are just not attracting our rightful share of foreign direct investment.

Secondly, the growth of fixed capital formation in 2005 grew by 8%. However, if you focus on the private sector component of that figure, it fell to 6,7% for 2005, off the high of 9,7% realised in 2004.

Thirdly, an analysis of government's R372 billion infrastructure roll-out invites the question: what is the private sector's part in this roll-out? Almost 22% is allocated to municipalities, 38% to national and provincial government, 33% to parastatals and a mere 5% to public-private participation.

So, here is where we have to register a disappointment that the budget, we believed, failed to show that ours is a government that is business friendly, and not just business tolerant. We wanted to see bolder steps in the budget: a budget embracing the role of the private sector, challenging it; a budget that

incentivises the private sector to create jobs and makes it an integral part of the Deputy President's growth initiative, not just a peripheral player.

And in this, fiscal or tax policies do play a key role. Let me welcome the reduction in tax on retirement from 18% to nine per cent. This move has long been called for by the DA and will positively affect retirement funding and increase the worryingly low savings rate. Secondly, let me also welcome the range of fiscal measures aimed at stimulating small business.

Thirdly, there can be no complaint that the budget's main impact will be on enhancing the spending power of lower-income groups both directly and through incentives for skills development. But this raises a basic dilemma—we also need to encourage savings and investments, and this is predominantly done by the corporate sector and top-income individuals. And this is where the budget fails. The tax burden and therefore the cost of doing business in SA is high in comparison to our competitor nations in other emerging markets.

I know that the Minister is sceptical, if not cynical, about the role of taxes in encouraging investment. In this he is sometimes joined by Professor Katz, but with respect to the Katz commission, when it sat it faced a completely different investment world, in and outside South Africa.

I would, quite frankly, far rather listen to Business Unity South Africa, Busa, which believes that the time has come for a critical review of corporate tax structure, including the secondary tax on companies. This follows their own research, as well as that of others such as Merrill Lynch and KPMG, which place SA on the high side in respect of international corporate tax rates and very high when one adds in the secondary tax on companies.

The Minister published in response in the portfolio committee a note that at an effective rate of 36,9%, we compared favourably with a whole list of companies. Well, I could not help but notice in respect to the whole list that he produced that these were mostly developed countries that we were comparing ourselves with. What we need to do is compare ourselves with developing countries, more particularly those in the so-called emerging market club against which we are competing for that highly mobile investment capital.

Let me deal with a few points raised by the Minister in the meeting. Yes, looking at the effective corporate tax rate in isolation is meaningless. What has to be added in is state and other taxes that our competitors may in addition need to apply, but then so too do we have to add in our municipal taxes, skills levies and who knows what the costs of BEE and other costs are in that context.

I also hear the Minister's argument that if he lowers the corporate tax rate unaccompanied by a reduction in the maximum marginal tax rate of individuals, it would result in unhealthy tax arbitrage. Here I think the Minister is being disingenuous. Firstly, the costs of corporatisation are not taken into account.

Secondly, but more importantly, the Minister knows that if he had not raised the threshold to R400 000 in respect of the top marginal rate, but lowered the marginal rate itself, it would have had the same effect as far as revenue is concerned but eliminated the arbitrage potential.

Finally, in respect of STC, Busa indicates that this form of double taxation does not go down well internationally. The objective of STC was to encourage companies to retain earnings and invest as opposed to taking those earnings out. I think we have to critically examine that. The trade-off the Minister makes of saying that shareholders will prefer the tax paid in companies' hands as opposed to taking the dividend in theirs, wrongly places the purpose of this tax. Secondary tax on companies was never

intended to be a tax on dividends, nor was it intended to be a trade-off. The tax on dividends was abolished in 1990; STC was brought in with a different objective in 1993.

We recognise that a scrapping of the RSC levy does positively impact on certain companies. Firstly, the RSC levy is deductible against tax and therefore it is not a R7 billion tax write-off, but closer to a R5 billion tax write-off. Secondly, the RSC levy, as I made the point, is turnover- and employment-based and therefore only high turnover and high employment companies will really benefit. Now, Minister, let us understand one another as far as this is concerned: Our plea is not for a race to the bottom but for a competitive rate.

We believe that committing SA to a 25% corporate tax rate, by say 2010, would have brought the tax rate down to the nominal international norm, sent out a strong signal of confidence in the economy and provided business with an incentive to commit to expansionary projects; and most importantly, create jobs and alleviate poverty.

And here we would have liked to see the Minister use the tax system more creatively and encourage the private sector to create jobs by introducing wage subsidies for persons employed on a full-time basis. We give incentives for investments of a capital nature, why not of a human employment nature?

Now let me concede: Fiscal policy is both complex and integrated. We might be wrong, Busa might be wrong. But I think the time is right, as part of the growth initiative, for a critical review of our tax structure. And so I ask the Minister—if he is listening—is it not time for him to constitute a task team of all stakeholders to address this issue?

In a similar vein, we are disappointed by the slow progress of privatisation, which, besides other positive spin-offs, would significantly reduce government's public sector borrowing requirements.

Eskom's recent indication that its plans to build a power station in Lephalale may be put on hold, because a Canadian consortium plans to build one across the border in Botswana, has a logic all of its own. We are happy to buy electricity from the private sector across the border but reluctant to buy electricity from the private sector within our own borders. That does not make sense.

On skills, while we welcome the extension of learnership advances to 2011, as well as the raising of limits, the budget does little, in our view, to address our capacity and skills crisis. The Setas have failed SA miserably and yet their cost to the SA taxpayer is R5 billion and rising. The money, we believe, could have been far more usefully spent on further incentivising the private sector to do the job.

Finally, another area of debate that needs to be opened up is that around the level of the budget deficit. Government is now projecting a deficit of 1,5% before borrowing for 2006-07 and which, in all likelihood if overruns continue, will come in again well below projections, below 1% with even a possible surplus. Such prudence may gain praise for a developed country, but for a developing one such as ours, levels closer to 3% would have been sustainable and provided a flexibility regarding increased employment incentives and other categories of spending.

As indicated Minister, we will be supporting the budget. But let me close by quoting the *Financial Mail* of 17 February:

> On the whole this is a steady-as-you-go budget: Prudent, sound, but unimaginative and not innovative. But that is no small feat; and back in 1994 few could have predicted the revolution we have seen for the better in the handling of our public finances by government. The Minister has now delivered 10 budgets and is entitled to take much of the credit for this.

The MINISTER FOR AGRICULTURE AND LAND AFFAIRS: Thank you, hon

House Chairperson and hon members. As the hon member spoke here I was wondering whether it is my time that is wrong or maybe the House Chairperson's time, but the House Chairperson correctly said to me he was within his time.

I would like to congratulate the Minister of Finance, Trevor Manuel, for presenting a budget representing the spirit of hope embodied in the state of the nation address, which was made in this House by our President, the hon President Mbeki.

In tabling the 2006 Budget, the Minister of Finance correctly used the quotation from Ben Okri's book, *A Way of Being Free.* Central to this quotation he used, in my view, is a reminder that there are no easy victories. What we have been able to achieve as a country, 12 years into our democracy, owes much to the tough decisions we had taken earlier with regard to the management of our economy while at the same time addressing the legacy of social inequities in our society.

We can indeed repeat the words of President Mbeki in this year's state of address that today is better than yesterday. Indeed, our yesterdays are a myriad of challenges that we had to contend with, both as government, this Parliament, as well as our people. Central to these challenges has been the building of a nonracial, nonsexist democratic South Africa, an ideal espoused by our people in 1955 in Kliptown when they drafted the Freedom Charter. It also has been about building a caring society.

The 2006 Budget is, once again, a reminder that we are indeed on the path of building a caring society. Our social wage, as reflected in many aspects of this budget, in particular the social security system, which is the largest expenditure item in this budget, is an indication that the poor are at the centre of our development. It is against this background that I support the growth and income support to vulnerable households while at the same time ensuring that our communities are not overly dependent on state support, but seek employment opportunities, as well as access other government programmes, such as the food production support grants available through our provincial departments of agriculture within the context of the Integrated Food Security and Nutrition Programme.

The mobilisation of the poor and vulnerable through the self-help programmes and cooperatives seeks to ensure that our social security system, as an intervention, creates an enabling environment while it assists people to engage in programmes that can improve their capacity to provide incomes for themselves.

The continuous support to learners from a poor background, particularly with regard to bursary allocation as is reflected in the National School Financial Aid Scheme, is another intervention that seeks to support those who are vulnerable in our society, as well as ensuring that it can contribute to the building of skills—a capacity which all agree we need in this country.

The allocation of the conditional grants to provinces as a way of improving mass participation in sport and recreation again affirms our commitment to building a caring society and a healthy society too. The Minister of Health's initiative, which is a campaign known as Vuka South Africa, would also ensure that we as citizens play our part in improving our own health while at the same time we partner with government in improving our capacity to deal with the challenges that are there in terms of our health situation.

The budget also reflects our commitment to support delivery at local government. This is an area all of us would agree is where we are able to access the impact of our policies and programmes. The support given towards continuing with Project Consolidate, which, as we know, was an intervention to ensure that we can support those municipalities that are ailing, is again a way in which we can, in a meaningful way, show a need for inte-

grated government. All of us who have been engaged in the campaigns at local government have realised that this area of our work is an important indicator of an integrated and co-ordinated government.

I hope that the amounts that are reflected in the budget, as tabled by the Minister in February, towards the support to political parties will ensure that, as the members of this Parliament, in doing our work in the constituencies we will be able to lend support to the local government at municipal level. It is also necessary that we are able to induct and work with the newly elected representatives so that they themselves can fully appreciate the work that they have to do in order to improve the capacity of our people in making their lives better.

In order for our government to work as a collective, we would like to lend our support to the work that the Presidency is doing through the Presidential Co-ordinating Committee, as well as the resources, financially, that have been provided by the Minister of Finance in this budget. We have seen improvements particularly from last year July to this year January where alignment in having the lekgotla between national government and provincial government enabled us to bring synergy to our work.

It is also necessary for me to point to the work that is being done by the Premiers through their Premier's Co-ordinating Forum, which also brings together the district mayors to ensure that both in the planning and the execution of our development programmes we can deliver quality service to our people. Indeed, Ben Okri, as the Minister of Finance reminded us, indicates that there would always be challenges that lie ahead of us as long as we live. Hence, as we climb the mountains, we are mindful of the frontiers ahead.

I am mindful of the challenges of spending in the area of conditional grants. Some of these are clearly evident when one examines the spending in the Comprehensive Agricultural Support Programme by various provincial departments of agriculture. In itself, the essence of the grant cannot be dismissed as being unimportant. However, our responsibility is to deal with the challenges on spending that are there.

It is therefore comforting that the national departments affected by conditional grants —not just the Department of Agriculture, but other departments at national level— have devised mechanisms to work in support of the provinces so that they can improve the quality of spending. This would also mean, as the Minister of Finance articulated in the presentation of the budget, that we might have to review the criteria that we have set to ensure that indeed they themselves don't become an impediment for spending by the provinces.

What we have seen in the weeks after the tabling of the budget by Parliament was engaging with the various departments, looking at where we need to improve, alerting us to what the challenges are that we need to continue to deal with. Therefore what we have seen today, Minister of Finance, is actually an indication of the work that has been done over these weeks by members of this Parliament to ensure that as the executive, as well as the administration, as we discharge our duty we are mindful of those frontiers that lie ahead of us that we need to conquer.

I'm sure as Parliament we will play our oversight role so that, as the departments as well as the executive continue with their work we are able not only to monitor and evaluate the impact of the programme but also to lend a helping hand. I thank you, House Chairperson. [Applause.]

Mnr H J BEKKER: Agb mevrou die Voorsitter, die agb Minister van Finansies verdien 'n pluimpie vir weer eens 'n goeie begroting. Die kroonjuweel in die agb minister Manuel se kroon is die Suid-Afrikaanse Inkomstediens wat 'n oorskot van meer as R40 miljard daargestel het, hoofsaaklik as

gevolg van die oorverhaling van inkomstebelasting en die surplus op belasting op toegevoegde waarde. Wat 'n voorreg om te beplan en te begroot met so 'n geweldige voorsprong, terwyl die begrote tekort van die vorige jaar feitlik uitgewis is deur onderbesteding. Die Minister se grootste probleem is oënskynlik wat om met al die surplusgeld in sy koffers te doen.

Die IVP is 'n sterk ondersteuner van effektiwiteit en finansiële dissipline, en veral dat klem gelê word op ekonomiese groei. Groter of versnelde ekonomiese groei lei tot groter maatskappywinste en kapitale uitbreidings, wat op hul beurt meer inkomstebelasting vir die staat beteken én, veral kumulatief, meer belasting op toegevoegde waarde. Wanneer die staat dan sy surplus en lenings terugploeg in massiewe kapitaalprojekte, soos met die miljarde aan Transnet en Eskom, is die tafel gedek vir verdere ekonomiese groei waarbinne die sogenaamde "multiplier effect" [vermenigvuldigereffek] definitief gaan inskop. Die vermenigvuldigereffek beteken dat die oorspronklike kapitaalbesteding tot tienvoudig gehersirkuleer kan word en 'n ware inspuiting vir die ekonomie en werkverskaffing kan beteken.

Die IVP het gepleit vir die afskaffing van belasting op pensioenfondse en die Minister het ons halfpad ontmoet. Ons vertrou dat dit vir die Minister moontlik sal wees om volgende jaar die oorblywende 9% belasting op pensioenfondse weg te doen.

Ons is verder ten gunste van die geleidelike infasering van 'n basiese inkomstetoelaag in ooreenstemming met die Taylor-verslag, en daarom het ons vrouegroepe ondersteun wat gepleit het om die verhoging van die ouderdomsperk tot 18-jariges vir die kindertoelaag. Dink net daaraan, dan word daardie meisies wat op skool bly en presteer ook beloon pleks van diegene wat babas kry voor hul agtiende verjaarsdag.

Soortgelyk kan die middeletoets aangepas en mettertyd afgeskaf word met betrekking tot ouderdomspensioene van ons senior burgers. Op hierdie wyse kan die basiese inkomstetoelaag geleidelik ingestel word, sonder om die stelsel oornag ryp te druk. Volgende jaar is nog 'n jaar en, wie weet, miskien kan die Minister soos in die verlede met die amnestiewetgewing met Inkatha saamwerk, of ons raad aanvaar. *(Translation of Afrikaans paragraphs follows.)*

[Mr H J BEKKER: Hon Madam Chairperson, the hon Minister of Finance once again deserves to be complimented for an excellent budget. The crown jewel in the hon Minister Manuel's crown is the South African Revenue Service that accomplished a surplus of more than R40 billion largely as a result of the over recovery of income tax and the surplus of taxation on value-added tax. What a privilege to be able to plan and budget with such a great advantage, while the budgeted shortcoming of last year has practically been wiped out as a result of underspending. The Minister's biggest problem is apparently what to do with the surplus money in his coffers.

The IFP is a strong supporter of efficiency and financial discipline, and in particular that emphasis be placed on economic growth. Greater or accelerated economic growth leads to greater company profits and capital expansion, which again lead to more income tax for the state, and especially accumatively, more value-added tax. When the state then reinvests its surplus and loans into massive capital projects, such as the billions to Transnet and Telkom, the table is set for further economic growth in which the so-called "multiplier effect" will definitely kick in. The multiplier effect means that the original capital expenditure can be recirculated tenfold and can be a real injection for the economy and employment opportunities.

The IFP pleaded for the abolition of taxation on pension funds and the Minister met us halfway. We trust that it will be possible for the Minister to do away with the remaining 9% on pension funds in the next year.

We are furthermore in favour of the gradual phasing-in of a basic income allowance in accordance with the Taylor report and therefore we supported women groups who pleaded for an increase in the age limit to include 18-year-olds for the children's grant. Just think about it, then those girls who stay at school and perform are also rewarded instead of those who have babies before their eighteenth birthday.

Similarly the resources test can be modified and later abolished with regard to old age pensions for our senior citizens. In this manner the basic income grant can be introduced slowly, without having to force the system to ripen overnight. Next year is another year and, who knows, the Minister could perhaps, as he did in the past with the amnesty legislation, collaborate with Inkatha or accept our advice.]

For several years the IFP has highlighted the importance of Richards Bay and that it could become the gateway to Africa whilst opening up the slumbering provinces of Mpumalanga and Limpopo via the underutilised rail track from Richards Bay to the Mpumalanga coalfields. Government has now bought into the idea and we thank them.

For industrial development and cheaper electricity there are no better regions than Mpumalanga and northern KwaZulu-Natal, which are both also in close proximity to Cahora Bassa. Cross-boundary negotiations have been opened by the government and I can even foresee gas and oil pipelines connecting the South African development region. Imagine what it can mean for Southern Africa if we were to be linked by pipeline to the oilfields in Cabinda, Angola.

We applaud government's efforts to accelerate economic growth and recent statements on developing the manufacturing base of South Africa. Together with the modernisation and technological innovation of industries you simply have to realise the importance of the principle of competitive advantage. Let's face it, in certain categories it will be impossible for South Africa to compete internationally and particularly against the Asian and East blocs.

Handicaps with regard to region, provincial bias and price-fixing must be addressed. The IFP supports the Department of Trade and Industry in its criticism of Mittal Steel with regard to their price-fixing aimed at South African steel manufacturers by selling steel at the London international export price. South African manufacturers should at least have the benefit of the international price, less the freight cost of that exported steel.

Telkom is another example of abuse of a privileged monopolistic situation, whilst Eskom is boasting cheap electricity tariffs, but at a single outgoing price regardless of where the industrial hubs are situated. It simply does not make sense that industries relocate to Cape Town and the Eastern Cape, driven by false economies of scale in terms of which electricity tariffs are kept artificially the same as in Mpumalanga and the Tugela Basin of KwaZulu-Natal. Why not lower the tariffs or increase them according to the real cost factor of power generated by Eskom? Industries will then locate to the most economical and advantageous region.

We are also in favour of the gas-fired turbine power station envisaged for and linked to Mossel Bay and the pebble bed modular reactor in order to level the playing fields and to generate the most sought-after scarcity of electricity in the Western Cape. Spectators at the last evening rugby match at Newlands must have seen the poster of the Koeberg Supporters Club: "Enjoy rugby by candlelight."

Feit is egter, mnr die Minister, dat die Kaap van "Stormers" nog steeds nie voldoende krag het nie. Al slaan jy jou oë op na Tafelberg sien jy nog steeds nie waar jou krag vandaan kom nie, en dis waarom die nuutste statussimbool in die Kaap nou is om jou eie generator te kan besit.

Ten slotte, 'n vraag aan die agb Minister en

sy kollega van Openbare Ondernemings: Het julle nou al die moer gekry wat Koeberg gesaboteer het? Sterkte en krag vir julle almal. *(Translation of Afrikaans paragraphs follows.)*

[The fact, however, Minister, is that the Cape of "Stormers" still does not have sufficient electricity. Even if you cast your eyes up to Table Mountain, you will still not see where your electricity will be coming from, and that is why the latest status symbol in Cape Town is to own your own generator.

In conclusion, a question to the hon Minister and his colleague from Public Enterprises: Have you found the bolt which sabotaged Koeberg? Power and strength to everyone.]

Power to the people! [Time expired.]

Ms J L FUBBS: Hon Speaker, hon members of this House, comrades and colleagues, "In the midst of winter I found in me an invincible summer." Inspiring words that echo through the decades and which, for me, so aptly recall one of our greatest heroes, Bhambatha, and the revolt he led. Indeed the Bhambatha Rebellion signifies the beginning of umzabalazo, the end of the wars of resistance and the beginning of the struggle for freedom, and the culture for human rights, which we celebrated yesterday throughout the country, began.

Indeed, the beginning of the 20th century was a time of rapid and radical change, when Africans were dispossessed of their land, their cattle and their agrarian industry and enterprise. It was a time when an unholy alliance, which was struck between the government of the day and the mining magnates, who, through the poll taxes, forced black Africans—referred to as natives—over the age of 18, to work on the mines.

Diamonds were discovered. How many of us don't wear them today and forget how it all happened! Mine bosses wanted large numbers of black people to work for them in the mines. Laws and taxes were designed to force people to leave their land. The most severe law was the 1913 Land Act, which prevented Africans from buying, renting or using land, except in the reserves.

This Act was the beginning of many such pieces of legislation that broke up families and unsuccessfully tried to crush the spirit of the majority of our people. Unwittingly, it created a proletariat and in many ways expedited the liberation struggle. It was during these tumultuous times that the ANC was born in 1912—the oldest liberation movement. Since then, it has continued the struggle for liberation.

As a liberation movement, the ANC has fought against Bantu education, and for the right to vote for a government of our choice. And we have just all been through local government elections. It is only through an ANC government that we have democratic elections in this country. Say thank you to the ANC. This history is about our struggle for freedom and justice.

There is a strong message of hope, ushered in by the President earlier on this year, spelt out in Asgisa and, once again, mapped out in the budget by the Minister of Finance. The policies of our current taxation reflect this commitment to address the daunting challenges we face in our country.

Just as Pixley ka Isaka Seme, in 1911, called on Africans to forget the differences of the past and unite together in one national organisation, today we are called upon to work together within the framework of Asgisa. Who in this House does not want to be in harness to eradicate poverty? Indeed, it is through Asgisa that we can address these daunting challenges of poverty.

In 1920 the ANC supported the militant strike of the mineworkers when, for the first time, workers became the motivating force of the national democratic struggle. Interesting enough, just in passing, I want to mention that the SACP then took an active

role. It was, of course, among the first nonracial political organisations in the country.

Over the past 10 years we have implemented major tax reforms to broaden the tax base and to introduce equity and fairness. We have reduced marginal taxes and improved the administration of tax collection. The support for accelerated and shared growth in South Africa is supported by taxation measures over the medium term.

Regarding personal taxes, bracket creep has been directly and substantially addressed by 30% and 33% respectively for personal income tax. The middle-income earners have not been forgotten, with the top marginal tax rate now starting at R400 000 a year. When one looks at this figure of R400 000 a year, one is reminded very much that the ANC government now has done everything it can to foster and further the implementation of tax relief. In fact, we are looking at something along the lines of R13,5 billion, which really indicates that we put people first.

By raising the tax threshold on personal income tax to R400 000, the government has in one swift move exempted many low-income earners from income tax. It has also addressed the plight of our people who wish to own their own homes by drastically reducing the transfer duty. This has cut the costs of property transactions.

I want to refer to someone mentioned by one of my esteemed colleagues—a man I have the greatest respect for. I also want to refer to someone who enjoys just the edge of that respect—Prof Katz. All of us listened with great interest to Prof Katz's inputs. I know we all did. We didn't agree with everything that he put forward. In fact, some of us were debating the research and development as at 150, not just over the top, as it were. But let's leave that as it were, and we will come to some debate on it.

Let's look at the companies. My heart bleeds for these companies. In 1994 the tax rate was 40%, and then it came down to 35%. We did this as a sign of good faith to try and reassure them. That was not sufficient and, of course, we brought it down to 29%. Having brought it right down to 29% and so on, I look at this and I am not an authority on tax but Prof Katz said . . . [Interjections.] . . . No, no, you are quite right, but I now listen to the authorities. May I suggest something like what Ben Okri said, "Turn on the light". Read his poem. It was drafted for the millennium, but, of course, it is very relevant today. Katz said, and I quote:

> I support the decision not to reduce basic corporate tax. A further reduction of corporate rates unaccompanied by a reduction in the maximum marginal rate of individual tax would result in a very unhealthy tax arbitrage.

As a matter of fact, hon Davidson, you were concurring there. It is not an appropriate time to reduce maximum marginal rates of individual tax. That is not a Fubbs statement; it comes from an esteemed, respected tax authority called Katz.

Now I want to tackle the secondary tax on companies, STC. Here is another thing, I don't claim to have the edge on maths but I know how to count though. That's very useful when you come to STC. If you look at the STC, the ANC government said, "Look, of course, we are going to reduce this. We can't reduce it by that much, but at the very least we can take it down from 25% to 12,5%." That was not enough and I didn't even hear a thank you at the time.

But on top of that, because there were no thank yous, there was a further sweetener. They said: "Now, look guys, take out your calculators and we will tell you what you can do. You have all these dividends coming from other companies. You are all in this together. Before you declare your dividends, have a little discussion on your golf course, and work out as to whether this is the right time to declare your dividends, or whether

you should withhold it for a moment and offset it against losses. You can take that decision. It leaves that in your own hands."

Then it was said, "Deduct what you want to pay as a dividend to what you are receiving." Of course, they do this long before you see it in writing. And then, "Maybe you want to offset the losses next year, only if what you are paying exceeds this will you then have to dip into that little resource of yours at the bank." Now, I have never heard of such a hand-out.

The Americans are looking at us and saying, "Hey, you give it to them on a plate!" They are looking at us with envy. But, never mind because we have taken a decision to develop and shape our own tax policy. As I said this morning, complex as tax legislation may appear to be, it doesn't take truckloads of policy before you can take a decision like you would have to do in the United States or the United Kingdom.

Furthermore, to show how lenient we are, we don't make taxation proposals law with immediate effect, but maybe one or two years later. In Britain, just the opposite applies. I think it was in 1913 when they said, "You guys hang on to everything. As soon as the chancellor of the exchequer pronounces, my friends, the guillotine has fallen." We are not like that, because we are equitable and fair.

If I am trying to make this sound as if tax is just a numbers game, it is not. It's all about equity and expanding our minds and contributing to human capital. Look at *Tsotsi,* the Oscar-winning film, which was in fact made possible to a degree, you could argue, because of the tax rebates. So there we have an ANC government that says, "It's not just a matter of number crunching. Let's promote the film and production industry, and develop our labour-intensive areas in the industry."

Really, all I want to say to members who disagree with me is: "Switch on the light, because once you do, you are going to see a lot better and understand a lot better." The ANC government supports this budget. I thank you. [Time expired.] [Applause.]

Mr J BICI: Chairperson, hon members, the UDM supports the budget again, Mr Manuel. The national Budget, as reflected in this Appropriation Bill, is a balancing act. Overall it is a good reflection on the strength of our economy.

Much of this year's budget's success is built on the better-than-expected economic growth and revenue collection. A number of problematic areas remain, however, when it comes to expenditure. The failure to spend allocated funds bedevils the best of intentions to deliver.

At provincial and local level, shortages of skills and capacity as well as mismanagement nullify increasing budgets and shares of revenue.

On the social front the Appropriation Bill allocates significant funding towards education, health and social grants. Education remains one of the most fundamental long-term social and economic investments that we can make in our country. Therefore the no-fee school system is to be welcomed. But is the growth in higher-education allocations keeping pace with the real needs and demands being placed upon higher-education institutions?

The real growth of social grants cannot be said to adequately address the real cost of living of the recipients. The Minister argues that social grants should not become disincentives for employment. But, be that as it may, people depending solely on these grants are specifically or essentially becoming poorer each day.

Another social matter the UDM would have liked the Minister to address emphatically in his Budget Speech is the HIV/Aids pandemic, which constitutes one of the single biggest threats to the future success of the country when you compare the amount

of people requiring antiretroviral treatment with the target the government has set.

There are two macro factors that will affect our society profoundly, economically and socially. These are energy and water. The increasing incidence of power failures and persistent droughts are exposing a severe lack of infrastructure, investment and maintenance.

We are looking towards a water and energy-scarce future, even if these problems are addressed. What this requires is long-term investment in research and development of alternative sources of water and energy. We again say, Mr Manuel, that we support your budget. [Applause.]

Mr B A D MARTINS: Hon Chairperson and hon members, we meet at a time when there is broad agreement across the political spectrum that the South African economy continues to improve its performance in many important areas. A cursory look at the facts also reveals that the past 11 years of democracy have indeed been very good to big business.

For the ANC the key challenge remains to ensure that the growing economy benefits all, with special reference to workers, the economically marginalised, the unemployed and the poor. It is in this context that the ANC sees Asgisa as an important stimulant to drive the economy to a higher rate of growth that will optimise broad-based impact.

The ANC further supports the Asgisa programme of targeted interventions, and its aim to halve unemployment and poverty by the year 2014. In order to meet the 2014 objectives, it will be important for the interdepartmental economic cluster programme to focus on the joint implementation of strategic high-impact Asgisa projects so that government, firstly, moves faster to address the challenges of poverty, underdevelopment and marginalisation confronting those caught in the margins of the economy to ensure that the poor share in our country's growing prosperity.

Secondly, we need to make the necessary interventions with regard to the economy to accelerate progress towards the achievement of higher levels of economic growth and development of at least 6% per year. Thirdly, we need to sustain and improve the effectiveness of social development programmes targeted at providing support to those most exposed to the threat of abject poverty.

It is, however, important to bear in mind that Asgisa is not intended to cover all elements of a comprehensive developmental plan. It rather consists of a limited set of interventions that are intended to serve as building blocks to accelerated and shared growth and development. It is in this context that the Asgisa objectives confirm the need to expand the small, medium and micro enterprise sector, and the need to pay particular attention to broad-based black economic empowerment, and the development of women and the youth.

It will thus be necessary to ensure the effectiveness of measures and programmes such as the Apex microcredit fund; the Micro-Agricultural Financial Institutions of South Africa for agricultural development; Seda, the Small Enterprise Development Agency; Khula; the Umsobomvu Youth Fund, the IDC Small Business Initiative; and others.

On the other hand, manufacturing remains the engine of our economy. As a major sector, it has substantial linkages to primary and tertiary sectors. Industrial policy must, however, be increasingly broader than manufacturing to include particular activities in services and agriculture.

It is appropriate that the DTI will be finalising the National Industrial Policy Framework that will include a regional development strategy and focus on strengthening competition regulation. The policy

will focus on unlocking South African industrial development in a sustainable manner through identifying strategic industrial interventions.

In this context, it is also important that state-owned enterprises, such as Transnet, Eskom and Telkom, amongst others, also facilitate public expenditure-led growth.

Finally, it will be crucial that the economic cluster, in co-ordinating an effective implementation strategy, ensures that it mobilises all relevant social partners to contribute to the process of economic growth in a manner that all South Africans can take pride in. The ANC supports the Appropriation Bill. I thank you. [Applause.]

The DEPUTY MINISTER OF CORRECTIONAL SERVICES: Chairperson, hon Ministers, Deputy Ministers, fellow members, comrades and colleagues, the ANC has been the party for and of the poor—and still is. Most of us, as we are seated here, have grown up in townships. We have learned our politics on the streets, and today we sit here, having been elected largely by the poor. They have voted for us so that we can deliver to them water, electricity, jobs, services and, most critically, safer communities.

The ANC welcomes the 2006 Budget as a firm indication and commitment that is focused on the needs and aspirations of the poor. It is truly a people's budget, as it seeks to balance economic growth and social development. Our people look to us to tip the scales in their favour with substantial investment in their communities, which will alleviate poverty and significantly contribute to their development.

If we look at Budget 2006, what we see is that the Minister of Finance and his team have produced a very even-handed and well-balanced budget. Their major task was always to provide for the needs of the poor, as well as to create the conditions for capital to grow, and thereby grow the economy and create jobs that our people so badly crave.

In the safety and security cluster our role in bringing social stability and economic sustainability to our communities is taken very seriously. Measures announced in the budget will better provide resources for the criminal justice system as a whole, and will therefore assist in making our communities safer.

The President, in his state of the nation address, stated quite clearly that government would continue to focus its efforts on the critical challenges faced by our criminal justice system. For this cluster, we look forward to measures that will further reduce illegal firearms through stringent new licensing procedures; reduce drug trafficking and substance abuse; and implement social crime prevention measures.

Due to the high incidence of crime in our communities, government departments and particularly Justice are struggling to cope with the caseloads in the courts, and will be given extra financial capacity to deal with this matter. For Correctional Services, in particular, this has a direct impact on the awaiting-trial detainees languishing in our facilities.

Overcrowding is the single biggest challenge and, critically, it is a challenge that can only be addressed by the Justice, Crime Prevention and Security Cluster, JCPS, as a whole. Three areas were specifically highlighted for Correctional Services by the President in his state of the nation address: firstly, the building of new correctional centres; secondly, the reduction of the numbers of children in correctional facilities or centres; and thirdly, the implementation of the recommendations of the Jali Commission.

Priority number one, regarding the construction of new centres, we do recognise that they will alleviate overcrowding and contribute to economic growth through infrastructure development and job creation. As members might know, the major constraint in projects of this nature is that neither the

department nor the Minister is in control of the multiplicity of processes involved between the declaration of intent and the completion of construction. Members should therefore rest assured that this issue is receiving the full attention of senior management in the Department of Correctional Services, as well as the Minister, Treasury and Public Works.

Secondly, as the ANC, we have always proclaimed that the correctional facility or centre is not the place for any child. In this regard, I have a scheduled meeting with my counterpart in social development, Deputy Minister Benjamin, where we will take forward previous discussions between her and my predecessor on this matter.

The Department is also fully committed to removing children from our correctional centres, and we will continue working with our partners in the JCPS and social clusters to ensure that there is delivery on this matter. The Department of Social Development, at the moment, does not have the necessary financial and human resources to manage children or juveniles convicted of crimes or awaiting trial.

We are also aware that the continued detention of children at these centres, which were meant for sentenced adults, constitutes a violation of some of the provisions of the Children Bill, as well as the children's charter. At our last national general council of the ANC, which was in June 2005, we resolved to continue lobbying government to pay attention to the establishment of places of safety for children in conflict with the law.

I am also glad to note that this matter is one of the priorities within the social cluster, as well as the JCPS cluster.

With regard to the Jali Commission's report and its recommendations, the report is now before the Minister. We will refer it to Parliament once we have digested its contents and have articulated a way forward regarding the recommendations contained therein.

With regard to Asgisa, spearheaded and led by our Deputy President, it is expected that all government departments will, in addition to the reporting systems relating to the legislative and policy mandates, produce short-, medium- and long-term plans, and reports on how they will contribute specifically to this project.

The envisaged contribution of the Department of Correctional Services to Asgisa creates an opportunity for the department to develop a coherent strategy for alignment of its core business of rehabilitation and correction with wider national objectives, such as poverty alleviation, job creation, growth and economic development.

The intersectoral nature of Asgisa implies that the Department of Correctional Services will have to build and strengthen its relationship with NGOs, business, labour, communities, professional bodies, statutory bodies, and all strategic partners. Regional commissioners, area commissioners and heads of centres should therefore direct their energies at strengthening relations with the spheres of government in which they operate with a view to realising these objectives within Asgisa.

The Department of Correctional Services, I am also glad to note, has prioritised its engagement with local government during the course of this financial year. Senior management has been tasked with developing a list of standard issues that should constitute a programme of engagement between the department and the municipalities.

Lastly, we, as the ANC, are of the view that to achieve our objectives of the second decade of freedom, we need stronger partnerships among all South Africans, a people's contract for a better South Africa. The ANC commits itself to working within

communities and within government to play its role in forging a people's contract for a better South Africa.

Inspired by its commitment to democratic consultation, mass participation, and volunteerism, the ANC has, over the decades of its existence, focused, amongst other things, on safe and crime-free communities. We therefore want to call on all sectors of society to make their contribution to creating a crime-free South Africa. Our people have voted for peace, safety and prosperity. Let's make the age of hope a living reality for all. And, once more, the ANC supports the Appropriation Bill. Thank you. [Applause.]

Mr S N SWART: Chairperson, hon Minister, congratulations on delivering your 10th Budget Vote; you correctly painted a rosy picture of the economy with the economic growth forecast revised to 4,2% of GDP from the forecast of 3,8%. The revenue authorities are also to be commended for collecting R41 billion more than last year's projected target.

The balance, hon Minister, that must be struck, is to use the fiscal space created by the revenue overruns and savings on debt service costs to give something back to the economy, and in so doing, to address poverty and unemployment.

The ACDP trusts that personal tax relief granted will result in higher levels of domestic savings. The national savings ratio has steadily declined to 13,5% for 2005, bringing the savings ratio to a level previously seen in 1949. We also trust that the welcome reduction in the tax on retirement funds, halved from 18% to 9%, will result in greater domestic savings.

The ACDP is also on record as supporting a reduction in corporate tax rates. However, the removal of the RSC levy will result in substantial savings for business, bringing effective tax relief of about R7 billion a year. According to the *Business Law Review* of March 2006, the fact that the RSC levy is not replaced can, for all practical purposes, be equated to a 2% cut in the corporate tax rate.

The ACDP encourages small businesses that are not tax compliant to make use of the tax amnesty granted by SARS. Clearly, the larger the net, the lower the rate of tax will be for all of us. With the core priority of the budget to strengthen education, public health services and social welfare services, we welcome the additional R30,9 billion to the provincial equitable share over the next three years.

We also welcome the increases in the social welfare grants, which, though modest, will go some way to alleviate the plight of the poorest of the poor.

Serious cause of concern is that we are running our largest current account deficit in history, currently at R73 billion or 4,7% of GDP. Can we continually rely on a sufficient surplus on the financial account to cover the deficits on the current account? A further constraint to economic growth is clearly the capacity of Eskom to deliver power.

Certain issues have been raised in the *Financial Mail*, which I would like to quote from the 3 March 2006 edition. Whilst Eskom itself has certain plans in place, the *Financial Mail* quote says that "whilst we can blame Eskom for the blackouts, the biggest folly is that of economic planners, government itself". Clearly this is an aspect that needs to be looked at.

Whilst there is a huge demand for social security as indicated by substantial increases in the budget, government must shift from welfare towards development—and this, hon Minister, you have stated already—in order to address poverty and unemployment in the long term. At the end of the day we will be judged on the degree to which the economic boom translates into more jobs to address the poverty experienced in our country. This is the ultimate challenge.

Thank you, hon Minister, and congratula-

tions to the Treasury and Ministry for the exceptional job done with this Budget.

Mr M JOHNSON: Chairperson, hon members, Ministers and Deputy Ministers, the Treasury team, comrades and friends, as always, it brings joy for one to address this august House on matters of national importance, matters that mean life and death to the vast, destitute majority out there.

Indeed, it becomes an honour and privilege for anyone of us to stand here and speak, not only to a few of us here, but to the poor and rich, to the young and old, to the black and white, to the literate and the illiterate, to the South Africans, the Africans in Africa and in diaspora.

Appropriation of monies from the National Revenue Fund for requirements of state in the 2006-07 financial year becomes a vital component of our democracy as we continually seek to entrench it. This we do consistent with the constitutional requirements of section 213(2) that stipulates that—

> Money may be withdrawn from the National Revenue Fund only—
>
> (a) in terms of an appropriation by an Act of Parliament; . . .

Furthermore, the Public Finance Management Act of 1999 provides that Parliament must appropriate money for each financial year for requirements of state.

For the progressives led by the ANC, we contribute in this debate in fulfilment of the Freedom Charter's slogan that stipulates that, "The people shall govern." More importantly, this governance must and can only and mostly be felt at local government level where the coalface of delivery is to be seen and felt.

Our debate takes place against the backdrop of 21 March, officially declared as Human Rights Day on our calendar. Lest we forget, an official figure of 69 of those peaceful marchers shot dead was recorded at Sharpeville.

Human rights are people's rights, people's rights to basic services. They are people's rights to govern their lives through ward committees and other spheres of government. These are human rights to live a better life. These are people's rights that stipulate that for you to talk of human rights, you must have shelter, a job and food.

Those living perpetrators who engaged in such callous acts need to go back to those communities and publicly apologise for their actions that caused so much misery to the dear ones of the deceased and the living, maimed both physically and spiritually.

Yes, the truth and reconciliation term came and is indeed gone forever, but reconciliation is a process that involves forgiveness. President Mbeki said: "Today is indeed better than yesterday, and tomorrow will certainly be better than today."

Part of this act that we are engaged in seeks to make local government work better for you and your communities. Having identified the constraints and the gaps, we build on reconstruction and development, and the human resource development strategy by focusing on capacity-building through the Accelerated and Shared Growth Initiative for South Africa, Asgisa, as it is popularly known. Together with the RDP, Asgisa is continually to build on a sound economic basis that is aimed at bringing about a better life for all.

This initiative is also intended to enhance Project Consolidate, an intervention that seeks to bring a working system to the ailing municipalities in order to have effective and efficient local government. Minister Manuel's proposals on zero-rating municipal property rates will go a long way to simplify the accounting tax records of municipalities. We have inherited a complex structure of municipal systems that must be made people-friendly and must talk to the daily experiences of our people.

Once again, skilling at this level of gover-

nance ensures the extent of capacity-building in our local government. Capacity-building must be supported by a strong learnership programme, thanks to the extension of this programme to 2011. This then calls on the private sector to join government in supporting these programmes that will ensure young people enter into training and gain experience and jobs.

Local government, through the Joint Initiative for Priority Skills Acquisition initiative, Jipsa, must call on the skilled and the newly skilled audit in order to enhance the skills base that seeks to bring about a better life for all. The ANC supports this budget, a budget that talks to the building of capacity within our municipalities, the coalface of delivery. I thank you. [Applause.]

Dr P W A MULDER: Agb Voorsitter, ek het oor die jare heen al na baie begrotings in dié Raad geluister. Dis min dat 'n Minister so kan geld uitdeel aan departemente en aan maatskaplike toelaes sonder om ingrypend aan die ander kant belastings hoef te verhoog. Tog het die agb Minister met dié begroting dit reggekry.

Ek het dit dus in mediareaksie dan ook as 'n goeienuus-begroting beskryf. Die Minister was in 'n posisie om verskeie toegewings te maak, wat ek glo in die langer termyn bewys sal lewer en sal wys dat dit goed was vir die ekonomie. Verskeie jare reeds argumenteer die VF Plus aangaande die belasting op aftreefondse en ons verwelkom dit dat die Minister wel die belasting op aftreefondse verlaag het. Die 9% gaan die staat R2,4 miljard kos.

Die vraag is of met so 'n klein verlies aan die staat se kant, die Minister nie maar die belasting kon afgeskaf het nie. Dieselfde geld vir boedelbelasting. As gevolg van die styging in huispryse loop 'n middelklasfamilie nou die risiko dat die waardasie van hul huis so gestyg het dat hulle die huis sal moet verkoop vir boedelbelasting sou die broodwinner skielik sterf. Dit was tog sekerlik nooit die bedoeling met boedelbelasting gewees nie. Hierdie saak sal jaarliks dopgehou moet word om te voorkom dat ons weer in so 'n situasie beland.

Die Minister weet dat die landbousektor tans groot ekonomiese probleme ondervind. Hul gevoel is dat dié regering nie werklik begrip vir of simpatie met hul situasie het nie, en dat die begroting—met soveel geld beskikbaar—dit vir hulle makliker kon gemaak het. Kom ek gee vir u een voorbeeld: ons raak gewoond aan die jaarlikse verhoging van die sogenaamde sondebelasting, dis dinge soos tabak en alkoholiese drank; die persentasies is meestal meer as inflasie. Volgens ons berekeninge kry die regering tans meer inkomste uit 'n bottel wyn as wat die boer as produsent kry.

Die deurlopend hoë verhoging van dié belasting kan hierdie bedryf in byvoorbeeld die Noord-Kaap, waarvan ek kennis het, permanente skade aanrig. Elke jaar word na die agb leier, mnr Buthelezi gekyk—dié kant toe—en dan word daar aangekondig dat tradisionele bier uitgelaat word en geen verhoging sal kry nie. Ek dink die Minister skuld die wynbedryf een jaar ook so 'n kyk om hulle dan ook 'n jaar vry te skeld.

Omdat dienslewering dikwels op provinsiale en plaaslike vlak vashaak, hoor ek regeringsgeluide om die probleme op te los deur van hierdie magte nasionaal te sentraliseer. Dis 'n normale reaksie om te sê, "Kom ons beheer dit, dit word nie dáár goed gedoen nie." Ongelukkig het ek nie in my toespraak tyd om volledig daaroor te argumenteer nie, maar die VF Plus glo regtig dis 'n fout om as gevolg van huidige probleme die hele beginsel van die afwenteling van mag na sentrale mag te vernietig. Tussentydse oplossings is moontlik om probleme, waar daar gesentreer is, aan te spreek. *(Translation of Afrikaans paragraphs follows.)*

[Dr P W A MULDER: Hon Chairperson, I have listened to many budgets in this Council over the years. It is seldom that a Minister can distribute money to departments and in the form of social grants in this manner

without having to increase taxation drastically on the other hand. Nonetheless, the hon Minister has managed to do so with this budget.

In my response to the media, I accordingly described it as a good-news budget. The Minister was in a position to make various concessions, which I believe will prove and will show that they were good for the economy in the longer term. The FF Plus has been arguing for many years already about the taxation on retirement funds and we welcome the fact that the Minister has indeed decreased the taxation on retirement funds. The 9% is going to cost the state R2,4 billion.

The question is whether, with such a small loss on the side of the state, the Minister could not just have abolished the tax. The same applies to estate duty. As a result of the increase in house prices a middle-class family now runs the risk that the valuation of their house might have increased to such an extent that they would have to sell the house for the purposes of estate duty if the bread-winner were to die suddenly. That is surely not what was intended by estate duty. This matter will have to be monitored annually to prevent us from finding ourselves in such a situation again.

The Minister knows that the agricultural sector is experiencing serious economic problems at present. They feel that this government does not really have an understanding of or sympathy with their situation, and that the budget—with so much money available—could have made it easier for them. Let me give you one example: we are getting used to the annual increase of the so-called "sin tax", namely things such as tobacco and alcoholic beverages; the percentages are, more often than not, higher than inflation. According to our calculations the government is at present getting more revenue from a bottle of wine than the farmer as producer receives.

The continuous high increase in this taxation can cause permanent damage to this industry in, for example, the Northern Cape, of which I have knowledge. Every year a glance is directed at the hon leader, Mr Buthelezi—in this direction—and then an announcement is made that traditional beer is to be exempted and will not be subject to an increase. I think that the Minister owes it to the wine industry to look at it in the same way one year and then also to exempt it for a year.

Because service delivery is often problematic at provincial and local level, I can hear sounds from the government's side to the effect that the problems can be solved by centralising these powers nationally. It is a normal reaction to say, "Let us control this, it is not being done well there". Unfortunately, I do not have time in my speech to elaborate on this in full, but the FF Plus truly believes that it is a mistake to destroy the whole principle of the devolution of power and resort to central power as a result of present problems. Interim solutions are possible to address problems where centralisation has taken place.]

The irony is that government must still have the voting power behind it, but the question is: How much doing power does it have? A well-known political analyst put it in this way:

> The lack of capabilities is not restricted to one or two sectors of the Public Service, but impacts on most of the government departments. The Department of Finance and SARS are among the very few where an efficient job is still being done.

And that is a compliment for the Minister.

So, the question is, as government functions decline the private sector is taking over these functions and we have the privatisation of government functions, is that good or bad? Let me give you one example. By the end of 2005, there were 300 000 private security guards in comparison to 148 police officers. Do we want to see this trend continuing? Is that the best way or not? I would like to think

that we can debate that as well as the centralisation of more power. I thank you.

Ms L L MABE: Chairperson, colleagues and South Africans, I send you revolutionary greetings and want to say that we must all take part in reconstructing and developing our country for greater economic development and growth.

The growing awareness and interest of South Africans in the affairs that impact on their lives pose a serious challenge to legislatures and government to be more efficient in service delivery.

Simultaneously, the legislatures need to strengthen their oversight role of government and the executive to ensure that the programmes and strategic plans are implemented with the desired diligence and passion towards the achievement of a better life for all.

There is an increasing demand for the oversight function of the legislatures, in particular Parliament, to insist on government departments achieving and producing the outcomes as indicated in their strategic plans. Thus the pace of service delivery must be increased during this decade of our democracy to reduce poverty by half in 2014. There is no reason not to achieve this aim, because we have good policies and we only need commitment for better implementation, as we have financial resources at our disposal.

The reduction of poverty levels by half in 2014 is achievable, as I have indicated, because we have the required financial resources. I hope that the Minister of Finance will double his efforts to produce more in the coming years.

I want to add a word of caution: having the required financial resources is not a guarantee at all for the achievement of the expected outcomes or results. The allocation of financial resources or money by the National Treasury in the past few years is not matched by the results the departments produce at the end of the financial year. The departments always have reasons or excuses about why they have not achieved their objectives, whereas they ask for budgets as per their strategic plans, which need commitment and passion, as I indicated, to be implemented.

Therefore this is an indirect call by departments for Parliament to strengthen its oversight role to ensure that the budget is implemented as per those strategic plans, without any unnecessary deviations.

Many South Africans are always keen to know what government has in its trolley on Budget day, because they want to know more about the financial resources that government allocates towards the achievement of a better life for all.

However, it is unfair and at the same time oppressive for our people when the departments do not make the realisation of a better life for all a reality, but instead make it look like a donkey cart that moves slowly and does not match the financial resources that are at the disposal of the department. Thus, this is an indirect removal of the hope of our people, rather than strengthening that hope.

To cite an example, the announcement in the previous budget about the building of four new correctional centres gave many people confidence that this would assist greatly in addressing overcrowding in prisons, whereas strategic plans and budget estimates done prior to the allocation made it possible to realise these objectives.

I quote from the estimates of the national expenditure for 2006:

> Four new correctional centres with the original target date for completion set for the 2006-07 financial year were included in the Budget. After the Department of Public Works' tendering process, the cost per project had virtually doubled compared to initial projections. Then the department appointed independent quan-

tity surveyors to investigate, resulting in the delivery date being revised to 2008-09.

The heart of the matter is: Were the initial projections realisable? Why did it take so long to implement those plans that were presented, because money was made available as requested? How much will be spent before the actual construction comes into operation? Will it be business as usual for people who have failed and delayed the implementation of the initial plans? What must Parliament do in this instance as part of its oversight function?

Mmega dikgang wa *City Press* e leng Mpumelelo Mkhabela o fetsa a e nametsa thaba kgomo e tlhotsang ena a re . . . [A *City Press* reporter, Mpumelelo Mkhabela has eventually put the frying pan into the fire by saying that . . .]

. . . information that the departments had rechannelled was never presented to Parliament in its documents.

Fela o bowa a tswella a re . . . [However, Mpumelelo continued by saying . . .]

. . . National Treasury has told Parliament that—

> . . . with an allocation of R1 billion in its three-year budget cycle, the Department of Correctional Services should have been able to start and complete four prisons, even though the costs were increased.

This scenario emphasises the importance of Parliament's oversight role in the budget. It poses a big challenge to Parliament to ensure that the Joint Budget Committee is given the necessary resources that it requires in order to complement the work of the portfolio committees and the Standing Committee on Public Accounts, and for Parliament itself to carry out its oversight function, as stated in the Constitution.

The 51st national conference of the ANC noted that there is—

> . . . need for all legislatures to exercise oversight responsibility comprehensively by holding government departments and organs of state accountable for both non-financial service delivery and financial performance.

The conference resolved that it supported the need for all legislatures to improve their capacity to exercise their constitutional oversight role and assess the performance of all organs of state, and be provided with the necessary and sufficient resources to carry out this role effectively. Therefore Parliament needs to speed up the process of legislating how its oversight function over the budget should operate.

Taking note of the points I have raised earlier on in my speech, the underlying questions are: Is the time not ripe for Parliament to have powers to amend the budget? If not, how will it ascertain that departments are effective and efficient in the implementation of the plans in relation to their budgets, as presented to Parliament? How will Parliament ensure that financial resources that are allocated to various departments and organs of state improve the lives of the poor? If the status quo is maintained, how will Parliament ensure that the increasing budget allocations bring about drastic changes in the lives of the majority of our people, and promote sharing and greater participation by previously disadvantaged people in the growth of our communities?

How can our budget ensure that these people participate more, rather than having only those who have been advantaged continuing to participate, or those who are at the top continuing to participate rather than increasing the participation of more people in accessing economic benefits?

I want to indicate clearly to members of this House, and I want to challenge members of this House, to engage in the discussion or in the debate on what the effective oversight of Parliament over the budget means in relation to poverty eradication. What does it imply

about us in the portfolio committees having to ensure that the financial resources that are made possible by National Treasury are utilised efficiently so that departments can achieve what they intended to achieve in that particular year? How do we make these departments accountable, rather than, from time to time, having departments spending towards the end of the financial year? Why should that be the case? Why can't they redesign their plans to ensure that whatever they have planned for will be achieved in that particular year?

I repeat: I challenge those of us in portfolio committees to ensure that, for those budgets where departments come and plead with us to convince us that they will be able to deliver on their targets, we pin them down to delivering on those targets as per their strategic plans.

Unfortunately, it is the burden of the Standing Committee on Public Accounts, at the end of the financial year, when everything has been done and people have presented their excuses—or perhaps don't even present their excuses—to the portfolio committees for why they did not implement the budget as planned, to interrogate why money was not utilised effectively. That is the challenge I leave with you. Thank you, Chairperson. [Applause.]

Dr G G WOODS: Chairperson, over the last 10 years, revenue collections have increased on average by a remarkable 10% a year, and this is the single biggest contribution to the country's improving fiscal fortunes, and more than anything else, is the means through which the Minister has been able to strategically promote both demand and supply sides of the economy.

Lowering taxes, increasing social spending, reducing the national debt and stimulating economic growth has been the type of opportunities he has capitalised on in order to improve the country's economic and socioeconomic situations.

It stands to reason, however, that sooner or later, there will few or no new taxes to introduce, and there will be less and less efficiency gains to be made at the SA Revenue Service. Annual revenue increases will then struggle to keep up with inflation and other demands on the expenditure side.

As such, the Minister will not have the range of budget options he has had in recent years. That is, of course, unless government is able to achieve far greater savings on the expenditure side. I want to argue that such savings are to be had if financial management across all departments begins to achieve the particular objectives of the Public Finance Management Act.

There is a strong and growing body of international evidence, covering both private and public sectors, which proves that substantial gains in economies and efficiencies are to be had if modern performance budgeting and spending management methods are properly employed.

My contention is that the PFMA is not being adequately used. It was implemented in a rather mechanical way, and is now being applied in a rather mechanical way. Old bureaucratic attitudes of "Let's live by the book" and "Let's only do what we have to do to keep out of trouble" remain. The Minister's intentions at the time of the PFMA's introduction such as "We must now move away from a rules-bound regime and must let managers manage" and "It's now all about performance and managerial initiative" have not been properly realised.

The performance idiom of the PFMA is not evident enough, and a value-for-money culture is not being fully instilled. Sure, there are now strategic plans and more extensive reporting, but this has quickly become just another part of the administrative routine rather than a part of the dynamic that drives higher performance.

The predetermined performance objectives are generally too vague, and are mostly not

measurable in the required way and, at the end of the day, outputs and outcomes remain modest, and the potential expenditure savings remain out of reach.

It is clear that there is something lacking in how departments are being orientated and educated regarding modern, performance-related, financial management. Perhaps Treasury itself does not have the particular experience and knowledge to impart the necessary attitudes, and perhaps the SA Management Development Institute doesn't either.

The situation requires that we go far beyond just teaching a new set of rules and procedures to how managers must think, take initiative, seek and achieve new goals, and feed success with success. [Applause.]

Mrs N B GXOWA: House Chairperson, hon Minister, hon Deputy Ministers, hon members, South Africa's pre-1994 economic growth path was characterised by extremes of development and underdevelopment, resulting in the legacy of South Africa as a country of two nations.

The developed component of this economy has enjoyed historic over-investment, which achieved short-term cost-competitiveness. This, however, has been at the expense of the underdeveloped part of the economy, which represents the experiences of the vast majority of South Africans where economic potentials have not been able to harness results due to backlogs and underinvestment in social and productive capital.

Our Constitution and government are committed to building a truly nonsexist society and progressively addressing the legacy of the past. However, despite the changes ushered in by the democratic dispensation, there are gaps such as the lack of a budget document that gives a gender breakdown of spending by departments.

Identifying this gap, female MPs and women representatives of NGOs started the Women's Budget Initiative, which was and remains an important tool to assess the impact that the main budget has had on women since the democratic government came to power. Although called the women's budget, it is not a separate budget, but rather a policy tool that does gender breakdowns for the purposes of analysis and further improving our policies on a continuous basis.

The Expanded Public Works Programme received an additional R3,2 billion in 2005 to boost provinces and municipalities, which, on the surface, will benefit women because of the Code of Good Practice, for the programme requires 60% female employment. Since 1999, the Department of Public Works has invested more than R1,7 billion and created 2 993 rural infrastructure projects and 123 738 jobs in the impoverished rural areas of KwaZulu-Natal, Eastern Cape, Free State, Mpumalanga, North West and Limpopo.

Since 1994 many women are now able to own houses irrespective of their marital status, age and race. The Department of Housing has adopted a policy, which says that in all the contracts that are given to emerging contractors, 10% of them should be given back to women. This sector is also empowering women through the People's Housing Schemes, which are largely composed of women.

Many women benefited from the presidential-led projects aimed at poverty alleviation such as the Working for Water Programme. These projects employ members of communities to remove invasive species near and around dams and rivers so that water can flow with ease. Such programmes provide women with an income and, at the same time, communities benefit directly through their efforts. They are also trained and given skills for future purposes.

The deracialisation and redistribution nature of our social security system introduced since 1994 has benefited many black people and women in particular, especially such social grants as pensions and child support

grants. However, our comprehensive social security system is still evolving and we need to improve on the delivery system of the already existing grants so that they indeed reach the core target groups—which are women and children.

The universal access to basic education through the schooling system, adult basic education and other skills training programmes continue to make an impact on the high levels of illiteracy amongst women. However, educating the girl-child continues to pose serious challenges because of the high dropout rate for girls, especially at secondary level.

The structures are demand-driven and include community gardens, multipurpose community centres, rural access roads, bridges, taxi ranks, market stalls, sports fields, additional classrooms, poultry houses, theme parks and many more. These projects benefited mostly women, because women were employed and for the first time some were able to put food on the table.

In last year's budget some consideration was given to tackling gender inequities. However, many interventions tend to be gender-blind. For example, interventions that benefit everyone, including women, will benefit women less than men and girls less than boys as a result of the imbalances mentioned above. Thus a gender-blind policy or intervention becomes gender-insensitive. What is needed is a move away from the gender-blind interventions to proactive gender- sensitive interventions. In order for this to happen, there has to be ongoing critical engagement with the impact of budget expenditures on vulnerable groups, both inside government and within the civil society.

This year's budget should address the imbalances observed with regard to who is most vulnerable in society. For example, those most vulnerable to HIV/Aids infections are female; those most vulnerable to poverty are female; and those most vulnerable to lower-paid employment and to unemployment are women. Within the South African context, racial, class and geographical factors compound these vulnerabilities.

Thus, when developing plans and programmes to address the imbalances within society, a gender perspective provides a critical lens through which these layers of inequalities can be considered, for example, the rolling out of ARVs to all those who are in need of them. Unless gender-sensitive plans and programmes have money allocated to them, it is not possible to implement them, thus the budget also needs to be gender-sensitive.

In keeping with our maxim that the people must govern, we must embark on a legislative process to make sure that women are the beneficiaries in our economy. It is best to fast-track and maximise our interventions for women entrepreneurs in our communities.

In his state of the nation address, the President of the Republic of South Africa said that we will also need to pay the necessary attention to the important issue of the inclusion of women, and that of Asgisa has, once more, confirmed the need for us to expand our small, medium and micro enterprises sector, paying particular attention in this regard to broad-based black economic empowerment and the development of women. Entrepreneurship is core to building a vibrant and sustainable SMME sector. The SMME sector is critical to achieving the key national development objectives of economic growth, employment creation and equity.

Without the development of women there cannot be development in the country. Women need to play an increasingly important role in the leadership of businesses in our country, and in particular in state-owned enterprises. None of you here today need me to remind you of the multitude of challenges that face women in business in South Africa. Thank you, House Chairperson. [Time expired.] [Applause.]

Mr S J NJIKELANA: Chairperson, Ministers and Deputy Ministers, hon members, members of the public . . . maqabane, bantu bakuthi niphelele kunye nani basebenzi . . . [. . . comrades, fellow countrymen and members of the labour movement . . .] . . .we need to examine the ability of the current budget to advance workers' rights, which are an integral part of human rights. I say this because we celebrated Human Rights Day just yesterday.

Chairperson, the current budget is characterised as a pro-poor budget by all, because of its contribution to the social wage. The total social wage for poor households has certainly been substantially increased, particularly when we take into account that individual households have access to more than one social grant.

One may go further and include the provision of schooling, the school fees, free nutrition programmes, etc. The extension of learnership allowances that were introduced in 2002 for another five years as well as the impact thereof on the job training and skills development is worth mentioning and commending. The budget also commits itself to a favourable allowance for workers living with disabilities.

However, a question arises: What about the private sector's role? Will the private sector respond positively by taking advantage of these initiatives articulated in the current budget?

There will be benefits for labour, owing to improvements in the long-term retirement savings, as well as a further increase in finance for skills development. It is worth mentioning that labour will be amongst the beneficiaries of the joint initiative on priority skills acquisition, as outlined in Asgisa.

Government's emphasis on labour-intensive infrastructure spending enhances the sharing aspects of Asgisa, because it has a potential to increase the elasticity of employment creation.

Mphathisihlalo, siyafuna ukusoloko sisiva minyaka le ukuba uHlahlo lwabiwo-mali luyixhasa ngamandla imizamo yokudalwa kwemisebenzi. [Chairperson, we would like to hear every year that the budget considers job creation as one of its priorities.]

The ANC has long committed itself to decent work and living standards in the context of improved equity ownership and management skills, as well as access to opportunities. Hence the budget also ensures that through the promulgation of the Co-operatives Bill co-operatives, as a new entity in the economy, will also have financial support.

In spite of the noble achievements, as stated above, there are a few challenges lying ahead. Amongst these is the ability of the Expanded Public Works Programme to convert short-term jobs into permanent, sustainable, quality jobs. I say this simply because there is an irrefutable assertion that workers are central to the economy of any country. And definitely the ANC commits itself to the full potential of our economy to be productive, as we all know.

The sustainability and the extension of the sharing aspect of Asgisa is also another challenge. Whilst recognising that Asgisa has the intention of sharing the wealth that will be created, we also, as the ANC persuades us to, have to assume collective responsibility for ensuring that such ideals are fully realised.

Kumnandi, bantu bakuthi, xa sisithi urhulumente makenze le, naleya. Kodwa ke masibambane ngezandla, sisebenzisane norhulumente wethu, siqinisekise ukuba ezi nkqubo siza nazo siyavumelana ngazo kwaye ziyaphumelela. *(Translation of isiXhosa paragraph follows.)*

[It's easy for us to say that the government should do this and that. We need to hold hands and work together with the government to ensure that all our programmes come to fruition.]

The extent of access by the unemployed to government grants must still be on all of our agendas, particularly those of MPs when they engage in their constituency work.

There has to be enhanced understanding by labour of government programmes so that they can take advantage of such programmes. Of course, another challenge is whether the small business sector will pass on any of the current tax benefits to workers.

Mhlalingaphambili, ndithe makhe mandicaphule nje zibe mbalwa kwezi zinto zithunukayo. Nokuba ezinye izinto zintle, kodwa ke noko makhe sizijonge ezi ziza kukhe zisithi ntsho ngamehlo. *(Translation of isiXhosa paragraph follows.)*

[Chairperson, I thought I should mention just a few of the issues that have the main points of contention. Although some of the programmes have good intentions, we should consider those that may cause us problems in the future.]

Organised labour must also take advantage of the substantial budget expansion. I also strongly maintain that they should provide leadership and consistently ensure that all the workers benefit from such expansion. If our country is to ensure human rights for all, our budget has to be integral to that noble endeavour.

Just as we recognise the centrality of workers in our economy, so should we admire the government's recognition of labour, as articulated in the current budget. Let us, however, take outstanding achievements to even higher levels. Iyabulel' ilali. [Thank you.]

Mng M T LIKOTSI: Modula-setula le lekgotla, mokgatlo wa PAC o amohela dikabo tsena tsa letlole la setjhaba tsa selemo sena sa 2006. Kabo ena ya matlole e tla ka nako e thata ho batho ba habo rona ba ma-Afrika, ba futsanehileng, ba hlokang mesebetsi, ba phelang maemong a mabe a bodulo. Batho ba ha bo rona ba kenwe ke diketso tsa botlokotsebe mme basadi ba hlekefetswa ka mekgwa e mengata, dikgwebo tsa rona makeishebneng di wele mme di nkuwa ke melata.

Dikaabo tsebo tsena di fihla ka nako eo ka yona boramapolasi ba rona ba ma-Afrika ba tlaletsweng ke naha. Ba bang ba fumaneng mapolasi, empa ba hloka disebediswa. Empa re tshepa hore dikabo tsena tsa matlole di tla leka ho hlokomela ho loka ha a mang a mathata a boletsweng. Mmusmo o tlamehile ho bona hore ditjhelete tsa setjhaba di sebediswa hantle le ka toka.

PAC e re naha ena ya habo rona ena le bokgoni, empa batsamaisi ba yona ke matlaila. Mmuso o tlamehile ho fehla mesebetsi sepheo e le thibela hore naha ya habo rona e se be ya moruo o putlameng (welfare state), moo batho ba phelang e ele mekopa-kopa ya ditjhelete tse mona tsa matheka, tse kgothaletsang bana ba rona hore ba tlatse matlo a rona ka bana ba hlokang bo-ntata bona.

Mmuso o tlamehile ho thibela thekiso ya thepa ya setjhaba ka sena se bitswang privatisation. Thekiso ya thepa ya setjhaba ka mokgwa ofe kapa ofe, e fedisa mesebetsi, e atisa bofutsana, e kenya tlala le malwetse. Ditjhelete tsa setjahaba di lokela ho sebediswa ka tlhokomelo le toka.

Batsamaisi ba tlamehile ho hlokomela hore diphallelo eleng di donation, tse tswang matjhabeng ho phallela ditshebeletso tsa setjhaba, haholo batho ba futsanehileng, di sebediswa ho ya ka ditumellano le dinaha tse re phallelang kgahalanong le ditjhelete tsena tse kgutlelang ho beng ba tsona, hobane re sena bokgoni le boikarabello ho di sebedisa. Ditjhelete tsa setjhaba ha di sebediswe ho phahamisa naha ya ha bo rona. Ke a leboha. *(Translation of Sesotho speech follows.)*

[Mr M T LIKOTSI: Chairperson, the PAC supports the 2006 national budget. This budget comes at a very difficult time for Africans, many of whom are poor, unemployed and live in appalling conditions. Many people have become criminals and

onaanvaarbare bestedingstendense by sekere staatsdepartemente. Nie eens broodnodige buitelandse finansiële hulp word doeltreffend bestee nie, met die gevolg dat sulke skenkings, bestem vir maatskaplike en ekonomiese ontwikkeling, teruggegee moet word, byvoorbeeld die R131 miljoen wat aan Europese organisasies en die R130 miljoen wat aan die EU teruggegee moes word. *(Translation of Afrikaans paragraphs follows.)*

[It is therefore clear that the government's main problem is not necessarily the availability of money. Hence the question now arises about the government's inability to reach most of its targets. Seemingly, the answer to this lies in the fact that the good work of the hon Minister and Sars is being undermined.

Recently this House has time and again heard examples of how the government, especially at local level, fails to provide the most basic services, in spite of sufficient money. Wherein lies the problem? There is reasonable consensus on this, namely that capacity is the main reason for the unacceptable expenditure trends of certain state departments. Not even badly needed foreign financial aid is spent efficiently, with the result that such donations, for example the R131 million and the R130 million that was meant for socioeconomic development, had to be returned to European organisations and the EU respectively.]

It would appear those are more or less the same departments that expose their inability to maintain healthy financial practices. The Department of Provincial and Local Government's inability to ensure that municipalities comply with primary compliance requirements is no longer acceptable. The hon Minister for Provincial and Local Government is in the habit of being reactive to matters resulting in little or no corrective measures and results, for instance his reaction towards the 48% of municipalities not meeting the submission dates for financial statements as required by the Municipal Finance Management Act.

HIV/Aids sufferers who form an extremely high percentage of the South African population are having a devastating impact on all levels of society, both private and public sectors. Despite the generous financial allocations for the fight against HIV/Aids, we still have to go a long way in setting up an adequate infrastructure to successfully fight HIV/Aids.

Agb Speaker, die afgelope kragonderbrekings in die Wes-Kaap is 'n manifestasie van nie net 'n gebrek aan kapasiteit en die gepaardgaande vaardighede nie, maar ook die afwesigheid van doeltreffende beplanning op verskeie vlakke. Die ekonomiese skade wat in die Wes-Kaap aangerig is, word op R1,5 miljard bereken. Meer kommerwekkend is die feit dat beide die regering en Eskom nie in staat is om 'n aanvaarbare aanduiding te gee van wat die omvang van die toekomstige onderbrekings sal wees nie. Hierdie toedrag van sake bedreig die teiken van 6% ekonomiese groei. *(Translation of Afrikaans paragraph follows.)*

[Hon Speaker, the recent power failures in the Western Cape are a manifestation not only of a lack of capacity and the concomitant skills, but also the absence of efficient planning at various levels. The economic damage caused in the Western Cape is estimated at R1,5 billion. Of more concern is the fact that both the government and Eskom are incapable of giving an acceptable indication of the scope of future power failures. This state of affairs threatens the target of 6% economic growth.]

The job well done by the hon Minister of Finance . . . [Time expired.]

Ms N R MOKOTO: Hon Chairperson, Minister of Finance, hon members and members of the public, I greet you all. Minister of Finance, I would like to congratulate you for the most impressive record

set in Budget 2006. The ANC, throughout its term, has been the democratic leader of government, which has preoccupied itself with the responsibility of transforming the South African economy from an economy that has been deeply characterised by inequality, dispossession, racial exclusion and skewed distribution of resources into one of the model developing economies of the world.

Our endeavour as the ANC government was to build a strong developmental economy which would comprehensively and effectively seek to redress the twin evils of apartheid, that is poverty and joblessness, which continue to exacerbate the structural gap between the developed few and the underdeveloped masses of our people.

Key to this economic policy approach has been to ensure that all people have equal share in the wealth of their country. At the same time, we have to ensure that we develop and sustain the economy.

We have to acknowledge that our economy is booming to the dismay of many of our detractors. However, we are prepared to move on to extend the net to other sectors of our economy and to improve and sustain this positive outlook on the economy.

For the past decade we have seen an increased growth in the economy by 4,9%. We have seen additional opportunities being made available for the previously marginalised groups, including blacks, women, youth and the poor. There has been lower government debt and inflation. Our labour market reforms have immensely improved our labour relations and there has been more certainty, high stability and high levels of confidence within our markets. We are proud to say that we have now decreased the debt burden of our country.

Today as we journey into the second decade of democracy, we are proud to highlight impressive breakthroughs made by the government in its effort to respond to the policy dilemmas and fundamentals.

The Constitution of South Africa places on government the mandated responsibility to provide basic services to all its people. For the larger part of society, these socioeconomic rights have never been as justifiable as they are today.

We have to recall that section 26 of the Bill of the Rights deals with the obligations of the state to ensure progressive realisation of the right to housing and section 27 highlights the right to health care, food, water and social security; whereas the right to education is enshrined in section 29.

The significance of this constitutional provision is clearly enunciated in the RDP document adopted by the democratic government. This has successfully highlighted key priorities for government and the impact on the fiscal system.

For the past ten years government spending has been focused on the redistribution of resources from the privileged few to the previously disadvantaged. Specific challenges have been identified with this approach. However, as long as it satisfied the constitutional obligation, it had to happen.

Firstly, large chunks of the government's budget had to be cut and redirected to address the basic needs of our community. Although this approach was extremely beneficial to the many who were locked in the poverty trap and the cycle of unemployment, it had its negative consequences arising from our slow growing economy, which was steadily readjusting to the volatile global markets.

But the major challenge lies in the analysis and questions raised by many of the economies across South Africa. The question of whether our booming economy is able to effectively respond to the redistributive demands and obligations that are entrenched in our Constitution and the economic policies still stands.

they abuse women in many ways. Businesses in the townships have closed.

This budget comes at a time when many African farmers do not know what to do with the farms they were allocated, because they do not have farming resources. We hope that the money will help solve some the above-mentioned problems and that the government will ensure that there is proper financial management.

The PAC asserts that this country has the resources, but the problem lies with administration. The government must create jobs to prevent the country from turning into a welfare state, where people beg for grants such as the child support grant, which encourages our daughters to fill our houses with children whose fathers are unknown to us. The government must also stop selling state property through privatisation. The selling of state property in any way results in unemployment and the accompanying poverty and diseases.

Directors of NGOs must ensure that donations from foreign countries to help communities are used according to agreements with donor countries, and that they are channelled towards poor communities. No funds should be returned to donor countries because of any organisation's incapacity to use them. Public funds must be used to uplift the people of this country. Thank you.]

Ms M V MERUTI: Hon Chairperson, hon members, ladies and gentlemen, as South Africans and as part of a progressive humankind, we have a moral and political responsibility to change the society in which we operate, in the interest of a better future for the human species, in particular the poor and vulnerable sections of our society.

Whilst these ordinary masses of our people make history and change society, they find themselves trapped in demeaning poverty and underdevelopment. However, because our democratic movement, the ANC, and the ANC-led government have always prioritised developmental issues concerning these poor and vulnerable masses, and because the ANC-led government remains a beacon of hope for the masses, during the processes of distribution and appropriation of material resources of our country the ANC is always mindful of this hope and faith that the ordinary masses of our people have in our democratic movement and the ANC-led government.

These distribution and appropriation processes are always informed by the Freedom Charter which, amongst other things, provides that South Africa belongs to all those who live in it, black and white, and provides that the people shall share in the country's wealth. Needless to mention, these processes are also informed and guided by our notion of equality, which takes into account the legacy of apartheid inequalities and also reflects race and gender contradictions.

The justice system in South Africa was inaccessible to the majority of the poor and vulnerable sections of our country. The ANC firmly believes that access to justice is essential to any legitimate justice system because it strengthens public respect for the law and gives people confidence in the legal system. It is this belief and the vision of the ANC to improve access to justice for all which has underpinned the appropriation and related processes.

In essence, the Appropriation Bill is a product of the processes which took into account various progressive, political and policy considerations that include bringing justice services closer to all people, particularly rural and township communities; alleviating the onerous burden of long-distance travel to access justice services, which involves redemarcation and rationalisation of our magistrates' courts and High Courts; the intensification of programmes which seek to help the most vulnerable in our society, namely women and children; and strengthening criminal justice system initiatives and efforts.

Let me emphasise that we need to welcome all the progressive aspects of the Appropriation Bill, in particular the funding, which will assist the justice sector in developing infrastructure and capacity so as to further improve access to justice for all. The ANC supports the Bill. I thank you.

Ms S RAJBALLY: Chairperson, budget time is our favourite time of the year, as we can redevise our means to attain our goals for South Africa.

The MF is confident that the R12,1 billion tax cuts certainly have many smiling this year. The MF takes this opportunity to thank the hon Minister of Finance, Mr Trevor Manuel, for an outstanding budget—thank you, sir.

Bringing our attention back to the Appropriation Bill for 2006, the MF is pleased with the 9,58% allocated for appropriation to provincial and local government. We view local and provincial government as key institutions to providing delivery to our people. We applaud the allocation and request the effective dispersal of funds to ensure efficient delivery.

We are extremely pleased with the prioritisation of allocations made to Education and Health. Both sectors are crucial to the upliftment and wellbeing of our people. The increased effort towards adult education and the prioritisation of educating our people should greatly benefit skills development and growth for our economy.

As for Health, with the threat and reality of HIV/Aids, the allocation will benefit those infected, as well as boost the prevention of HIV/Aids. We, however, would have appreciated a bigger allocation to Labour, considering unemployment and our fervent effort to eradicate poverty. It is, however, correct that the bulk of the appropriation of 23,85% goes to Social Development. It is within this sector that our people are in most need; and it is through Social Development that the standard of living will be increased thus metamorphosising the poverty situation.

Another crisis in South Africa is our crime rate, which has been adequately combated by the 12,52% allocation of the appropriation. In respect of disputes globally and our necessity not only to protect ourselves but also to protect the innocent globally, the 9,16% allocated to Defence is supported.

We would have appreciated a larger allocation to Sports and Recreation. The importance of the sector needs to be realised through nation-building and global relations. We do, however, acknowledge the difference in allocation and would like briefly to say that if the foreign debts were written off we would have so much more funds to dispense on delivery and to cater for the needs of our nation. The MF supports the Appropriation Bill.

Mr S SIMMONS: Chair, once again the hon Minister of Finance has successfully executed his extremely important and difficult task. The various allocations are evidence of the Minister's attempt at a fair distribution of state funds. I wish to compliment the hon Minister, together with the South African Revenue Service, for the meticulous nature in which they went about their business which has resulted in the excess of R30 billion.

Dit is dus duidelik dat die regering se vernaamste probleem nie noodwendig die beskikbaarheid van geld is nie. Die vraag ontstaan dus nou oor die regering se onvermoë om die meeste van sy teikens te behaal. Die antwoord hierop blyk te wees dat die goeie werk van die agb Minister en die SAID ongedaan gemaak word.

Hierdie Huis het die afgelope tyd keer op keer voorbeelde gehoor van hoe die regering veral op plaaslike vlak versuim om hul mees basiese funksies te verrig, ten spyte van voldoende geld. Waar lê die probleem? Daar is redelike eenstemmigheid hieroor, naamlik dat kapasiteit die primêre rede is vir die

onaanvaarbare bestedingstendense by sekere staatsdepartemente. Nie eens broodnodige buitelandse finansiële hulp word doeltreffend bestee nie, met die gevolg dat sulke skenkings, bestem vir maatskaplike en ekonomiese ontwikkeling, teruggegee moet word, byvoorbeeld die R131 miljoen wat aan Europese organisasies en die R130 miljoen wat aan die EU teruggegee moes word. *(Translation of Afrikaans paragraphs follows.)*

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But the major challenge lies in the analysis and questions raised by many of the economies across South Africa. The question of whether our booming economy is able to effectively respond to the redistributive demands and obligations that are entrenched in our Constitution and the economic policies still stands.

It is, however, important to note that the milestones we have achieved in the first years of democracy have set an outstanding record of performance for this country, both economically and socially, especially in terms of delivering the hard services.

Notwithstanding the impact made by these services we must acknowledge that in some instances it has resulted in unforeseen circumstances, like the increasing high rate of dependency and the extension of racial inequalities.

Our social spending has been characterised by the redistributive thrust of our economy —and in many cases this has had a negative impact—which is quite often output-oriented, rather than input driven. Half the time, budget allocations and intergovernmental grants are linked to service delivery outputs.

It is time that government translates budgeted allocations to actual service delivery because it will not be sufficient for government to argue that it has met its obligations in terms of socioeconomic rights through the allocation of sufficient funds for health, education and other forms of service delivery. Let me refer to quite a few examples in education, health and housing. We have seen a dramatic drop in the quality of services provided to the people. This has been the case despite the fact that government has increased its allocation of funds to address these sectors.

It is thus clear that redistributing budget allocations does not immediately result in redistribution of service delivery outputs, as anticipated initially. Furthermore, it suggests that the binding constraint was not purely financial, but rather management capacity, especially on capital projects.

This can be coupled with the inability to spend effectively and this has been a phenomenon in most of the provinces where high budgetary allocations did not automatically result in high delivery rates.

In the light of the above it becomes a necessity to consider a budget reform at all levels especially the introduction of budget reforms in all spheres of government to specifically oversee the introduction of performance budgeting, which has a potential to improve public sector efficiency and effectiveness. The ANC supports the Bill. I thank you. [Applause.]

Dr P J RABIE: Mr Chairman, hon Minister, hon members, the DA welcomes the broad set of tax breaks announced in the budget. In particular, we welcome the reduction of the tax on retirement funds from 18% to 9%. This move has long been called for by the DA, and will positively affect retirement funding and increase the present low savings rate.

In my speech I will refer to the retirement industry and the second economy. Despite the impact of Aids, increasing longevity pushes up the need for postretirement income. It is generally accepted that pensioners should be self-supporting as much as possible and not be dependent upon the state or, in the end, the taxpayer.

The South African retirement industry is fairly sophisticated and the South Africans that belong to a registered pension fund can consider themselves fortunate. However, millions of South Africans do not belong to pension funds. They traditionally rely on extended family support and subsistence in the so-called second economy.

The plight of the pensioners, especially in the so-called retirement communities, with life membership is also something of grave concern, and I believe that the hon Minister and the Department of Finance are investigating this plight.

The hon Minister, in his Budget Speech, made mention of the fact that social grants contribute to more than half of the income of the poorest 20% of households. In a recent study of the bureau for market research at Stellenbosch university it was estimated that roughly two million people are employed in the informal sector. Lower-skilled and less-educated South Africans have no alternative to escape from unemployment and poverty and are often forced to participate in the second economy.

It is estimated that on its own the second

economy employs about 1,72 million people and contributes only 2,1% of GDP. This comprises about 750 individual outlets with an average turnover of R68 000 per month, each employing between two or three individuals on average. Average remuneration per employee is around R1 000 per month, half the minimum required to sustain the average household in an urban community.

Armoede, werkloosheid en lae vaardigheidsvlakke is veranderlikes wat werklike, reële, ekonomiese groei inhibeer. Die Suid-Afrikaanse bevolking, soos talle ander, is besig om snel te verouder. Die openbare en private sektors sal toenemend moet saamwerk om volhoubare ekonomiese groei van tussen 5% en 6% te laat realiseer.

Dit sal gewis nie maklik wees nie, aangesien groot gedeeltes van die Suid-Afrikaanse bevolking wat hul in die sogenaamde tweede of informele ekonomie bevind, in die verlede uiters beperkte toegang tot die formele ekonomie gehad het. Dit is dus gebiedend noodsaaklik dat die formele sektor deur middel van mentorskappe die hand na die agtergeblewe informele sakesektor uitsteek.

Lande wat die afgelope drie dekades ekonomies vooruitgegaan het, was aantreklike beleggingsbestemmings vir beleggers. Internasionaal aanvaarde ekonomiese norme is geëerbiedig, soos byvoorbeeld vrywillige koper en verkoper. Korrupsie in geen vorm is geduld nie, met 'n onafhanklike regbank waar daar geen staatsinmenging van enige aard rakende die administrasie of regspleging plaasgevind het nie.

Die DA versoek dat daar indringend na wyses gekyk word om die pensioenbedryf in die algemeen uit te bou, met dien verstande dat meer Suid-Afrikaners daaraan kan behoort, en dat die informele sektor van die ekonomie deur middel van aanvaarde internasionale riglyne en sakepraktyke uitgebou word, sodat ook hier aanvaarbare wins- en groeimarge sal realiseer wat tot volhoubare ekonomiese groei en welvaart onder die breë bevolking sal lei. *(Translation of Afrikaans paragraphs follows.)*

[Poverty, unemployment, and lower skills levels are variables that hamper actual, real economic growth. Like many others, the South African population is aging rapidly. The public and private sectors will have to increase their collaboration in order to achieve sustainable economic growth of between 5% and 6% percent.

This will certainly not be easy, given the fact that the greater part of the South African population which participates in the so-called second or informal economy has had extremely limited access to the formal economy in the past. Therefore it is vital that the formal sector should reach out to the disadvantaged informal business sector by means of mentorship programmes.

Countries that have prospered economically in the past three decades have been attractive investment destinations for investors. Internationally acceptable economic standards such as willing-buyer, willing-seller were maintained. Corruption was not tolerated in any form, with an independent judiciary where there was no interference from the state whatsoever regarding the administration of justice.

The DA requests an in-depth consideration of ways to expand the retirement industry in general, providing that more South Africans will be able to join, and that the informal sector of the economy will be expanded by means of accepted international guidelines and business practices in order to achieve acceptable profit and growth margins here as well that will lead to the sustainable economic growth and prosperity of the population as a whole.]

We face a number of formidable obstacles. At present our tax base is relatively small; approximately 4,3 million out of a population of 44 million people pay income tax. Unemployment is more than 30%. Our domestic consumer market is small. Our geographic location is not close to the EU, North America or the East. This contributes to additional transport costs for our exports.

Furthermore, some of our neighbouring countries, particularly Zimbabwe, experience an unacceptable inflation rate that runs

into the 100 percentiles. The DA, therefore, calls upon government and the private sector to leave no stone unturned in generating a favourable economic climate, an essential prerequisite for future sustained economic growth. The DA supports this budget. I thank you, Mr Chairman. [Applause.]

Ms N C KONDLO: Hon Chair, hon members, the thrust of this debate is about appropriating money for the state to be able to meet its requirements. These allocations should be linked to the mandate we received from the people of South Africa, guided by the Freedom Charter, the January 8 Statement, the national and local government manifestos and, lastly, the state of the nation address. This mandate is underpinned by the drive to eradicate poverty, create jobs and ensure that growth is shared amongst all the people.

The Department of Public Enterprises has a central role to play in terms of fulfilling this mandate, through its oversight and shareholder/manager role with regard to state-owned enterprises. The restructuring of state-owned enterprises seeks to promote economic growth, socioeconomic development and ultimately a better life for all. The ANC believes that this remains the role of SOEs in terms of their being central to the development of the state.

Thus it is important that the state remains the main shareholder in these enterprises in order to drive the national agenda of democratic revolution. It is our belief that these strategic areas should not be left to the market forces as they are unable to, on their own—and have no track record of doing this—redress historical imbalances.

The ANC believes that our state-owned enterprises can be more effective and efficient. Therefore we are supportive of the programme to restructure these entities to meet their developmental roles. However, we are equally adamant that such interventions should not be to the detriment of our strategic objectives, namely creating jobs, eradicating poverty and creating a better life for all.

The Department of Public Enterprises has been on track in ensuring that the state drives development through the public enterprises. The appropriation for the Department of Public Enterprises, with the exception of the R2 billion that has just been allocated to Denel, as Comrade Chris Gololo outlined, has remained more or less constant, which points to the DPE's sound financial management.

To a certain degree, the same cannot be said of all the state-owned enterprises. As we have stated before as the Portfolio Committee on Public Enterprises, we would have preferred that the various turnaround strategies be implemented earlier by these SOEs. The case in point is Alexkor, which the ANC believes can play an important role in contributing to the economic development of the Alexandra Bay community in particular, and the Namaqualand region in general.

We are extremely concerned about the financial position of Alexkor and welcome the Department of Public Enterprises' continued support for this vital state-owned enterprise.

Kwaye sinethemba lokuba lo mcimbi waseAlexkor, onxulumene nomhlaba nabantu balaa ndawo, uya kuthi wakuqukunjelwa urhulumente, esebenzisa iSebe lezeziMali, akwazi ukunika inkxaso eyiyo khon' ukuze iAlexkor ikwazi ukwenza umsebenzi wayo. *(Translation of isiXhosa paragraph follows.)*

[We hope that after the matter regarding Alexkor, which has something to do with land owned by people in that area, has been concluded, the government and the Department of Finance will be able to render their support in order that Alexkor could move forward with the task that is expected of it.]

Whilst we continue to be complimentary of Eskom, we feel that the developmental needs of the country will require it to increase its generation capacity. In this context, we welcome their short-term strategy in relation to recent outages. We also support their long-term strategy to meet the ever-increasing demand caused by higher-than-expected growth rates.

We welcome the decision to move SA

Airways from Transnet, which allows Transnet to focus on its core mandate of being a freight carrier.

We further welcome the fact that the relevant unions and Transnet management are working together to address the challenges arising from the restructuring process. In seeking to resolve these issues, both parties should be guided by the mandate that was given to the ANC when it was voted into power, that is that they should remain aware of the imperatives to create jobs, fight poverty and promote shared growth.

Ukuxhasa olu hlahlo lwabiwo-mali, singuKhongolozi sithi, Mphathiswa wezeziMali, kulo nyaka-mali utshintsho kubomi babantu malungqamane neemali ezabelwe amasebe ngamasebe. Akufuneki ukuba kuthi noxa amasebe eyisebenzisile imali, ibe inguqu yona inqongophele ebomini babantu.

Kananjalo, ayamkeleki eyokuba amasebe angakwazi ukuyisebenzisa ngokupheleleyo imali abelwe yona. Silindele ukuba kulo mjikelo amalungu ePalamente awenze ngokuthe ngqo umsebenzi wawo wokuqinisekisa ukuba urhulumente wenza kangangoko anakho ukuqinisekisa ukuba iimfuno namalungelo abantu . . . *(Translation of isiXhosa paragraphs follows.)*

[We, as the ANC, would like to support this budget and further say that it must ensure that it meets and fulfils its developmental roles as allocated to the different departments. There should be evidence among people and communities that monies allocated to and used by departments have fulfilled their intended function, which is to change the lives of people.

Furthermore, it is not acceptable for departments not to use funds allocated to them. This time we expect Members of Parliament to fulfil their mandate of oversight to ensure that people's needs and basic rights . . .]

. . . are met through service delivery to the various sectors of our society.

Xa ndiza kuhlala phantsi, sifuna ukuba kulo nyaka-mali kuthi nokuba bayahamba okanye bayavuka ooMam' uMaRhadebe nooTat'uDlamini, baluve utshintsho oluze nolu hlahlo lwabiwo-mali. Kwaye sihlaba ikhwelo kubasebenzi bakarhulumente, nanjengabantu ekugqibeleni abangqamene ngqo nendlela yokuzisa ezi nkonzo ebantwini, ukuba babhinqe omfutshane kuba kaloku urhulumente ophetheyo akasokuze abheke phambili ngaphandle kokusebenza kwabo. Sithi ke kulo umjikelo umbhalo useludongeni. Ngalo mazwi i-ANC iyawuxhasa lo Mthetho usayilwayo. [Kwaqhwatywa.] *(Translation of isiXhosa paragraph follows.)*

[In conclusion, I would like to say that before and after the Rhadebes and Dlaminis have come and gone, they should experience change brought about by this budget. We call on public servants as the people who directly deal with service delivery, to commit themselves fully because there shall be no progress in this government without their support. This time around the writing is on the wall. With those words I would like to say that the ANC supports this Bill. [Applause.]]

Debate interrupted.

The House adjourned at 17:04.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 9 MARCH 2006

TABLINGS

National Assembly and National Council of Provinces

1. **The Minister of Finance**

   (a) International Convention on Mutual Administrative Assistance in Customs Matters adopted in Brussels on 27 June 2003: Your Customs Johannesburg Convention dated 13 July 2004, tabled in terms of section 231(2) of the Constitution, 1996.

   (b) Explanatory Memorandum on In-

ternational Convention on Mutual Administrative Assistance in Customs Matters.

2. **The Minister for Agriculture and Land Affairs**

(a) Strategic Plan of the Department of Land Affairs for 2006 to 2009.

(b) Strategic Plan of the National Agricultural Marketing Council for 2006 to 2011.

(c) Strategic Plan of the Ncera Farms (Pty) Ltd for 2006/07.

3. **The Minister in The Presidency**

(a) Strategic Plan of the International Marketing Council (IMC) for 2006 to 2009.

COMMITTEE REPORTS

National Assembly

1. **Date of Meeting**

The report of the **Portfolio Committee on Finance** on the ***Additional Adjustments Appropriation Bill (2005/06 Financial Year)*** [B 4—2006], published in the Announcements, Tablings and Committee Reports of Wednesday, 8 March 2006, on page 282 had an error in that it indicated the date on which the Committee met as 6 March 2006. The correct date is 7 March 2006.

2. Report of the **Portfolio Committee on Minerals and Energy** on the ***Electricity Regulation Bill*** [B 29B—2005] (National Assembly—sec 75), dated 8 March 2006:

The **Portfolio Committee on Minerals and Energy**, having considered the ***Electricity Regulation Bill*** [B 29B—2005] (National Assembly—sec 75) and proposed amendments of the National Council of Provinces (Announcements, Tablings and Committee Reports, 15 February 2006, p 237), referred to the Committee, reports the Bill with amendments [B 29C—2005].

Report to be considered.

3. Report of the **Portfolio Committee on Communications** on the **Annual Reports and Financial Statements for 2004/2005 of the Department of Communications and its entities**, dated 8 March 2006:

The Portfolio Committee on Communications, having considered and examined the Annual Reports of the Department of Communications and the National Electronic Media Institute of South Africa (Nemisa), the South African Broadcasting Corporation (SABC), the Universal Service Agency (USA), the South African Post Office (Sapo), Sentech and the Independent Communications Authority of South Africa (Icasa), reports that it has concluded its deliberations thereon.

4. Report of the **Portfolio Committee on Communications** on the **Annual Reports and Financial Statements for 2004/2005 of the Government Communication and Information System and its entities**, dated 8 March 2006:

The Portfolio Committee on Communications, having considered the Annual Reports and Financial Statements of the Government Communication and Information System, and the Media Development and Diversity Agency (MDDA) and the International Marketing Council (IMC), reports that it has concluded its deliberations thereon.

FRIDAY, 10 MARCH 2006

ANNOUNCEMENTS

National Assembly

The Speaker

1. **Membership of Assembly**

(a) The following member vacated

her seat in the National Assembly with effect from 9 March 2006:

Zille, H.

(b) The vacancy which occurred owing to the death of Mr S F Haasbroek, had been filled with effect from 22 February 2006 by the nomination of Mr I F Julies.

TABLINGS

National Assembly and National Council of Provinces

1. **The Minister of Finance**

(a) Government Notice No 44 published in Government Gazette No 28411 dated 18 January 2006: Exemptions from Supply Chain Management Regulations in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003).

(b) Government Notice No R.1105 published in Government Gazette No 28226 dated 14 November 2005: Amendment of prescribed fees in terms of the Pension Funds Act, 1956 (Act No 24 of 1956).

2. **The Minister of Water Affairs and Forestry**

(a) Strategic Plan of the Department of Water Affairs and Forestry for 2006 to 2007.

MONDAY, 13 MARCH 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

1. **The Speaker and the Chairperson**

The Speaker and the Chairperson, on 13 March 2006, called a Joint Sitting of the National Assembly and the National Council of Provinces, as follows:

CALLING OF JOINT SITTING OF PARLIAMENT

The Speaker of the National Assembly, Ms B Mbete, and the Chairperson of the National Council of Provinces, Mr M J Mahlangu, in terms of Joint Rule 7 (2), have called a joint sitting of the Houses of Parliament for Tuesday, 14 March 2006 at 14:00 in order for Mr Kofi Annan, Secretary-General to the United Nations, to address the Joint Sitting.

B MBETE, MP	M J MAHLANGU, MP
SPEAKER OF THE NATIONAL ASSEMBLY	CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES
Date:_____	Date:_____

TABLINGS

National Assembly and National Council of Provinces

1. **The Minister of Social Development**

(a) Strategic Plan of the South African Social Security Agency for 2006/07 to 2008/09.

2. **The Minister of Public Enterprises**

(a) Amendment to Eskom's pricing structure, tabled in terms of section 42(4) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), and supporting documents required in terms of section 42(3) of the same Act.

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Correctional Services on its Visit to Prisons in the Limpopo Province, dated 1 February 2006:

The Portfolio Committee on Correctional Services having undertaken an oversight visit to the Limpopo province from Wednesday 03 August to Friday 05 August 2005, reports as follows:

A. Introduction

The Portfolio Committee on Correctional Services decided to undertake an Oversight visit to the Limpopo province from 03 to 05 August 2005.

B. Delegation

The following members of the Portfolio Committee on Correctional Services visited prisons in the Limpopo province between 03 August to 05 August 2005.

- Mr. DV Bloem (ANC) (Chairperson)
- Ms. LS Chikunga (ANC)
- Mr. NB Fihla (ANC)
- Ms. MW Makgate (ANC)
- Mr. MS Moatshe (ANC)
- Mr. MJ Phala (ANC)
- Mr. LJ Tolo (ANC)
- Mr. ET Xolo (ANC)
- Mrs. SA Seaton (IFP)

The following Members submitted their apologies:

- Mr. J Selfe
- Mr S Swart

C. Objectives

The objectives of the visit were to:

- Identify problems and blockages in the system that contribute to the high number of Awaiting Trial Detainees (ATDs).
- Identify the impact of overcrowding on conditions within prisons in the region and on the working conditions of staff.
- Meet with staff at all levels within the prisons to discuss staff concerns and problems and identify possible solutions to these problems.
- Highlight the importance of discipline and respect amongst staff.
- Identify concerns around juveniles in prisons in the region.
- Interact with all stakeholders in the Integrated Justice System as well as with Independent Prison Visitors and the Legal Aid Board.

The Committee visited the following prisons in the region:

- Thohoyandou Correctional Centre
- Kutama Sinthumule Private Prison (see Committee report on Private prisons)
- Polokwane Correctional Centre

D. Findings and recommendations

The following are the findings and recommendations of the Portfolio Committee on Correctional Services:

1. Overcrowding

Overcrowded conditions in prisons affect both offenders and staff working within those prisons. The following table represents the percentage of overcrowding.

Prison	Approved Accommodation	Actual Total	% Occupation
Thohoyandou			
Medium A	600	1576	262.66%
Medium B	219	467	213.24%
Juveniles / Female	134	299	223.13%
Staff	253 Males	120 Females	373 Total
Polokwane	538	824	153.15%
Modimole	341	557	163.34%
Tzaneen	85	67	78.82%

At the Thohoyandou Correctional Centre, 766 inmates benefited from the Special Remissions. This has relieved overcrowding from 319% to 280%. The internal committees, inclusive of magistrates, prosecutors, SAPS and DCS meet once a month to discuss possible solutions and recommendations to relieve the high number of awaiting trial detainees.

At the Polokwane Correctional Centre, 651 inmates benefited from the Special Remission process.

2. The Awaiting Trial Population

(a) Thohoyandou Correctional Centre

During its site visit, the Committee came across many awaiting trial detainees who were incarcerated for lengthy periods.

Adult Male Awaiting Trial Section (21 years and older):
There are four cells which are supposed to accommodate 34 persons each.
Cell 1: Accommodates 47 detainees
Cell 2: Accommodates 35 detainees

Cell 3: Accommodates 29 detainees
Cell 4: Accommodates 38 detainees
Total: 149 detainees

The table below reflects information provided by the detainees on time spent awaiting trial.

Period Awaiting Trial	**Number of Detainees**	**Charges**	**Bail**
5 years	1	Murder/ Robbery	No bail
4 years & 9 months	2	Armed Robbery	No bail
2 years	1	Armed Robbery	Bail refused
1 year	19	Housebreaking/ Rape/ Arson	R 1000/ R 1500
10 months	1	Vehicle theft	R 700
4 months	1	Housebreaking	No bail
3 months	1	Housebreaking	No bail
1 month	2	Housebreaking/Damage of Property	No bail R 500

Juvenile Male Awaiting Trial Section (17 –20 years):

Total number of juvenile detainees: **59**

Period	**Number of Detainees**	**Charges**	**Bail**
1 year & 8 months	1	Armed Robbery	No bail
8 months	3	Car theft Rape	No bail
Less than 1 month	6	Theft (Bicycle) Robbery (Cell phone) Assault Theft	No bail

The table above reflects information provided by the detainees.

Whilst engaging with the Juvenile Awaiting Trial detainees at the Thohoyandou Correctional Centre, the Committee found that the cells were appalling. The sanitary facilities were not working and the drains were blocked. Many of the juveniles had to use buckets. This situation was unacceptable and the Committee was stunned that nothing has been done to solve the problem. The Committee requested the Head of the Prison to act immediately, to which he refused.

(b) Polokwane Correctional Centre

Adult Females and Juvenile Females

Period	Number of Detainees	Charges	Bail
50 days	1	Assault	R 1000
3 months	2	Shoplifting Theft	R 800 / R 1200 R 90
6 months	2	Theft Arson	R 600 R1000
12 months	1	Theft	No bail
18 months	1	Theft	No bail
2 years	1	Assault	R 4000

The table above reflects information provided by the detainees.

Adult Male Awaiting Trial Section (21 years and older):

Total number of adult male detainees: 253

Period	Number of Detainees	Charges	Bail
3 years	2	Murder Rape	No bail
2 years	5	Rape Murder & Robbery Murder Rape Murder	R 1000 N bail R1000 No bail No bail

The table above reflects information provided by the detainees.

(c) Comments and Recommendations

The Portfolio Committee on Correctional Services understands that the Department of Correctional Services (DCS) cannot be held solely responsible for resolving the problem of long periods of awaiting trial. Whilst the statistics above was provided by the detainees, the prison authorities are urged to verify this information and assist with cases e.g. those incarcerated for damage to property or bicycle theft. The Portfolio Committee identified a juvenile who received free bail in court, but because of the unavailability of his parents, could not be released in their care. A situation like this is unacceptable and the Head of Prison should have acted in this instance.

In addition, long term solutions to the problem of awaiting trial detainees need to focus on changing the sentencing practices of the courts, reducing the length of time that cases take to be resolved, and ensuring that police investigations are completed quickly and effectively. However, in the

shorter term, measures to decrease the prison population need to be implemented as a matter of urgency.

The Committee recommends the following additional measures that should be initiated in the shorter term to reduce the awaiting trial population:

(a) The DCS in conjunction with the Department of Justice should focus on educating court officials on the importance of using the range of alternative sentencing options available to them. The DCS should take responsibility for explaining to court officials the effect of their sentencing choices on inmates in prisons as well as on the staff of DCS and how overcrowded conditions in prison increase the possibility of recidivism.
(b) The DCS should redirect resources to enhance the Community Correction Programme. This will assist in improving the confidence of court officials to sentence offenders to supervision within the community.
(c) The Committee supports intersectoral priorities to reduce the caseloads of court officials and to improve police investigations to ensure more speedy resolution of cases, which will shorten the length of time that Awaiting Trial Detainees (ATDs) spend in prison.
(d) All ATDs who are accused of non-violent offences and who have been granted bail of R1000 or less by the courts and not considered by the courts to be a danger to society, but are unable to afford the stipulated bail amounts, should be released.
(e) The Committee requests that strong action be taken against the Head of the Prison of the Thohoyandou Correctional Centre for conduct allegedly in appropriate and that this be reported to the Committee.

3. Intersectoral Communication

The Portfolio Committee met with the Intersectoral cluster of the Thohoyandou and Polokwane region and had very successful discussions with all the stakeholders. Intersectoral communication between the various components of the criminal justice sector including the police, the courts and the prisons was very successful in the region.

(a) The lack of capacity at the courts in the region is hampering the process of efficiently dealing with cases. It was also mentioned that a lot of racism is experienced at certain courts, especially at courts in Polokwane.
(b) Inadequate investigation of cases by the SAPS also hampers the finalisation of cases. Many of the court documents are lost when cases are taken to court.
(c) Another highlight was the co-operation and participation of the members of the Justice Cluster in the provincial task team on overcrowding. The cluster meets regularly to discuss cases where there is an undue delay and the Criminal Procedure Act empowers magistrates to deal with such cases. Monthly reports are studied by the Chief Magistrate and where there are outstanding cases, reasons must be provided.

(d) Diversion: There was a general sense that all juveniles must go through diversion. It was also mentioned that there are not many Places of Safety for children and juveniles, and those that are functioning are in very bad condition.

Comments and Recommendations

All stakeholders in the cluster must communicate and participate to ensure intersectoral solutions. The DCS must take responsibility for ensuring the effective functioning of cluster committees at all levels.

The Committee recommends the following in order to ensure adequate intersectoral communication:

(a) The Portfolio Committee recommends that the DCS provides intersectoral reports of the region to the Committee.
(b) The Regional Commissioner are accountable for ensuring the effective functioning of cluster committees on regional and area level.
(c) The DCS must act on behalf of those awaiting trial detainees and forward undue cases to the Magistrates.
(d) Independent Prison Visitors should act as the link between the offender, DCS and the Judiciary. It is the responsibility of the IPV to ensure that all cases are attended to.
(e) It is strongly recommended that the Legal Aid Board must have offices at Correctional Centres. This will address a lot of the problems the offenders are facing i.e. the fact that they do not see their legal representative regularly and that they only see them in court.
(f) In addition, the Judicial Inspectorate must take responsibility for ensuring that the IPV and Legal Aid Board representatives at each prison meet regularly to discuss cases and problems.

4. Staff concerns

The Portfolio Committee met with both management and staff in both Correctional Centres to address key concerns and problems. Most of the problems identified were common in the region. The following are some of the key concerns highlighted by managers and staff:

4.1 Acting Posts

Much unhappiness was raised on this oversight visit, as on all other oversight visits, about acting positions. The process of restructuring was completed in 2004 and yet staff identified that there are still numerous problems with regard to the filling of posts. In some cases, staff are appointed to act in three (3) different positions without remuneration. Staff are not being paid the acting allowance that would be allocated to a financed post.

The Regional Commissioner said that restructuring has brought about 14 000 positions that are not financed. He also stated that recruitment would take place during the 2005/6 and 2006/7 financial years. All critical posts will receive priority.

Comments and Recommendations

The high number of people filling acting positions in the DCS is unacceptable to the Portfolio Committee. The Committee strongly believes that no persons should be filling acting positions for longer than the 3 months as laid out in the policies of the DCS. If posts have been identified as critical then they must be financed and filled on a permanent basis.

(a) The Portfolio Committee requests feedback from the Regional office with regard to the filling of critical positions.

(b) The DCS' Head Office will be called in to account to the Committee as to why numerous posts have not been financed and what action will be taken to address the situation, as this is a matter of grave concern.

4.2 Shortage of Professional Staff

The shortage of professional staff within prisons hampers the ability of DCS to fulfill its stated mandate of rehabilitation. Many DCS officials leave the Department in search of better work opportunities. The shortage of social workers is especially problematic, as it is a requirement that an inmate must consult with a social worker before appearing before the parole board. The shortage of social workers means that parole hearings are often delayed.

Poor salaries and difficult working conditions for professionals have been identified as key reasons for the inability of DCS to attract and retain professional staff. The need to offer improved salaries for professionals was identified as a priority by staff.

Comments and Recommendations

The Portfolio Committee recommends as follows:

(a) That the DCS tables a retention and recruitment strategy for all staff of DCS, not only professionals, before Parliament.
(b) The DCS should report back on measures which have been initiated to speed up the recruitment process for professional staff.
(c) The Portfolio Committee should be provided with a list of all vacant positions within the DCS.

4.3 Promotion

Staff were extremely dissatisfied with the current status of promotion. Staff also feel that there is no incentive for them to study while employed by DCS, as there is no link between further studies and promotion.

Comments and Recommendations

The Portfolio Committee recognises that the absence of a promotion policy within the DCS is one of the key factors that has led to the decline in staff morale.

The Portfolio Committee urges the DCS to develop a promotion policy for staff at lower levels. This will boost the morale of staff and at the same time enhance the rehabilitation of offenders.

4.4 7 Day Establishment

Whilst many of the staff members understand the provisions and or procedures of the 7-day establishment, it has created many problems within their working environment.
When offenders go to court, there are not enough officials to assist with other duties. This also hampers the education programmes of offenders.
The 7-day establishment has also resulted in many officials taking sick leave and this also causes staff shortages. Staff also stated that the shortage of staff on weekends posed a security risk to both staff and inmates.

4.5 Communication

Staff within DCS is not adequately informed on key issues and developments within the Department. The staff feel that they are not heard within the Department and that there is no un-confrontational platform to make their views heard and understood. In addition, it was clear that problems which should be communicated and resolved at local, area and regional levels, are not effectively addressed. It also became clear that staff meetings are essential as many of the issues were clarified by the Regional Commissioner there and then. This will avoid unnecessary frustrations and problems.

Comments and Recommendations

The reliance on DCS on communication in written form does not seem to be effective, especially when staff have serious problems with the changes that are occurring around them and that impact on their work and their lives.

The Committee recommends the following:

(a) A structured process must be urgently put in place at all levels within DCS to ensure effective communication between management (at national, regional, area and local prison level) and staff at prison level. This process should include regular opportunities for representatives from Head Office, the Regional Office and the Area Offices to meet with and talk to staff on the ground to discuss key issues that affect working conditions. Staff must be given the opportunity to discuss and identify their concerns in a non-threatening environment and management needs to take these concerns seriously and identify constructive ways of addressing them.

4.6 Medical Aid

Staff was very unhappy about contributing to the Medical aid scheme as this now means that they take less money home and that the scheme has very limited allocations for various health areas. In the past, medical aid for staff was fully subsidised, but because the DCS always received a qualified audit report from the Auditor General because of Medcor, the provisions had to be changed. Whilst many other government departmental staff contributed to their medical aid scheme, the DCS officials did not. This caused a lot of abuse of the scheme.

Comments and Recommendations

The Portfolio Committee was aware of the problems surrounding the medical aid scheme, but support the fact that DCS officials must contribute to the scheme as many other government officials.

(a) The DCS must identify problems with regard to the new medical aid scheme and report to the Committee within 3 months after tabling of this report on steps that have been or will be taken to address these problems.

4.7 Education

Teachers, especially at the Thohoyandou Correctional Centre, complained about the shortage of classrooms and teachers, which means that they are only able to deliver education and training courses to a limited number of inmates.

Comments and Recommendations

The provision of educational and training programmes at prisons has been identified by the Portfolio Committee as a key component of

rehabilitation, and especially important in terms of young offenders of school-going age.

The Committee recommends the following:

(a) The Portfolio Committee is aware that the Awaiting trial population at centres do not partake in any educational or recreational programmes whilst incarcerated. The Committee suggests that the DCS develop a programme that will involve ATD's in education or recreation.

4.8 Transport

Many officials at both the Thohoyandou and Polokwane Correctional centers complained about the non availability of transport, especially for attending funeral services of fellow colleagues or attending sport events of the DCS.

Staff also complained that this issue makes it extremely problematic for night shift workers, those working in rural areas and those living in areas that are far away from the prison.

Comments and Recommendations

While the Portfolio Committee recognises that the provision of transport to staff has budgetary implications, it is clear that when there is no or limited public transport systems available and when it is dangerous for staff to travel at night, the DCS should ensure that transport is available to staff to ensure their safety.

(a) The Portfolio Committee recommends that the transport policy of the DCS be revisited so as to allow transport especially for those working night duties. This should be prioritised in the rural areas.

4.9 Transfers

Many staff members identified that they had been placed to work in prisons far from their hometowns and that they had applied for transfers to prisons closer to their hometown.

Comments and Recommendations

(a) Recruitment should be nation wide but placement after training should take into consideration proximity to the areas in which people come from.
(b) Resolution 7 was applied to match and place persons but needs to be revisited administratively to ensure that members of staff are placed closer to their hometowns.

4.10 Bagless prison policy

Staff stated that the bagless policy is not applied equally to all levels of staff and that female staff members are not provided with facilities to store their handbags, the contents of which may be needed during a working day.

Staff also complained that some officials are allowed to have their mobile phones with them, whilst others are not.

Comments and recommendations

(a) Accessible lockers for the storage of handbags should be made available in all prisons.
(b) The Head of Prison is responsible for ensuring that the policy is applied equally to all staff in the prison, including management.

4.11 Night Shift Tariff and Danger Allowance

The Committee was informed at the Thohoyandou Correctional Centre that the tariff for night shift duty is only R 1.33 per hour. Staff complained that, according to policy, danger allowances are paid to staff working with maximum sentenced offenders but that staff that work with ATDs do not get paid this allowance even though the ATDs with whom they work may be extremely dangerous.

Comments and recommendations

(a) The DCS must review the policy on night shift tariffs and danger allowances and report back to the Committee on this issue within 3 months of tabling of this report.

4.12 Facilities

Staff mentioned that because of the structure of Correctional Centres, there is not enough facilities, such as classrooms to facilitate educational programmes.

Other facilities, such as the accommodation facilities for officials are old and not in a good condition.

Comments and Recommendations

(a) The Committee strongly recommends that more classroom facilities are provided. This should be seen as part of the Rehabilitation role of the centre.

(b) The Portfolio Committee is aware that all maintenance and repair work of all government buildings are done by the Department of Public Works, but that the DCS looks into the possibility of using its own labour force (inmates) to do minor maintenance and repair works.

4.13 Discipline and respect

The Portfolio Committee is concerned about the lack of discipline and respect amongst some correctional officials. Ill-discipline has serious consequences for the effective running of the Department and can even result in corruption such as abetting inmates in escapes and smuggling illicit substances into the prisons.

During the visit, staff acknowledged the problems of ill-discipline and disrespect but also submitted that the problem of ill discipline amongst staff has a number of causes. In addition, it was noted that some members in senior management positions are themselves ill-disciplined and corrupt.

Comments and Recommendations

The Portfolio Committee recognises that the problem of ill-discipline and disrespect amongst staff needs to be handled holistically. The Portfolio Committee expects staff and management to show mutual respect toward each other. However, the Committee also believes that all instances of ill-discipline must be severely dealt with and that concerns that staff have with their managers should be raised in the appropriate forums.

The Committee recommends the following:

(a) Strong action must be taken against ill-disciplined staff members and the internal disciplinary process must be strengthened to ensure this and be improved to ensure fairness within the process.
(b) The DCS staff should disclose all instances of corruption and ill discipline amongst fellow colleagues and managers. Staff can also report such instances to the Portfolio Committee.

E. Conclusion

In conclusion, the Portfolio Committee on Correctional Services is very proud of the Limpopo region in all the efforts that management and staff make to function in a better environment. The high number of awaiting trial detainees remains a concern to the Portfolio Committee and officials are urged to do everything in their power to assist those who are incarcerated unnecessarily. The Committee applauds the officials for a job well done in those difficult circumstances. The Portfolio Committee on Correctional Services will monitor measures to implement the

recommendations outlined in this report and will meet with the Regional Commissioner on a regular basis.

Report to be considered.

2. Report of the Portfolio Committee on Correctional Services on its Visit to the Training Colleges of the Department of Correctional Services, dated 1 February 2006:

The Portfolio Committee on Correctional Services having undertaken an oversight visit to the Training Colleges of the Department of Correctional Services in Zonderwater and Kroonstad from 16 till 18 August 2005, reports as follows;

D. Introduction

The Portfolio Committee on Correctional Services decided to undertake an Oversight visit to the Training Colleges.

E. Delegation

The following members of the Portfolio Committee on Correctional Services formed the delegation.

- Mr. DV Bloem (ANC) (Chairperson)
- Ms. LS Chikunga (ANC)
- Mr. NB Fihla (ANC)
- Mr. MS Moatshe (ANC)
- Mr. MJ Phala (ANC)
- Mr. LJ Tolo (ANC)
- Mr. ET Xolo (ANC)
- Mr. J Selfe (DA)

The following Members submitted their apologies:

- Ms. MW Makgate
- Mr. S Mahote
- Ms SA Seaton
- Mr S Swart

F. Objectives

The objectives of the visit were:

- To ascertain whether the training curriculum is aligned with the Correctional Services Act, 111 of 1998, the White Paper on Correctional Services and the Strategic Plan of the DCS.
- To ensure that the new recruits at the Colleges understand the Code of Conduct of the DCS.
- To emphasise the importance of discipline and respect amongst staff within the DCS.

The Committee visited the following Colleges:

- The Zonderwater Training College in Pretoria
- The Kroonstad Training College in Kroonstad
- The Mangaung Private Prison (see Committee Report on Private Prisons)

D. Findings

The following are the findings of the Portfolio Committee on Correctional Services:

1. Implementation of Learnership on Corrections Science – NQF Level 4.

1.1 The Aim and Mandate of Corrections Science

The aim of Learnerships at the Colleges is the delivery of basic training and induction programmes to newly appointed officials at entry and lateral levels .

The colleges' mandate emanates from:

(i) the Correctional Services Act – Section 3 (5) (d), which states that the Department is under the control of the Commissioner, who must establish and maintain training institutions or centres for the training of students or correctional officials;

(ii) The Skills Development Act – Section 2 (1) which aims to: that (a) the Act aims to develop the skills the South African workforce and (b) to encourage workers to participate in learnership and other training programmes;

(iii) The United Nations Standard Minimum Rules for the Treatment of Prisoners: 1984 – Section 47 (2) Basic Training – which states that before entering on duty the personnel shall be given a course of training in their general and specific duties and be required to pass theoretical and practical tests.

Intake of New Recruits for 2004/5

06 September to 17 December 2004

Totals Zonderwater and Kroonstad Colleges											
Occupation	African		Coloured		Asian		White		Total		Disabled
	M	F	M	F	M	F	M	F	M	F	
Kroonstad	287	195	24	24	4	2	2	2	317	223	2
Zonderwater	166	181	61	32	7	4	1	8	235	225	0
Total intake	= 1002										

14 March to 20 June 2005

Totals Zonderwater and Kroonstad Colleges											
Occupation	African		Coloured		Asian		White		Total		Disabled
	M	F	M	F	M	F	M	F	M	F	
Kroonstad	236	205	15	21	0	0	3	0	254	227	0
Zonderwater	222	189	22	18	0	1	1	1	245	208	0
Total intake	= 934										

04 July to 02 September 2005

Totals Zonderwater and Kroonstad Colleges											
Occupation	African		Coloured		Asian		White		Total		Disabled
	M	F	M	F	M	F	M	F	M	F	
Kroonstad	349	132	34	19	1	3	1	0	385	154	3
Zonderwater	347	116	11	8	1	1	0	0	359	125	0
Total intake	= 1026										

06 –24 June 2005

Abridged: Basic Training for Disabled Members at the Brandvlei Management Area.

Intake: 25 Members

The colleges will also accommodate another group of intakes of 1025 each on 12 September 2005 and on 11 November 2005.

During the period of 20 June to 08 July 2005, special shortened training was done for a total of 152 members from the Ncome and Middeldrift Management Area at Pietermaritzburg and St. Albans.

1.2 Induction Programme:

- The induction programme will orientate newly employed members of the Department (up to level 12) about the Department's imperatives, strategic direction, culture, benefits offered and personnel and administrative support.
- To ensure that prospective and existing members of the DCS are subjected to a learnership on Corrections Science at NQF level 4 in accordance with the requirements of the Skills Development Act.

1.3 Curriculum of a Learnership

Overview of Correctional Services in South Africa

- The Constitution of the Republic of South Africa
- The White Paper on Corrections in South Africa
- New Acts and Regulations: Correctional Services Act, 111 of 1998
- United Nations Standard Minimum Rules
- Strategic Plan – Strategic Direction of the DCS
- Organisational Structure

- Corporate Wear
- Code of Conduct
- Disciplinary Code
- Disciplinary Procedure
- Grievance Procedure
- Personnel Performance Management
- Termination of Service
- Personnel benefits and privileges (Medkor)
- Presentation on HIV/AIDS
- Presentation on EAP
- Institutional Rules
- Rehabilitation

During the learnership programme, learners will be taught the following programmes for which they will receive credits:

- Demonstrate a basic understanding of offender rehabilitation
- Demonstrate an understanding of the human rights contained in the bill of rights
- Demonstrate an understanding of the scope and operations within the field of community corrections
- Provide a caring environment and delivery of services to special categories of offenders
- Comply with organisational ethics
- Conduct internal and external security duties
- Utilise security equipment in corrections
- Promote personal care and environmental hygiene in corrections
- Promote elementary health care in corrections
- Demonstrate knowledge and understanding of HIV/AIDS
- Interpret basic financial statements
- Motivate a team
- Use of a handgun and a shotgun.

30% of the Learnership consisting of theory is implemented over a period of 15 weeks at the colleges and 70 % of the learnership is practical which is implemented over a period of 29 weeks at the Correctional centres.

1.4 Human Resources Capacity at the Colleges:

	Kroonstad	Zonderwater	Head Office
Supporting staff	53	62	5
Number of trainers	31	27	0
Total:	84	89	5
Ideal:	120	120	17

1.5 Structural Capacity of the Colleges:

Facilities	Kroonstad	Zonderwater
Accommodation	540	492
Large Lecture Rooms	Three (3) = 360 seats	Four (4) 228 seats
Small Lecture Rooms	Eighteen (18) = 448 seats	Seven (7) = 252 seats
Computer Training Centre	One (1) = no workstations	Two (2) = 35 workstations
Library	One (1)	One (1)
Gymnasium	One (1)	One (1)
Mess	One (1)	One (1)

2. Human Resources Strategy of the DCS

2.1 Development and Alignment of the Human Resources Policy

There was no Human Resources Policy in DCS, but the draft policy has now been finalised and is with the Minister for approval. The draft policy integrates the policy on skills development. There is also no training policy, but only a training guideline at the Colleges.

The DCS' Human Resources strategy was reviewed to be aligned with the National Skills Development Strategy. This strategy is now awaiting final approval.

8000 Junior and Middle Management employees will have to be trained. By October 2005, 200 Junior and Middle Management employees would have been trained. Staff will be trained in 7 models by facilitators from SAMDI and the University of Tswane.

2.2 Bursaries

As part of the DCS' retention strategy, the Human Resources management does a survey before bursaries are offered, to ascertain what scarce skills and other skills are needed in the Department. Before bursaries are advertised, internally and externally, regions must do assessments of what skills are needed.

As of 1994, 804 bursaries have been awarded to DCS officials, but of these 604 have not completed their course of study. During 2004/5, only 56 learners have completed their studies and only 4 bursaries have been allocated. When officials begin their course of study, the monies are already paid. It is a Treasury regulation that all monies paid, must be recovered if officials did not complete their studies. R1.2 million has been recovered out of 210 officials who have breached their contracts. A survey has been drawn up to establish the reason for high dropouts amongst Correctional officials. The survey will look at issues such as work pressure, social pressure and financial problems.

92 Managers of DCS have attended courses at outside institutions. The costs have amounted to R450 000. All approvals to attend outside courses have now been centralised.

3. Challenges

- At the time of the visit the Annual training report had to be finalised, yet it was not, because of the many challenges faced.
- The HR Department had to encompass and prioritise the training of all 36 Centres of Excellence.
- An important aspect of training for DCS officials includes the revival of the culture of service delivery within DCS. Another challenge is that of providing accredited training at the colleges. Many of the trainers at the colleges are qualified as Educational trainers, but are only recognised as a Correctional official.
- The treatment of young offenders needs to be registered and piloted at the Training Colleges.
- There are many Acting positions at the Training Colleges, because it was closed for two years.
- Whilst the Occupational Health and Safety Act requires that an ambulance needs to be on site where firearm training is being done, this is not the case at the Kroonstad Training College.

3. Staff Concerns

3.1 Promotion

A concern was raised that despite the hard work done by trainers, no promotions, rewards or incentives are offered. Trainers are on the same level as a CO1 (correctional officer grade 1). This has forced many trainers to seek alternative and better paying employment opportunities. It was also mentioned that the trainers at the colleges have a lot of experience.

3.2 Vacancies

There are a lot of vacancies at the colleges. Some posts have been vacant for 7 years. Many officials at the centres do not want to work at the Colleges, because of the weekend incentive. It was felt that the acting positions cause a lot of dishonesty as well as disarray.
When many of the vacant posts are being filled, the trainers do not get first preference, but the public. Trainers also complained that they are not aware of what the real ratio of trainer to learner is, as many of them train high numbers of learners at a time.

3.3 New Recruits

Many of the new recruits in the employ of the DCS have previously been employed. Trainers are of the opinion that the DCS should seek to employ unemployed citizens of the country.

3.4 Timeframe of Learnerships

The timeframe for learnerships at the colleges has been shortened. The trainers complained about this as it hampers the effectiveness of their input. Not all the students' abilities are the same and it is imperative that all understand the work and the curriculum. Of grave concern to the trainers is the fact that many of the learners have never handled a firearm before and the period for firearm training has also been shortened.

3.5 Resources

The colleges lack a lot of resources e.g. medical support such as a first aid kit. This negatively impacts on the training modules as many of the learners must go to medical practitioners outside the College.

3.6 Communication

Whilst all the efforts and hard work of the new management team is recognised by the trainers at the colleges, little or no communication or assistance is received from the National office.

E. Comments and Recommendations

1. Overcrowding is one of the biggest challenges the DCS is facing. Not only does it impact negatively on offenders, but on staff as well. South African prisons were not built to hold the current numbers and this hampers service delivery. The Portfolio Committee is aware of all the efforts and systems the DCS has put in place to deal with the situation.
   The Portfolio Committee recommends that Overcrowding and its challenges be incorporated into the Training Curriculum of the DCS.

2 The Committee suggests that the DCS takes the Skills Audit into account when it award bursaries. Bursaries should be awarded to the benefit of DCS.

3 Rehabilitation is the core business of the DCS, but little emphasis is placed on this in the training curriculum. It should be taken into account that many of the learners are still very young and therefore easily influenced. The DCS should ensure that what is learned during training at the colleges, should be reinforced at the Correctional centres.

4 Ethics was always part of the DCS's military training. The Committee suggests that ethics (as a subject) be brought back into the training curriculum of the DCS.

5 The Portfolio Committee strongly recommends that the recruitment of new employees should be prioritized in areas where there were a lot of dismissals e.g. Barberton. The Portfolio Committee further recommends

that the DCS gives priority to those unemployed citizens of the country when advertising positions for Correctional Services officials.

6 The Portfolio Committee recommends that trainers at colleges get first preference to apply for vacant positions at the Colleges. This scenario will only be to the benefit of the DCS as the trainers have the experience needed.

7 The Committee was shocked to learn that the Training colleges do not have resources such as First Aid Kits etc. The Committee recommends that these problems be immediately addressed by the Head Office and that the Regional Offices (Gauteng and Fee State) assist the colleges as much as possible.

8 The Committee recommends that an ambulance or similar form of emergency vehicle be provided at the Training colleges as per the requirement of the Occupational Health and Safety Act.

9 The Committee suggests that trainers also evaluate the training curriculum at least every two months.

F. Conclusion

In conclusion, the Portfolio Committee on Correctional Services commends the Management and trainers of the Zonderwater and Kroonstad Training Colleges. It is through hard work such as this, that DCS operates not only effectively, but successfully. The Committee was always of the opinion that staff of the DCS is the most important aspect in achieving the goals of the White Paper and the implementation of the Correctional Services Act. The Committee will monitor measures to implement the recommendations outlined in this report and will meet with the Human Resources Directorate on a regular basis in terms of progress made at these Colleges.

TUESDAY, 14 MARCH 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

1. **Referral to Committees of papers tabled**

    1. The following paper is referred to the **Portfolio Committee on Public Enterprises** for consideration:

        (a) Amendment to Eskom's pricing structure, tabled in terms of section 42(4) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) and supporting documents required in terms of section 42(3) of the same Act.

TABLINGS

National Assembly and National Council of Provinces

1. **The Minister of Social Development**

    (a) Strategic Plan of the Department of Social Development for 2006-07 to 2009-10.

COMMITTEE REPORTS

National Assembly

1. Report of the **Portfolio Committee on Social Development** on the ***Older Persons Bill*** [B 68B—2003] (National Council of Provinces—sec 76), dated 10 March 2006:

    The Portfolio Committee on Social Development, having considered the subject of the ***Older Persons Bill*** [B 68B—2003] (National Council of Provinces—sec 76) referred to it and classified by the Joint Tagging Mechanism as a section 76 Bill, reports the Bill with amendments [B 68C—2003].

2. Report of the **Portfolio Committee on Agriculture and Land Affairs** on the ***Genetically Modified Organisms Amendment Bill*** [B 34—2005] (National Assembly—sec 75), dated 13 March 2006:

    The Portfolio Committee on Agriculture and Land Affairs, having considered the subject of the ***Genetically Modified Organisms Amendment Bill*** [B 34—2005] (National Assembly—sec 75), referred to it and classified by the Joint Tagging Mechanism as a section 75 Bill, reports the Bill with amendments [B 34A—2005].

WEDNESDAY, 15 MARCH 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. **Assent by President in respect of Bills**

    (1) ***Diamonds Amendment Bill*** [B 27B—2005]—Act No 29 of 2005 (assented to and signed by President on 10 February 2006);

    (2) ***Diamonds Second Amendment Bill*** [B 39B—2005]—Act No 30 of 2005 (assented to and signed by President on 10 February 2006);

    (3) ***Forestry Laws Amendment Bill*** [B 24B—2005]—Act No 35 of 2005 (assented to and signed by President on 4 March 2006).

National Assembly

The Speaker

1. **Referral to Committees of papers tabled**

    1. The following papers are referred to the **Portfolio Committee on Finance** for consideration and report:

        (a) International Convention on

Mutual Administrative Assistance in Customs Matters adopted in Brussels on 27 June 2003: Your Customs Johannesburg Convention dated 13 July 2004, tabled in terms of section 231(2) of the Constitution, 1996.

(b) Explanatory Memorandum on International Convention on Mutual Administrative Assistance in Customs Matters.

2. The following papers are referred to the **Portfolio Committee on Agriculture and Land Affairs** for consideration:

(a) Strategic Plan of the Department of Land Affairs for 2006 to 2009.

(b) Strategic Plan of the National Agricultural Marketing Council for 2006 to 2011.

(c) Strategic Plan of the Ncera Farms (Pty) Ltd for 2006-07.

3. The following paper is referred to the **Portfolio Committee on Communications** for consideration:

(a) Strategic Plan of the International Marketing Council (IMC) for 2006 to 2009.

4. The following paper is referred to the **Portfolio Committee on Finance** and the **Portfolio Committee on Provincial and Local Government:**

(a) Government Notice No 44 published in *Government Gazette* No 28411 dated 18 January 2006: Exemptions from Supply Chain Management Regulations in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003).

5. The following paper is referred to the **Portfolio Committee on Finance** and the **Portfolio Committee on Public Service and Administration:**

(a) Government Notice No R.1105 published in *Government Gazette* No 28226 dated 14 November 2005: Amendment of prescribed fees in terms of the Pension Funds Act, 1956 (Act No 24 of 1956).

6. The following paper is referred to the **Portfolio Committee on Water Affairs and Forestry** for consideration:

(a) Strategic Plan of the Department of Water Affairs and Forestry for 2006 to 2007.

7. The following paper is referred to the **Portfolio Committee on Social Development** for consideration:

(a) Strategic Plan of the South African Social Security Agency for 2006-07 to 2008-09.

2. Membership of Committees

1. Ms P Tshwete has been elected as Chairperson of the **Ad Hoc Committee on Nomination of Persons to Fill Vacancies on the Commission on Gender Equality** with effect from 15 February 2006.

TABLINGS

National Assembly and National Council of Provinces

1. **The Minister of Trade and Industry**

(a) Strategic Plan of the Department of Trade and Industry for 2006 to 2009.

National Assembly

1. **The Speaker**

(a) Report of the Public Service Commission on the Review of Sector Policing and the South African Police Services' Role in Community Crime Prevention Initiatives for 2005 [RP 220-2005].

(b) Report of the Public Service Commission on Evaluation of Service Standards in the Public Service for 2005 [RP 69-2005].

THURSDAY, 16 MARCH 2006

ANNOUNCEMENTS

National Assembly

The Speaker

1. **Referral to Committees of papers tabled**

1. The following paper is referred to the **Portfolio Committee on Finance** and the **Portfolio Committee on Housing**:

(a) Report of the Auditor-General on the findings identified during a performance audit of the approval and allocation of housing subsidies at provincial housing departments, January 2006 [RP 13-2006].

2. The following paper is referred to the **Portfolio Committee on Public Accounts** for consideration and the **Portfolio Committee on Provincial and Local Government**:

(a) Quarterly Report of the Auditor-General on the submission of financial statements by municipalities and the status of audit reports as at 31 December 2005 for the financial year ended 30 June 2005 [RP 16-2006].

3. The following paper is referred to the **Portfolio Committee on Arts and Culture** for consideration and report. The Report of the Auditor-General is referred to the **Standing Committee on Public Accounts** for consideration:

(a) Report and Financial Statements of the South African State Theatre for 2004-2005, including the Report of the Auditor-General on the Financial Statements for 2004-2005.

4. The following paper is referred to the **Portfolio Committee on Labour** for consideration:

(a) Strategic Plan of the Department of Labour for 2006 to 2009.

5. The following paper is referred to the **Portfolio Committee on Health** for consideration:

(a) Strategic Plan of the Department of Health for 2006-07 to 2008-09 [RP 29-2006].

6. The following papers are referred to the **Portfolio Committee on Communications** for consideration:

(a) Strategic Plan of Government Communication and Information System (GCIS) for 2006 to 2009.

(b) Strategic Plan of Media Development and Diversity Agency (MDDA) for 2006 to 2009.

7. The following paper is referred to the **Portfolio Committee on Pub-**

lic Service and Administration for consideration:

(a) Strategic Plan of the South African Management Development Institute for 2005-06 to 2010-11.

8. The following papers are referred to the **Portfolio Committee on Agriculture and Land Affairs** for consideration:

(a) Strategic Plan of the Department of Agriculture for 2006.

(b) Strategic Plan of the Land and Agricultural Development Bank for 2006/07.

(c) Strategic Plan of the Commission on Restitution of Land Rights for 2006/7—2008.

(d) Strategic Plan of the Agricultural Research Council for 2006/07—2010-11.

(e) Strategic Plan of the Ingonyama Trust Board for 2006/07.

(f) Strategic Plan of the Onderstepoort Biological Products Ltd for 2006 to 2009.

(g) Strategic Plan of the Perishable Products Export Control Board.

TABLINGS

National Assembly and National Council of Provinces

1. **The Minister of Trade and Industry**

(a) Annual Report of The Office of Consumer Protection for 2004-2005.

(b) Report of the Strategic Industrial Projects (SIP) for April 2002 to March 2005.

FRIDAY, 17 MARCH 2006

TABLINGS

National Assembly and National Council of Provinces

1. **The Speaker and the Chairperson**

(a) Report of the Auditor-General on the Declarations of Interests by Ministers, Deputy Ministers and Government Employees [RP 19-2006].

2. **The Minister of Public Works**

(a) Memorandum by the Minister of Public Works setting out Particulars of the Building Programme for 2006-2007 [RP 25-2006].

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Health on the ***Foodstuffs, Cosmetics and Disinfectants Amendment Bill*** [B 35—2005] (National Assembly—sec 76), dated 15 March 2006:

The Portfolio Committee on Health, having considered the subject of the ***Foodstuffs, Cosmetics and Disinfectants Amendment Bill*** [B 35—2005] (National Assembly—sec 76), referred to it and classified by the Joint Tagging Mechanism as a section 76 Bill, reports the Bill with amendments [B 35A—2005].

2. Report of the Portfolio Committee on Finance on the ***Appropriation Bill 2006/7***, dated 16 March 2006:

The Portfolio Committee on Finance, having considered and examined the ***Appropriation Bill*** [B2—2006] (National Assembly—sec. 77) and its related documents, referred to it, and

classified by the JTM as a section 77 Bill, reports as follows:

1. Introduction

The Minister of Finance tabled the Budget for 2006-07, including the MTEF for the 2007-98 and 2008-09, on 15 February 2006.

On 16 February, the Committee, in a joint sitting with the Select Committee on Finance and the Joint Budget Committee was briefed on the Budget for 2006-07 and the MTEF forecast by the Minister of Finance, together with the Director-General of the National Treasury and the Commissioner of the South African Revenue Services (SARS).

Between 7 and 10 March the Committee received further submissions from National Treasury and SARS, invited economists and tax specialists, as well as organised labour and business. These submissions dealt with the full range of issues raised in Budget 2006-07, as well as certain other related issues.

The report is structured around the following main themes, which emerged from the above-mentioned briefings and hearings, and the Committee's own discussions.

- Macroeconomic framework
- Fiscal policy
- Revenue and tax proposals
- Other issues

These hearings took place within the context of an emerging market economy faced with the challenges of the shortage of suitable skilled labour, unemployment and poverty, and the limited uptake of investment opportunities.

2. Economic Policy and outlook

The economic outlook for the (MTEF) period remains positive, and continues to improve. The higher than expected growth rate for 2005, the expected average of 5% over the medium term, and the efficacy of SARS, bodes well for the economy.

The expansionary stance adopted since 2001 continues, with an increase in real expenditure in pursuit of achieving the Accelerated and Shared Growth Initiative South Africa (ASGI-SA) goals. Social Services received real increases in spending of R871 bn over the MTEF and R262 bn in 2006-07. While social services account for 57%, in the current fiscal year, education receives the single largest expenditure in this category. There are also significant increases in infrastructure development of R372 bn over the current MTEF. Infrastructure development represents an annual growth rate of 14,2% with an allocation of R113 bn for 20006-07. The renewed commitment to skills development seeks to address the constraints to growth in the economy recognising that these are some of the pillars of ASGI-SA.

During the hearings Prof S van der Berg highlighted the increase in social spending, noting that fiscal resource shifts did not necessarily translate into real resource shifts. He added that the sustained improvement in poverty reduction, through increased social spending, requires economic growth and investment in human capital. The

expanded grant system had an impact on poverty reduction, but not enough jobs were created. Van der Berg points out that despite the increase in resource allocation, the lack of efficient social spending continues to challenge the country. This constraint is also identified in ASGI-SA.

Underscoring the Government's main policy aims of reconstruction and development is the fiscal stance adopted which offsets the impact of the commodity price cycle and the robust consumption. This is further highlighted through ASGI-SA which identifies that the recent growth, although welcome, is unbalanced as it is based on strong commodity prices, capital inflows and domestic consumer demands, increased imports and strengthened the currency beyond desirable levels.

The risk associated with this unbalanced growth has also been highlighted by the Minister of Finance who pointed out that the current boom in commodity prices is not sustainable in the absence of support on the production side, and that outlook for capital flow going forward is important to maintain the higher growth rates.

The policy choices, faced by government, had to take these risk factors into account with an anticyclical fiscal stance that supports growth, while moderating the impact of consumption expenditure and commodity prices on growth.

Both economists who appeared before the Committee, Prof B Smit and Mr Jac Laubscher, identified these risks as constraints to growth. Mr Laubscher argued, that historically, economic growth has been followed by a period of recession where commodity prices and capital inflows were the major catalyst for growth. The recessions in 1981 and 1994 were due to a fall in commodity prices, and capital outflows.

2.1 Higher growth path

In the MTBPS, government presented an optimistic view of economic growth for the years 2006-07, 2007-08, and 2008-09. The higher than expected growth rate for 2005-06 of 5%, the growth trajectory of 5% and CPIX expected to remain within the target range of 3% to 6% over the MTEF, further underlines that the economy is on a structurally stronger growth path.

A number of factors underpin government's positive economic outlook:

- Sound and sustainable macroeconomic platform;
- Favourable global economic conditions, particularly the recovery in Japan, (significant for South African exports) strong growth in China (an average of 8,9% to GDP over the last three years and a significant importer of commodities), and robust growth in Africa;
- Improved policy coordination between National Treasury and the Reserve Bank in keeping inflation within the target range, moderate interest rates and reduced cost of capital; and
- Rise in commodity prices.

2.1.1. Consumer-led growth

One of the principle drivers of economic growth has been the

high level of domestic consumption expenditure. During the MTBPS hearings last year it was identified as a significant weakness of the current growth trend. Government realised that the reliance of household consumption is not sustainable.

The extended upswing of the economy did not have a significant impact on the manufacturing sector. Growth remains modest. Prof B Smit is of the view that the strong currency is the reason for the decline in the manufacturing sector. Mr Jac Laubscher believes that while the strength of the currency has had an impact on this sector, however the effect of globalisation has had a significant negative impact on the manufacturing sector. The upward trajectory is expected to continue within the construction industry.

2.1.2 Commodity Prices

South Africa being a commodity exporter has benefited from the increase in commodity prices. The strong global demand for commodities, as a result of strong global economic growth, is led by developing economies such as China and India.

Mr J Laubscher supports the view of the Minister of Finance that the high commodity prices are not sustainable. He highlighted the fact that China and India could, in the future, become commodity suppliers. He believes that the commodity boom is cyclical. The risk factors to economic growth are the collapse of the housing market in the United States of America (USA), the current account deficit of 6% to GDP (USA), the stand-off regarding the Iran nuclear situation and the avian flu pandemic that will cause a global economic slowdown. Any softening of the commodity market prices will affect South Africa, but not to the extent it will have had in the past, said Mr Laubscher.

Taking the history of economic growth into account, the Committee concurred that commodity prices have in the past negatively impacted on economic stability. However it also recognises that the country has shifted from its singular reliance on one or two commodities to a more diversified economy supported by sound macroeconomic fundamentals.

2.1.3 Accelerated growth and labour participation

Raising the level of economic participation is key to ensuring that government sustains and improves on the growth forecast over the MTEF. Lack of suitable skills has been identified as one of the constraints of the ASGI-SA. The 2006-07 Budget continues to remove constraints on growth through broadening access to economic activity that will encourage the accelerated increase in the creation of new jobs.

R372 bn allocated to infrastructure over the MTEF period, which supports a wide range of public sector programmes is seen as part of the new initiative. The allocation of R4 bn broadens government's reach through the expanded public works and employment programmes. The targeted land reform initiatives, the agricultural support programmes and housing and community investment should further enhance participation.

2.1.4 Current account deficit

The current account deficit has risen to an estimated 4,2% of GDP, the highest since 1980s. This has been fuelled by the strength of the rand, growth in imports fuelled by rising incomes and long-term accelerated growth expectation. Although the deficit widened it has been adequately offset by a strong financial account surplus. Both economists raised concerns around the growth of the deficit, as they believe it may have an impact on the ASGI-SA.

2.1.5 Household savings

The Committee is concerned at the low household savings and its impact on the economy. Mr Jac Laubscher concluded that the household savings rate is the lowest since 1952 and national savings the lowest since 1949. He believes that this brings into question government's ability to achieve the projected growth rates.

2.1.6 Skills

The Minister of Finance, during the hearings, highlighted the importance of investment in infrastructure and human resource development, as key in expanding the growth opportunities for the economy. The capacity constraints limit government's ability to spend effectively to ensure delivery.

Government commitment to address this constraint is reflected in the significant allocation to social spending that increases by R10 bn to R92 bn in 2006-07 rising to R110 bn in the last year of the MTEF.

This priority is also reflected through additional spending in the 23 SETAs.

Evidence presented to the Committee by Prof van der Berg, not inclusive of data from 2004, suggests that the social outcomes for education have not been achieved. Fiscal resource shifts have taken place. However, efficient application of these resources in the process of social delivery should be the focus, he said.

3. Fiscal Policy

All commentators endorsed the expansionary fiscal stance adopted by government. Since 2001 debt service costs have declined significantly, and released resources to expand the social net. The fiscal stance outlines support for growth while moderating the impact on consumption expenditure. This could be referred to as the conservative part of the budget and is in line with government's anti-cyclical fiscal stance. This seeks to address the concept of a "boom and bust" by taking account of the risk factors inherent in an expansionary budget.

Government must be commended that although they have increased real expenditure, they were mindful of the risk that the current economic conditions present.

3.1 Real increases in expenditure

Government received an endorsement from the Committee for the expansionary fiscal stance adopted. Positive reactions were received to the real increases to allocations to education and skills development, social welfare, R&D, HIV and AIDS, and infrastructure investment.

3.2 Deficit reduction

The smaller deficit is due to larger than expected revenue collections of government. During the hearings on the MTBPS the Committee suggested that the surplus funds should be utilised to service debt. This is consistent with sound fiscal management that seeks to reduce the deficit during an upswing of the business cycle, allowing itself the necessary space when the economy slows down.

Economists agree that the government is mindful of the risk, through maintaining expenditure at the level as outlined in the MTBPS, and increasing their foreign reserves from US$7,6 bn to US$22 bn at the end of January 2006.

Some economists have seen the deficit reduction as a measure of government's success story. Maintaining a low deficit during the boom time allows for space to increase the deficit if economic conditions worsen. Maintaining the low deficit is the best indication of government's intention not to contribute to the boom on the expenditure side, despite the tax relief.

3.3 Increase in tax revenue to 26,4% of GDP

Commentators were concerned about the higher than expected increase in revenue of 26,4% as government is committed to keeping it 25% to GDP. This will not necessarily contribute to sustained growth. The Committee recognises that the SARS depends upon other projections especially those published by Statistics South Africa on GDP and the actual performance of the economy and improved tax collections. The projected decline of tax revenue as percentage of GDP over the MTEF is noted.

4. Tax Policy

Tax reforms over the last decade have bolstered government's revenue-raising capacity. These reforms include broadening the tax base, reduction of the marginal tax rate at the lower end, adjustment of brackets to address bracket creep, improving tax administration and building a culture of tax compliance. These successes are the product of sound tax design that took cognisance of societal realities. Increases in resources ensured that allocations infrastructure development and social services have increased while promoting economic growth.

4.1 Tax proposals

The 2006-07 tax proposals will continue to provide the necessary stimuli in ensuring an upward trajectory in economic growth. The tax proposals outlined in the budget continue to build on these achievements and support the goals of the accelerated and shared economic growth initiatives by promoting long-term retirement savings, small business development, investment in research and technology, skills development, and home ownership.

Commentators, who however raised a number of issues during these hearings, received these tax proposals positively.

4.1.1 Corporate Income Tax (CIT) & Secondary Tax on Companies (STC)

Most commentators supported government's decision not to reduce the CIT rate. Since 1994 to 2005 the CIT rate dropped from 40% to 29% and compares favourably internationally.

The business community, represented by BUSA and CHAMSA, expressed the view that an expectation is created that since the 1% reduction in the CIT rate last year, government will have adopted a gradual approach of reducing the rate. They argue that to encourage investment the CIT rate should be internationally competitive. The decisions that informed the investor is not only the CIT rate ***per se***, but whether there is an efficient tax administration system that is predictable and reliable. The current tax system in South Africa is not an impediment to investment and resource allocation should be based purely on commercial and not tax decisions.

Prof M Katz supported by National Treasury, believes that the reduction in the CIT rate without a reduction in the maximum marginal rate of individuals will result in tax arbitrage. The combined rate of CIT and STC of 36,9% ensures that the difference remains 3% and eliminates tax arbitrage. The total tax burden on the business community has been reduced with the abolition of the Regional Services Council (RSC) levies.

The Business community calls for a critical re-evaluation of the appropriateness of the STC in the context of international competitiveness of the CIT.

The Committee shared Prof Katz's view that there is a danger of tax arbitrage if there is a reduction in the CIT rate without reduction in the maximum rate of individual PIT.

4.1.2 Regional Services Council levies

The abolition of the RSC levies is welcomed. The reduction in compliance costs, and lowering the tax burden on key economic activities provides the necessary incentives to ensure long-term economic growth. Business received a significant direct tax relief to the amount R7 bn for 2006-07 and totalling R24 bn over the MTEF period.

As outlined in the 2005 MTBPS, Treasury is exploring alternative instruments that will replace the RSC levies. Commentators noted that no announcement regarding an alternative has been made, and this provided the business sector with appropriate tax relief. SAICA called for the permanent abolition of the RSC levies, but the business community were in principle not opposed to finding alternative funding arrangements.

4.1.3 Tax relief—Small Business

The Committee recognised the importance of broadening economic participation and creating opportunities for small businesses. Given that this sector contributed to accelerated growth in employment, the Committee welcomes the improvement in the economic environment of small businesses. The adjustment in the monetary tax thresholds will promote job creation and contribute to economic growth. The Committee

supports the decision that "co-operatives that operate like small businesses will enjoy the same level of benefits".

The business community raised the concern that no relief is announced to provide tax relief to the small service sector businesses. SAICA and the business community hope that during the review to amend the definitions relating to "small business corporation" and "deemed employee" it will secure a tax regime that will foster the growth of small business in the service sector.

4.1.4 Tax Amnesty—Small Business

The announcement of amnesty to small business is welcome, as this will afford businesses, currently outside the tax net, with the opportunity to regularise their tax affairs. The Committee is in agreement that this is a bold initiative that will effectively achieve a broadening tax base.

The Committee welcomes this bold initiative that effectively enables small business to take advantage of procurement opportunities in the public and private sector.

4.1.5 Tax on Retirement Fund Industry

In 2004 the Committee provided a public forum to discuss costs associated with retirement fund instruments. This hearing was in response to a paper presented by Mr R Rusconi at the Actuarial Society of South Africa Conference. In 2005 the Committee again provided the necessary forum for the industry and government to engage the draft paper on the Retirement Fund Industry, as it has identified the cost factor as a major concern.

BUSA welcomed the announcement to reduce tax on retirement funds as this tax impacts negatively on the lower end of employees. In its opinion the regressive nature of the tax has a negative impact on private savings and therefore the reduction will improve savings. Various other commentators called for the scrapping of tax on retirement funds.

Government also announced that progress has been made with respect to regulatory reforms within the retirement industry. A discussion paper will be released shortly that will propose certain changes to the regulatory environment and tax reforms.

4.1.6 R & D incentives

Broadening of the tax base, minimising expenses, incentives and good taxation should always be the objective of tax policy. Government believes that investment in R & D and innovation is an investment in knowledge and human capital. Providing the necessary incentive to R & D will lead to economic growth through new technologies, and development of new products. The business community welcomed these measures.

Prof M Katz was supportive of R & D initiatives broadly, however he raised a concern about the proposed deduction of 150% on R & D expenditure. He argues that historically, whenever an incentive has been given that gives more than 100% deduction expenditure incurred leads to wasteful expenditure, and abuse. Prof Katz

is of the view that R & D support should not be given through the tax system but through the accelerated depreciation allowance for capital expenditure.

5. Impact of HIV and AIDS on Growth

Prof B Smit informed the Committee that clear benefits are emerging from government implementation of the government HIV and AIDS treatment plan. He argues that SA loses 0,5% growth per year, and although this is not likely to have an impact on growth going forward, it gains 0,1% of growth since the provision of the antiretroviral (ARV) drugs to sufferers. The cost of between 15%-20% is recouped.

6. Concluding comments

The resources allocated to infrastructure underpin capital expenditure, which is one of the drivers of this expansionary policy. Over the past ten years government macroeconomic policies have developed an environment to encourage investment. The Committee believes that now more than ever the investor community should begin to directly contribute to radical reduction of poverty and unemployment.

The significant reduction in the deficit and utilising the surplus funds in the financial current to increase the foreign reserves rather than simply immediately utilising these funds in unsustainable expenditure was in the Committee's opinion a wise decision.

Tax amnesty for small businesses including cooperatives operating as small businesses supports their growth in the reduction of unemployment.

7. Recommendations

7.1 Effective oversight on the Appropriation Bill is directly linked to the exercise of oversight on the MTBPS. In future, to exercise oversight effectively, more time should be allocated within the parliamentary programme for both processes.

7.2 To ensure efficient expenditure of allocated resources in social services, in particular education and the SETAs to achieve suitable skills output, requires:

i. Efficient and effective output targeting, implementation and management of allocated resources;

ii. Regular tracking as well as timely and strategic intervention; and

iii. Integrated implementation of cross-cutting measures;

7.3 The Committee is of the view that the extra 50% proposed incentives for R & D requires further discussion.

8. Oral submissions

The following people made oral submissions before the Committee, some in their personal capacity. These submissions are available on request from the Committee Section of Parliament.

1. Mr T Manuel, Minister of Finance

2. Mr J Moleketi, Deputy Minister of Finance

3. Mr L Kganyago, Director-General: National Treasury

4. Mr P Gordhan, Commissioner of SARS

5. Mr L Worth, Chief Operating Officer: National Treasury

6. Mr K Naidoo, Acting Deputy Director-General: Budget Office

7. Prof S van der Berg, Stellenbosch University

8. Mr J Laubscher, Chief Economist: Sanlam

9. Prof B Smit, BER

10. Ms J Arendse, South African Institute for Chartered Accountants (SAICA)

11. Mr N Nalliah, SAICA

12. Prof M Katz, Edward Nathan & Associates

13. Mr L Verwey, IDASA

14. Prof R Parsons, Business Unity South Africa (BUSA)

15. Adv A Meiring, BUSA

16. Mr D Kruger, CHAMSA

17. Ms P Drotskie, CHAMSA

18. Mr K Warren, CHAMSA

19. Ms G Humphries, Federation of Unions of South Africa (FEDUSA)

Report to be considered.

MONDAY, 20 MARCH 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. **Draft Bill submitted in terms of Joint Rule 159**

   (1) ***Convention on International Interests in Mobile Equipment Bill,*** submitted by the Minister of Transport on 7 March 2006. Referred to the **Portfolio Committee on Transport** and the **Select Committee on Public Services.**

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Finance on the **International Convention on Mutual Administrative Assistance in Customs Matters**, dated 14 March 2006:

   The Portfolio Committee on Finance, having considered the request for approval by Parliament of the **International Convention on Mutual Administrative Assistance in Customs Matters**, referred to it, recommends that the House, in terms of section 231(2) of the Constitution, approve the said Convention.

Request to be considered.

WEDNESDAY, 22 MARCH 2006

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. **Membership of Committees**

   (1) The following changes have been made to the membership of **Joint Committees:**

Budget

Appointed: Robinson, Ms D.

National Assembly

The Speaker

1. **Membership of Assembly**

The following member vacated his seat in the National Assembly with effect from 16 March 2006:

Dodovu, T S.

TABLINGS

National Assembly and National Council of Provinces

1. **The Minister of Defence**

(a) Strategic Business Plan for the Department of Defence [RP 33-2006].

2. **Minister of Communications**

(a) Strategic Plan for the Department of Communications for 2006-2009.

National Assembly

1. **The Speaker**

(a) Report of the Public Service Commission on Assessing the Role of Labour Relations Officers in the Public Service, 2005 [RP 71-2005].

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Public Works on the oversight visits to all nine provinces, dated 7 March 2006:

The Portfolio Committee on Public Works (National Assembly), having conducted an oversight visit to the National Department of Public Works (NDPW) and the provincial departments of Public Works, municipalities and local communities between February and September 2005, reports as follows:

The structure of this report is as follows:

Glossary

Foreword

Introduction

Findings

Overview

Oversight visit to Provinces

Recommendations

Conclusion

GLOSSARY

BEE	Black Economic Empowerment
CBPWP	Community-Based Public Works Programme
CDW	Community Development Workers
CIDB	Construction Industry Development Board
CETA	Construction Education and Training Authority
CTM	City of Tshwane Management
CHW	Community Health Workers
DM	District Municipality
DORA	Division of Revenue Act
DPTRW	Department of Public Transport, Roads and Works
EPWP	Expanded Public Works Programme
EXCO	Executive Council
ECD	Early Childhood Development

HCBC	Home Community-Based Care
IDP	Integrated Development Plans
IDT	Independent Development Trust
ILO	International Labour Organisation
IMDC	Integrated Development Management Committee
ISRDP	Integrated Sustainable Rural Development Programme
KZN	Kwazulu-Natal
LED	Local Economic Development
MEC	Member of Executive Council
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MoU	Memorandum of Understanding
MPC	Multi-Purpose Centres
NDPW	National Department of Public Works
PEC	Provincial Executive Committee
PFMA	Public Finance Management Act
PMIS	Property Management Information System
PPWD	Provincial Public Works Department
PSC	Provincial Steering Committee
PTC	Provincial Technical Committee
SALGA	South African Local Government Association
SAWIC	South African Women in Construction

FOREWORD

The Portfolio Committee undertook its oversight visit to the NDPW and all nine provinces during the 2005-06 financial year and wishes to extend gratitude to the following:

- The National Department of Public Works, for its cooperation and their responsiveness to constructive criticism from the Portfolio Committee and Standing Committee on Public Accounts.
- The Committee further appreciates the immediate and positive response by the Department to the proposals and recommendations made by the Committee.
- The Committee notes the appointments of the Deputy Directors-General for the EPWP and Asset Management respectively.
- The Committee observes the Leadership Way Initiative introduced by the Department in an attempt to redress administrative shortcomings of the Department during the year under review.
- The Committee further notes the improved financial and accounting systems that were subsequently complimented by an unqualified audit report for the 2004-05 financial year.
- The Committee thanks all provincial **MECs**, Members of the provincial legislatures and officials of the departments for their support and cooperation during the hearings.
- The Committee also recognises the

cordial reception from the **Premiers** of Northern Cape and Limpopo provinces respectively as well as mayors of Johannesburg, Durban metropolitan councils and district mayors of OR Tambo, Chris Hani and Alfred Nzo district municipalities in the Eastern Cape and Ulundi District Municipality in KwaZulu-Natal.

- The Committee further recognises the frankness and constructive contribution made by representatives of SALGA, mayors, councillors, beneficiaries and communities during the deliberations.

- A tribute to South African Women in Construction (**SAWIC**) for the seminal role demonstrated in exhorting, mobilising, empowering and effectuated South African women to be part of the challenging and lucrative construction industry through the EPWP.

- The Committee acknowledges with appreciation the support given by the **IDT** to the Department and communities in the implementation of the EPWP at Hlabisa hospital and Zibambele road construction in Ndwedwe in KZN, and at Dutyini, Mount Ayliff in Eastern Cape and Zivuseni in Gauteng.

- The Committee appreciates the contributions rendered by the Chairperson of the **NCOP Select Committee on Public Services** during the information sharing in the advancement of the work of the two Committees.

Notwithstanding the above,

o The Committee during its oversight visit observed with concern that in most provinces the intergovernmental and interdepartmental relations are still a challenge and recommends that Parliament and its committees must intensify the oversight role and promote the understanding, need and the importance of these relations as contained in chapter 3 of the Constitution.

o It is evident that in some provinces the non-availability of public representatives directly and indirectly affects service delivery.

o The visibility of all public representatives at national, provincial and local spheres of government is paramount in making the necessary interventions and assists to disseminate information, monitor and evaluate government programmes.

o The coordination of the departmental programmes (ie EPWP) and non-cooperation of cluster Departments remains a concern, the Committee recommends that designated officials by the NDPW to regional and local spheres of government must be capacitated and resourced in order to effectively improve the coordination and the implementation of the Programme.

o The Committee further recommends that the regional and provincial coordinators of the EPWP constitute a forum to coordinate and monitor the implementation of the programme thereby strengthening the intergovernmental and interdepartmental relations.

o On assets and asset management the Committee recommends the Property Management Information System (PMIS) being a data capturing and an early warning system developed by the **Mpumalanga, North West and Western Cape** provinces must be considered as a case study by the NDPW.

INTRODUCTION

The report is structured to present a general trend and a consolidated per-

spective of all provinces rather than province-by-province. In some instances a specific mention of a province is highlighted to emphasise attention and action to be taken.

The Committee, as required by the Constitution of the Republic of South Africa (1996), must ensure that the Department of Public Works carries out its mandate and responsibilities viz:—

- o Policy implementation at all spheres of government.
- o Monitor progress on service delivery and meeting of targets by the department as enunciated in the state of the nation address by the State President, the budget speech by Minister of Finance and, the Minister of Public Works' strategic plan and budget vote speech.
- o Strengthening of the intergovernmental and interdepartmental relations.
- o Management and maintenance of state assets.
- o Monitor the Integrated Sustainable Rural Development Programes

OVERVIEW

The main focus of the oversight was on the performance of the department in key areas of its responsibilities as set out hereunder:

- The provision and management of land and accommodation to national departments and public institutions,
- To give strategic leadership to the construction and property industries,
- To co-ordinate and monitor the implementation of the EPWP and,
- Adherence and conformity to the requirements of the Public Finance Management Act of 1999 (PFMA), Division of Revenue Act (DORA) and Municipality Finance Management Act (MFMA).

The period under review is from 31st January 2005 to 2nd September 2005.

The oversight report on the National Department of Public Works undertaken between 31st January 2005 and 2nd September 2005 is contained in the Committee report of the Department's Annual report (please refer to Committee's report on the Annual report of the Department).

FINDINGS

1. OVERSIGHT TO PROVINCES

The Committee visited the following Provinces:

Eastern Cape 31 January-3 February 2005

Committee Delegation visited the province:

	Party
Mr F Bhengu, Chairperson	ANC
Mr L Maduma Acting Leader of the delegation	ANC
Mr M Magubane	ANC
Mr K Moonsamy	ANC
Ms MM Ntuli	ANC
Ms NM Mdaka	UDM
Mr S Opperman	DA
Ms NP Nonkelela	Support staff
Ms P Kakaza	Support staff

Areas and organisations visited:

a) Met with Honourable MEC for Public Works: Mr S Kwelita

b) Met with the Department officials

c) Met with Amatola District Municipality and Mayor Mr S Somyo

d) Met with Chris Hani District Municipality and Mayor Mr M Sigabi

e) Visited Alfred Nzo District Mu-

nicipality and Executive Mayor Mr GG Mpumza:

f) Met with Chairperson of SALGA in the Province Mr S Somyo

g) Met with OR Tambo District Municipality and Executive Mayor Ms Z Capa-Langa

Free State 7-10 February 2005

Committee Delegation visited the province:

	Party
Ms CMP Ramotsamai Leader of the delegation	ANC
Mr HP Maluleka	ANC
Mr NJ Gogotya	ANC
Mrs TLP Nwamitwa-Shilubana	ANC
Mr JPI Blanche	DA
Mr MT Likotsi	PAC
Mr J Leburu	Support staff
Mr S Makeleni	Support staff

Areas and organisations visited:

a) Met the Honourable MEC Mr S Mohai. (The MEC was part of the entourage.)

b) Met with officials from the department

c) Met with Thabo Mofutsanyana District Municipality and Executive Mayor Mofumahadi Mathokoana Mopedi

d) Met with the Maluti a Phofung Local Municipality

e) KM Mankwane Construction Road in Qwaqwa

f) Hydroponics (Agricultural) project in Qwaqwa

g) Tswarang Waste Management Project in Qwaqwa

Gauteng 31 January-3 February 2005

Committee Delegation visited the province:

	Party
Ms CMP Ramotsamai Leader of the delegation	ANC
Mr HP Maluleka	ANC
Mr NJ Gogotya	ANC
Mr S Siboza	ANC
Mrs TLP Nwamitwa-Shilubana	ANC
Mr JPI Blanche	DA
Mr MT Likotsi	PAC
Mr J Leburu	Support staff
Mr S Makeleni	Support staff

Areas and organisations visited:

a) Met with Honourable MEC for Public Transport, Roads and Works: Mr I Jacobs

b) Met officials of the provincial Department of Public Works

c) Met with Mayor of Johannesburg Metropolitan Council: Mr A Masondo

d) Matengteng road and storm water canal project in Stinkwater, Tshwane

e) Zintombeni taxi project in Bronkhorspruit

f) Poortjie Hospice in Region 11 of Johannesburg

g) Almac MPCC (learnership and skill development project) in Ekurhuleni

h) Bophelong Skill Resource Centre in Lekoa District

i) Working for Fire project in Cullinan

j) Working for Water (alien-vegetation-clearing projects) in Silverton

KwaZulu-Natal 7-10 February 2005

Committee Delegation visited the province:

	Party
Mr F Bhengu, Chairperson	ANC
Mr L Maduma	ANC
Mr M Magubane	ANC
Mr K Moonsamy	ANC
Ms MM Ntuli	ANC
Mr S Opperman	DA
Ms NM Mdaka	UDM
Ms NP Nonkelela	Support staff
Ms P Kakaza	Support staff

Areas and organisations visited:

a) Met with Honourable MEC for Transport in KZN Mr H Cele

b) Met with Honourable MEC for Public Works in KZN Mr Gwala

c) Met with officials from the department

d) Met with mayor of Durban metropolitan Mr O Mlaba

e) Visited King George Hospital project Presidential lead project launched on 14 February 2004 for the rehabilitation and extension of the Hospital

f) Met with Deputy Mayor of Mkhanyakude District Municipality: Mr S Sibanda

g) Visited Zibambele and Vuk'Uzenzel Road maintenance programme in Ndwedwe

h) Visited Jozini—SANDF Base

i) Met with Ulundi Mayor, Ms Z Magwaza

j) Visited Hlabisa Hospital (rehabilitation and extension)

k) Visited state-owned properties in Ulundi previously occupied by the Departments of Justice and Correctional Services

l) Met with Amajuba Local Municipality Mayor Mlangeni in New Castle

m) Beneficiaries of EPWP

Limpopo 1-3 August 2005

Committee Delegation visited the province:

	Party
Mr F Bhengu Chairperson	ANC
Mr NJ Gogotya	ANC
Mrs TLP Nwamitwa-Shilubana	ANC
Mr TG Anthony	ANC
Mr S Siboza	ANC
Mr JPI Blanche	DA
Mr J Leburu	Support staff
Mr S Makeleni	Support staff

Areas and organisations visited:

a) Met with the Honourable Premier of Limpopo: Mr S Moloto

b) Met with MEC for public Works: Mr T Mufamadi

c) Met with Provincial Portfolio Committee

d) Met with Greater Sekhukhune District Municipality

e) Visited Mohlaletsi home-based care centre

f) Visited the Gundo Lasho projects

g) Visited the Tzaneen Municipality

h) Visited the agricultural project managed by women in Tzaneen

i) Visited CHOICE (Organisation that caters for people infected and affected by HIV/AIDS) caregivers project in Tzaneen

j) Imbizo in Polokwane (Beneficiaries of EPWP)

Mpumalanga 6-8 June 2005

Committee Delegation visited the province:

	Party
Ms CMP Ramotsamai Leader of the delegation	ANC
Mr L Maduma	ANC
Mr NE Magubane	ANC
Ms PS Sekgobela	ANC
Ms MM Ntuli	ANC
Mr S Opperman	DA
Ms NM Mdaka	UDM
Mr M Nguqu	Support staff

Areas and organisations visited:

a) Met with Honourable MEC of Public Works in Mpumalanga, Ms C Mashego

b) Met with officials of the PPWD

c) Met with Provincial Portfolio Committee

d) Visited Thembelihle home community-based care projects in the Nkomazi area

e) Visited Mbuzini and Thambokhulu land-care projects in Mbombela district municipality

f) Visited Gutshwakop-Lubisi Road construction learnership and Skills transfer project in

g) Mbombela district municipality

h) Visited Vukani Sisebente Community project in Mbombela district municipality

i) Beneficiaries of EPWP

Northern Cape 6-8 June 2005

Committee Delegation visited the province:

	Party
Mr F Bhengu Chairperson	ANC
Mr S Siboza	ANC
Mr TG Anthony	ANC
Mr JPI Blanche	DA
Mr MT Likotsi	PAC
Mr J Leburu	Support staff
Ms NP Nonkelela	Support staff

Areas and organisations visited:

a) The Committee attended a provincial lekgotla hosted by Honourable Premier: Ms D Peters

b) Met with Honourable MEC for Public Works: Mr F Wyngaard

c) Met with the officials from the PPWD

d) Road-paving project—Upington

e) Road-curbing project—Keimoes

f) Road construction project—Kakamas

g) Gravel road construction at the Kgalagadi transfrontier

h) Beneficiaries of EPWP

North West 9-10 June 2005

Committee Delegation visited the province:

	Party
Mr F Bhengu Chairperson	ANC
Mr S Siboza	ANC
Mr TG Anthony	ANC
Mr L Maduma	ANC
Mr NE Magubane	ANC
Ms PS Sekgobela	ANC
Ms MM Ntuli	ANC
Ms NM Mdaka	UDM
Mr S Opperman	DA
Mr JPI Blanche	DA
Mr MT Likotsi	PAC
Mr J Leburu	Support staff
Ms NN Nonkelela	Support staff

Areas and organisations visited:

a) Met with Honourable MEC for Public Works: Mr H Yawa

b) Met Members of Provincial Legislature

c) Met with officials from the Department

d) Met with Councillors

e) Visited Modimola road Maintenance project 1st and 2nd phases

f) Visited Mmabatho Paving Project

g) Imbizo (Beneficiaries of EPWP)

Western Cape 1-2 August 2005

Committee Delegation visited the province:

	Party
Ms CMP Ramotsamai Leader of the delegation	ANC
Mr HP Maluleka Acting Leader of the delegation	ANC
Mr L Maduma	ANC
Mr NE Magubane	ANC
Ms PS Sekgobela	ANC
Ms MM Ntuli	ANC
Mr S Opperman	DA
Ms NM Mdaka	UDM
Ms NP Nonkelela	Support staff
Ms N Chaso	Support staff

Areas and organisations visited

a) Met with Members of Provincial Legislature

b) Met the DDG EPWP: Mr B Gxilishe

c) Met HOD: Mr A Yasir

d) Visited Khayelitsha train station

e) Visited Merrydale primary school

f) Visited Nonkqubela road construction

g) Visited Moreson road construction

h) Visited Droehoewel road construction

i) Imbizo at Robertson City Council (Beneficiaries of EPWP)

Findings

DEPARTMENTAL PROGRAMMES

Asset Management and Maintenance (Movable and Immovable)

a) Mpumalanaga, North West and Western Cape provinces have developed PMIS in attempt to address the shortcomings within their asset management system.

b) Provincial Departments do not have a consistent and accurate auditing system for both movable and immovable state properties.

c) There is a critical backlog on the maintenance of state properties in the provincial departments.

d) In most provinces the government properties are vacant, not properly maintained, have illegal occupants and are vandalised (ie in KwaZulu-Natal Jozini army base and government properties in Ulundi).

e) The finalisation of land restitution in Limpopo and other provinces hinders the compilation and finalisation of the asset registers.

f) Cognisant of the fact that land restitution is still an ongoing process the finalisation of the asset register is dependent on the completion of the process.

Recommendations on Asset Management and Maintenance

- **The Mpumalanga, North West and Western Cape provinces** asset management system initiatives should be taken as a case study to develop a holistic, accurate and reliable asset management system by the national and provincial departments.
- Audit of all state properties utilised, underutilised and unutilised, including all military bases, must be completed and an interim report be tabled in Parliament before the end of the first quarter of 2006-07 financial year. The Committee is conscious of and not undermining the fact that the Departments of Public Works and Land Affairs are conducting a vetting process.
- The Committee recommends that a uniform and centralised PMIS must be developed to address this anomaly.
- An investigation and appropriate legal action should be instituted against all tenants who are unable to produce title deeds, certificates of occupation or lease agreements on demand.
- Services in vacant government properties that are unoccupied and those occupied by illegal occupants must be terminated.
- Lease and service agreements must be honoured by client departments and public institutions and defaulters be penalised.
- A mechanism must be developed to cause individuals who are occupying properties belonging to the state, knowingly and unknowingly, to declare their occupation in order to qualify for indemnity and failure to disclose be punishable by law.
- There must be uniformity on the disposal of state assets in all spheres of government.
- The NDPW must, in consultation with all other departments in all spheres of government, develop a uniform disposal policy of all state assets.
- Any disposal of government property, be it at a national, provincial or local level of government, must be by agreement of all role-players.
- The PDPW must have a disposal strategy for old and depreciated movable properties (ie plants and machinery). When auctioning takes place preference must be given to learner and emerging contractors.
- The Committee recommends that the maintenance and renovation of state properties must fall directly under the EPWP to ensure that emerging contractors and contractors in the Incubator Programme are given preference.

Expanded Public Works Programme (EPWP)

Launch of the EPWP in Provinces:

- Eastern Cape province launched the EPWP on 3 September 2004, (Infrastructure Sector).
- Free State province launched the EPWP on 28 September 2004, (Environment Sector).
- Gauteng province launched the EPWP on 31 August 2004, (Infrastructure Sector).
- KwaZulu-Natal EPWP launched the EPWP on 28 August 2004, (Environment Sector).
- Limpopo province launched the EPWP on 1 April 2005, (Infrastructure Sector).
- Mpumalanga province launched the EPWP on 30 August 2004, (Economic/ Agriculture Sector).
- Northern Cape province launched the EPWP on 27 August 2004, (Infrastructure).
- North West province launched the EPWP on 16 September 2004, (Infrastructure).
- Western Cape province launched the EPWP on 1 April 2005, (Infrastructure/ Building maintenance).

2.2.2 The coordination of the EPWP

The EPWP is driven by four Clusters viz:

- Infrastructure
- Social
- Environmental & cultural
- Economie

The coordination and performance of the clusters varies from one province to another.

2.3 Infrastructure

The infrastructure cluster is leading in all provinces in terms of performance.

A Eastern Cape

- o In Alfred Nzo District Municipality, the Rural Housing Project, which manufactures bricks, has employed women and youth with the exception of people with disability.
- o In OR Tambo District Municipality, infrastructure Projects (i e Vukuzakhe Project, a rural housing and agricultural project which benefited 30 000 households) were not integrated into EPWP.
- o In Chris Hani District Municipality, Women in Construction stated that they were harassed and discriminated against in the industry and at the construction sites.
- o General complaints were levelled against the conduct and behaviour of government officials, which does not conform to Batho Pele.
- o Late payments were cited by emerging contractors as a general phenomenon.

B Free State

Women and youth with the exclusion of people with disabilities were involved in the construction of Mankwe road in Qwaqwa.

C Gauteng

- o Tshwane-Stinkwater road construction in Hammanskraal was badly constructed due to non-adherence to specifications by consultants.
- o The Almac local municipality in collaboration with the Infrastructure Cluster adopted and supported the multi-purpose centre situated in Almac (ie training of carpenters, welding, baking).
- o In Bara taxi and bus terminal, the Committee was briefed on the rehabilitation, upgrading and renovation of the terminals.
- o The Zithombeni Taxi Project in Bronkhorstpuit needs to be constructed with a water drainage system.

D KwaZulu-Natal province

- The Zibambele and Vukuzenzele road project are labour-intensive road construction and maintainance projects that created job opportunities for communities in Ndwedwe.
- The Zibambele road project deliberately targeted and employed female-headed households.
- Other labour-intensive projects that benefited learners, emerging contractors and communities was the upgrading of King George Hospital and Hlabisa Hospital. (Hlabisa Hospital is a Presidential lead project).

E Limpopo province

- The Committee is concerned that the Gundolasho road was constructed without curbing and this could lead to erosion.
- The Committee is concerned that most provinces have not budgeted for road maintenance.
- Across provinces a concern has been raised by emerging contractors regarding fronting and irregularities in the tendering processes, which also implicated government officials and that no decisive pre-emptive measures were in place.

F Mpumalanga province

- The Gutshwakop-Luphisi learnership programme imparted skills to learners on regravelling, compacting, filling and drainage of a 300 kilometre road in Mbombela local municipality.
- Vukasibebente community project in Mbombela local municipality caters for packaging facility of beverages and bakery, which imparts financial and management skills to beneficiaries.

G Northern Cape province

- Upington road making and road paving
- Kenmoes road curbing
- Kgalagadi Transfrontier rehabilitation and road construction project.
- All three projects had a reasonable involvement of women and youth but the Committee is concerned about the lack of people with disabilities.
- The Councillors in Kakamas were not actively involved or unaware of the road construction projects that were taking place within their own constituencies.
- The Committee observed that in most labour-intensive projects, workers are not adhering to occupational health and safety standards.

H North West

- Mmabatho CBD road paving projects (owned and driven by youth) must be promoted in other provinces.
- The Modimola integrated flagship project driven by the Departments of Agriculture, Water Affairs and Public Works, has not been properly managed.

I Western Cape

- The Saamstaan is a broad programme that includes road constructions (Nonkqubela, Moreson and Droefcewef roads), renovations and maintenance of schools (Merrydale School) in Robertson.
- The Klipfontein Corridor project encompasses the EPWP guidelines, which benefited 22 learner contractors in the Incubator Programme.
- The Committee did not complete its visit and it will revisit the province during the course of the 2006-07 financial year.

2.3.1 Recommendations on Infrastructure

- Late payments to emerging contractors must be avoided by paying them according to the schedule of the projects.
- The NDPW should look at the regulations of the Preferential Procurement Policy

Framework Act and consider which amendments could be effected to strengthen this Act.

- The Committee recommends that the co-ordination and co-operation between NDPW and other departments in all spheres of government must adhere to contractual agreements entered into and payment must be made within the prescribed period.

- The Committee notes that the department is investigating fronting and therefore an interim report should be tabled in Parliament on all acts of fronting that have been investigated and corrective measures taken, on or before the first quarter of the 2006-07 financial year.

- The department must assign dedicated inspectors to monitor and investigate fraudulent claims committed and shoddy work done by contractors and appropriate legal action be taken against perpetrators inclusive of blacklisting.

- Whilst the Committee appreciates the progress made by the office of the MEC and the Department of Public Works in the Eastern Cape in addressing the discrimination against women, it is incumbent to all departments in all spheres of government to act against the violation of women's rights in the workplace.

- Occupational health standards were not maintained and adhered to at EPWP projects ie Kgalagadi Transfrontier road and Chris Hani District Municipality. The Committee recommends that the PPWD should continuously educate workers in construction about the importance of adhering to the occupational health safety standards.

- The NDPW must ensure that the Department of Labour assigns inspectors to enforce safety standards regulations.

- The Department of Labour should ensure that protective clothing is supplied to potentially hazardous projects.

- The Committee recommends that provinces must budget for maintenance of completed projects (ie Gundolashu Road Project).

- The mismanagement of Modimola Integrated Flagship project must be investigated and a report must be tabled to Parliament before the end of the first quarter of the 2006-07 financial year.

- Consultants have committed to rectifying the irregularities on the construction of the Stinkwater road in Tshwane and to comply with Council decision. The Committee recommends that a report be tabled in Parliament on this before the end of the first quarter of the 2006-07 financial year.

- The Committee is concerned about the age group of youth participating in the EPWP projects who are supposed to be attending school. The NDPW in collaboration with the Department of Education must investigate the socioeconomic circumstances contributing to this and make necessary interventions ie in Kgalagadi Transfrontier Road Project and other projects in Upington.

2.4. Social Cluster

o Choice is an established organisation in Tzaneen supported by the NDPW focusing on learnership and skills transfer to communities and home-based caregivers of people affected and infected by HIV/AIDS.

o It was reported that the university of Southern Africa would train the CDW and HCBC volunteers.

o Training of Home Community-Based care-givers (HCBC), Early Childhood Development Educators (EDC) and Community Health Workers (CHW) is an ongoing process.

o The Committee appreciates the collaboration between the infrastructure and social clusters in the establishment of the HIV/AIDS hospice in Poortjie.

o The Youth of Christ in collaboration with the Social Cluster established HIV/AIDS Hospice at Poortjie.

o The Infrastructure and Social clusters collaboration in support of the municipality of Thabong in the HIV/AIDS awareness project is commendable.

o The establishment of Thembelihle Home Community-Based Care Project (vegetable garden) in Mbombela has provided employment and skills to 300 caregivers and volunteers for/to people with HIV/AIDS.

2.4.1 Recommendations on Social Cluster

- The Departments of NDPW, Agriculture and Forestry must assist communities in Limpopo and other provinces in fast tracking and developing community gardens as part of the EPWP.

- The Committee recommends that the PPWD should in consultation with Departments of Social Development and Health establish and or strengthen social clusters for the realisation of the objectives of the EPWP.

2.5 Environment and Cultural Cluster

The Committee commends the support the NDPW has given to the Working for Fire in Cullinan and Working for Water and clearing of alien vegetation in Silverton.

2.5.1.Recommendation on Environmental and Cultural Cluster

Disaster management must be devolved to municipalities to form part of job creation for the local community within the EPWP Guidelines.

2.6 Economy

o In Limpopo the agriculture project in Tzaneen spearheaded by women has benefited the local community with employment and skills.

o (**In Free State** the Hydroponics project in **Qwaqwa** has benefited all involved with life skills and employment.) [Ms Shilubana proposed it be change to reflect the reality on the ground]

o **In Free State the Hydroponics project in Qwaqwa should have benefited all involved with life skills and employment and therefore the NDPW should monitor its progress. (Ms Shilubana's formulation)**

o Provinces in general are still at the planning stage of implementing the EPWP in the economic sector.

Incubator Programme

- The Incubator programme is inconsistent from province to province and the coordination and monitoring of the programme by the department is crucial in achieving the intended results.

- Collateral required by financial institutions from the emerging contractors is a concern from most provinces and the NDPW must make necessary interventions.

- The NDPW, private sector and institutions of higher learning must establish a joint venture whereby Built Environment graduates are placed on internships.

- The NDPW in cooperation with PPWD in the Eastern Cape must ensure that the CIDB implements the Incubator Programme and further consider the reviewal of the programme.

- The Committee commends the progress made on the learnership and skills transfer under the Incubator programme. The Provincial Public Works Departments must from time to time consolidate, synchronise and update the data of all beneficiaries of the EPWP.

- The short-term employment and the lack of sustainability of jobs created through the EPWP was viewed as a constraint and a shortcoming. The Committee recommends the reviewal of the EPWP to accommodate long-term job opportunities.
- The Committee recognises the short period that emerging contractors spent in the Incubator Programme. The NDPW should develop supporting mechanisms that would ensure sustainability of those contractors through NEPAD initiatives as they exit the programme.

SALGA and Municipalities

o The NDPW, PPWD and SALGA must assist, train and support the councillors in order to effectively fast-track government programmes and meet set targets.

o Most municipalities were not sufficiently trained and briefed on the principles and guidelines of the EPWP and those that are knowledgeable are inconsistent in the implementation thereof.

o The NDPW in consultation with DPLG should assist municipalities with the integration of MIG in the IDPs within the EPWP.

o The weaknesses observed in the local municipalities are unabated; the Committee recommends that the important complementary role played by the CDW must be clearly defined to avert unnecessary tensions at that tier of government.

o The underutilisation and depreciation of the multi-purpose community centres (MPC) at most municipalities is common. The municipalities should budget for the maintenance of the MPCs.

Imbizo

Matters and concerns raised at the Imbizos

- Lack of budget to maintain of EPWP infrastructure projects.
- That the involvement of the youth and people with disability in the construction industry is minimal.
- Unprofessional, poor dissemination of information and service rendered by the department officials is unacceptable.
- The EPWP guidelines and information booklets are viewed as not assisting and not user-friendly.
- Complicated and laborious tender documents were not user-friendly.
- Fronting and alleged involvement of officials and councillors in irregular tendering processes.
- EPWP Guidelines are restrictive regarding overtime and medical health benefits that should accrue to workers.
- The EPWP does not provide sustainable employment.
- There is lack of clarity and envisaged support for emerging and learner contractors when emerging from the programme.

1. NEPAD PROGRAMMES

The Committee recommends that the national Department of Public Works should develop a clear policy that defines its role in NEPAD.

2. Conclusion

o Some public representatives have a challenge in understanding the concept and application of the EPWP. The current information booklet on the EPWP is inhibitive and lacks details.

o The role of the four sectors within which the EPWP operates must be clearly defined. Presently the work being done by the clusters is not well co-ordinated and an immediate intervention is needed.

o The bridging of the two economies through the EPWP must be clearly elaborated in the information booklets and pamphlets.

- o The variance between the Labour Relations Act and EPWP guidelines must be clearly defined. The Committee is of the view that the guidelines should be reconsidered to be in tandem with the labour laws.
- o Coordination at all spheres of government is still a challenge with regard to the intergovernmental and interdepartmental relations.
- o Section 13-14 of DORA elucidates how provinces and municipalities could apply the Act and mechanisms in the maintenance of the infrastructure, which is a perpetual challenge.
- o Some provinces do not have a conclusive and reliable immovable and movable asset register. This must receive immediate attention and control measures be instituted.
- o Immediate attention as recommended by the Committee in addressing the fronting and irregularities in the tendering process must be considered.
- o The Committee notes that all provinces are striving to implement the EPWP by putting more emphasis on learnership and skills transfers through CETA.
- o The Committee further notes the commitment, enthusiasm and benefits received by beneficiaries of this programme.
- o The Committee commends the training received and quality of work done by beneficiaries in various provinces despite logistical and teething problems experienced.
- o The Committee observed that some communities are continuing to benefit from the EPWP objectives by establishing own businesses ie job creation and poverty alleviation.
- o The NDPW must give effect to the involvement of women, youth and people with disabilities in the EPWP as emphasised by the Committee.
- o The municipalities must take control, full ownership and responsibility of maintaining the multi-purpose centres.
- o The Committee urges and encourages departments and municipalities at local levels to optimise the utilisation of the multi-purpose centres.
- o The Tugela dam as a resource could benefit the communities with water provision as immediate necessity and the creation of jobs for the construction of the water infrastructure.
- o In the Northern Cape Province coordination of the programme is in the office of the Premier, which is commendable.
- o Due to the vastness of the Northern Cape province, provincial officials travel long distances from one region to another. To save on travelling expenses, the Committee recommends that the existing regional offices be resourced and subregional offices be established where they do not exist.
- o As part of the EPWP the role played by the Departments of Public Works, Land and Agriculture, Forestry and Water Affairs and Provincial and Local Government in establishing agricultural projects to benefit the communities is encouraged.
- o Those departments that are not within the EPWP clusters must identify and commit programmes that will complement the EPWP.
- o In the Free State province the Provincial Steering Committee (PSC) has been established to coordinate the implementation of EPWP and see to it that the EXCO takes the total responsibility of the implementation of the programme.
- o It is with appreciation that the empowerment of women is taking place ie one woman with no formal education in

Mpumalanga supported by her child went through the learnership programme of the EPWP and graduated. She has established her own construction company that provides job opportunities for her community.

o The Committee commends the Mpumalanga province for data capturing of all contractors and subcontractors as a best practice in monitoring and exposing corrupt tendencies where some beneficiaries who were tenders were repeatedly awarded tenders at the exclusion of new applicants.

Report to be considered.

2. Report of the Portfolio Committee on Correctional Services on its Visit to the Private Prisons, dated 1 February 2006:

The Portfolio Committee on Correctional Services, having undertaken an oversight visit to the Kutama Sinthumule Private Prison in Makhado on 04 August 2005 and to the Mangaung Private Prison in Bloemfontein on 18 August 2005, reports as follows:

A. Introduction

The Portfolio Committee on Correctional Services decided to undertake an oversight visit to the Private Prisons on 04 August 2005 and on 18 August 2005.

B. Delegation

The following members of the Portfolio Committee on Correctional Services formed part of the delegation.

- Mr DV Bloem (ANC) (Chairperson)
- Ms LS Chikunga (ANC)
- Mr NB Fihla (ANC)
- Mr S Mahote (ANC)
- Ms MW Makgate (ANC)
- Mr MS Moatshe (ANC)
- Mr MJ Phala (ANC)
- Mr LJ Tolo (ANC)
- Mr ET Xolo (ANC)
- Ms SA Seaton (IFP)

C. Objectives

The objectives of the visit were:

- To gain first hand knowledge of how the private prisons operated. The Committee wanted to understand what security measures the prisons have in place and to ascertain the programmes offered at these institutions and the effectiveness of rehabilitation.
- To interact with the inmates incarcerated at the private prisons to find out what problems they experience, successes of the institutions and to find solutions to the problems.
- To establish whether the institution complies with the requirements of the Act.

D. Findings

The following are the findings of the Portfolio Committee on Correctional Services:

1. Kutama Sinthumule Private Prison

1.1 Background

The Kutama Sinthumule prison was named after two traditional leaders of the area of Makhado. The prison is being managed by the South African Custodial Management (SACM) under the directorship of Mr S Korabie. The Department of Correctional Services has awarded a 25-year contract to SACM.

The Kutama Sinthumule prison is the second largest private prison in the world and has 3 024 bed spaces. A total number of 550 staff members, previously unemployed and from the local area, are employed at the prison.

The focus of the facility is to set a benchmark for Correctional Services on this continent. The facility has received many awards for its effectiveness.

The facility is divided into 3 prisons. Two of the prisons accommodate 1 152 inmates and the other accommodates 720 inmates. The prisons are also colour-coded and inmates wear blue, green and yellow uniforms. Each prison is divided into distinct subunits, eg the Blue prison is divided into 3 subunits. Each subunit is divided into 4 blocks and the head of the block is called the unit manager. The facility holds many inmates with long sentences (one inmate serves a sentence of 1 100 years + 27 life sentences).

1.2 Security

The facility is a keyless facility where the movements and activities of staff and inmates are monitored and controlled from a central control room. The entrance and exit control systems are highly effective and the efficiency of staff on duty ensures that no one leaves or enters the facility, unless authorized to do so.

All inmates are assessed and vetted when admitted to the facility. Sentences are also verified every 24 hours. Daily searches are conducted at the facility. Access is controlled by fingerprint verification. The facility also has an electronic surveillance system. Inmate counts are conducted 4 times daily at 06h00, 12h00, 18h00 and at 20h00. The facility is patrolled on a twenty-four hour basis and staff make use of equipment called the "zapper snapper", which helps staff to stay awake (the equipment makes a noise in the ear).

All staff are briefed on the current security situation in the facility before they start with their duties on a daily basis and they are debriefed after lock-down. A security manager will debrief the staff in the event of normal operations and a psychologist or social worker after a serious incident has occurred.

1.3 Escapes

The facility has had no escapes thus far. The management stated that they consider the human rights and dignity of all inmates. The facility attempts to keep inmates constructively busy.

1.4 System of Penalties

The facility is monitored by the Department of Correctional Services through a fixed penalty system. A penalty of R300 000 is given if any escapes or unnatural deaths occur at the facility.

The management can pay up to R20 000 for breach of service levels, building infrastructure or maintenance problems. The facility can also be penalised for its security environment, cell environment and food services.

This system keeps management on its toes and has up to now received no penalties.

1.5 Health Care

The facility has 2 permanent doctors, 1 dentist, 1 dental assistant, 24 senior professional nurses, a pharmacist and medical assistant personnel. The facility also has a fully equipped dental room. The hospital has dealt with a number of medical emergencies.

1.6 Food Services

Food services are provided by Royal Foods Correctional Services who have demonstrated their capacity and efficiency to provide more than 9 500 meals per day to inmates and staff.

A total of 92 inmates work in the kitchen on four different shifts. The inmates working in the kitchen receive formal training on food and related services. Once qualified, they are rotated to provide an opportunity for others to be trained.

Meal times:

07h15—Breakfast

12h15—Lunch

16h30—Supper

1.7 Staff

The staff component consists of ninety percent (90%) previously disadvantaged individuals who were recruited locally and through this process contribute to socio-economic upliftment of the staff and the town in general.

All staff have to undergo an annual 40-hour compulsory refresher training programme to provide them with the skills and competencies to face the challenges ahead.

1.8 Black Economic Empowerment (BEE)

The facility complies with all the principles of BEE and it was mentioned that the SACM is an equal opportunity employer and employs a number of disabled individuals. The upliftment of women in society is also a key aspect and a number of female officers were placed in supervisory positions to take care of maximum security inmates.

1.9 Programmes and Training

The rehabilitation and development of inmates form a critical part of the operational management of the facility. The programmes provided by the facility are embedded in a structured day programme, which starts from 06h00 until 18h00. All programmes that inmates attend are specifically designed for their own development. Ten inmates attend a specific programme at a time. The facility has a total number of 35 teachers and 32 social workers.

The following programmes are offered at the facility:

(a) Educational programmes.

(b) Spiritual Care—many religious leaders offer spiritual programmes at the facility.

(c) Textile training—the uniforms of inmates are manufactured at the facility.

(d) Motor mechanics—this programme is facilitated by an inmate. Tools used during the programme are locked away in a cabinet specifically made for it. Routine checks on tools are also being done.

(e) Sport—when inmates return from the sports fields, they must sit on a body chair which scans their bodies for any strange objects they might have picked up.

Other programmes offered at the facility include woodwork, horticulture and art. The facility also has a fully equipped laundry which is run by the inmates. The fully equipped gymnasium and computer room assist in keeping inmates busy.

The facility is a cashless prison and things bought at the kiosk are deducted from monies in the inmates' trust account. Inmates are allowed to make phone calls only on Saturdays and Sundays. An inmate can register up to 10 numbers that he will telephone. Each phone call is recorded. Inmates can purchase airtime vouchers to make their calls and this is also debited from their trust accounts.

1.10 Inmates

(a) Though each housing unit has a grievance box, the inmates complained that their grievances are never attended to. Inmates are also scared to register their complaints with their unit managers, as they fear victimisation at the facility.

(b) Many of the inmates complained that they are very far from their hometowns eg Cape Town or Durban and therefore never get family visits or even correspondence from home. They apply for transfers, but this never materializes.

(c) Though the Committee was informed that the facility has two full time doctors, many inmates complained that they only see the doctor a month after registering their complaints. Medication is not easily obtainable and inmates often do not receive the required medication.

(d) The inmates stated that they do not have enough clothing such as socks.

2. Mangaung Private Prison

2.1 Background

The Mangaung Private Prison situated in Bloemfontein is managed by a company called GSL Correction Services. The facility has bed space of 3 000 and at the time of the visit accommodated 2 928 inmates.

GSL Correction Services manages the facility through unit management, sentence management, direct supervision, personal officer scheme and relaxed regime. GSL is in partnership with Liberty Adult Education as a benchmark for ABET portfolios.

The prison consists of six (6) housing units, which provide 488 available prisoner places. Each unit consists of eight (8) streets and provides sixty-four (64) available prisoner places per street.

The Department of Correctional Services has awarded a 25-year contract to GSL.

2.2 Employees and Employee Development

The facility has 2 permanent doctors who are on duty 24 hours a day; 18 professional nurses, 10 social workers and 2 psychologists employed by GSL, and 2 psychologists from Afrox, render services to inmates.

Training and development must be planned, monitored and measured, otherwise it stands little chance of adding value to the company and the skills and knowledge of the employees. GSL Correction Services recognises that the training and development of employees is an important element in providing quality service to customers. Training, development and skills-broadening are often used interchangeably, but they are different and meet different needs.

GSL is committed to training at all levels with the emphasis on life-long learning and satisfying contractual obligations. The outcomes for education and skills development for the facility can be summarised as follows:

a) Improvement of the quality of life of employees and their prospect for mobility.

b) Improvement in the productivity and delivery of quality-assured prison service.

c) The encouragement of employees to participate in the active learning environment of GSL.

d) The provision of the opportunity to gain work experience to be multi-skilled.

e) Bursaries were awarded to 40 employees to further their studies.

Training and development programmes.

The following training and development programmes are offered to employees:

Refresher training, life skills

training, diversity training, personal financial planning, time management, hostage training, computer literacy, stress management as well as a health and safety empowerment programme.

2.3 Inmate Care and Empowerment

All inmates are assessed to determine which courses they qualify for.

(a) Education

An average of 503 inmates attend daily education programmes such as ABET Level 4, Grade 12 and FET.

(b) Vocational Training

An average of 308 inmates attend vocational courses daily. At the vocational training centre inmates are provided with skills training, which can be utilised upon release. The service providers from the community assess these training courses. Vocational Training courses include:

Basic tool skills, office machine operator, home care, vegetable propagation, leather work, wood skills, cleaning services, gardening maintenance, basic business skills, candle making and garment making.

The vegetables produced in the horticulture gardens are donated to the community (1 074 bags—29 tons since opening). Training on sustainable gardens is also presented to community groups.

Clothing that was made in the tailoring workshop was donated to the homeless children in Bloemfontein.

(c) Social Work programmes

520 inmates are involved in case work per month and 100 groups per month attend inmate development programmes.

Programmes that are provided can be categorized as follows:

- *Offending behaviour:* sexual offenders treatment programme, substance abuse treatment, intermediate treatment programme and homicide.
- *Development programmes:* life skills, stress management, anger management, social skills, induction counselling, HIV/AIDS treatment.
- *Prevention programmes:* HIV/AIDS prevention, substance abuse prevention, release preparation and good citizenship.

(d) Community Projects and Programmes

The community is also very involved in programmes offered to inmates eg crime prevention project, prevention of violence against women and children and the NICRO arts project.

(e) Religious Care

An average of 336 inmates takes part in religious care programmes per day.

Religious activities include: religious orientation, church and faith services, prayer meetings, choirs, counselling individuals and counselling groups.

(f) Library Programmes

111 inmates are involved in library activities per day. The library has active membership of 2 824 (99%) inmates. A library advisory committee consisting of 12 inmates and 6 employees assists the librarian. The library trained and certified 12 inmates to facilitate library trolleys in the units. The library activities, apart from library visits, include:

Book discussions, video discussions, debates and information sessions.

(g) Work activities

2 056 inmates are involved in work activities at the prison. Work activities include industries, kitchen, cleaners, grounds, laundry and maintenance.

(h) Other activities

412 inmates take part in activities daily. These include: soccer, touch rugby, indoor soccer, badminton, table tennis, gymnasium, aerobic exercises, soft ball, basket ball, board games, art/ painting and drawing, drama and debating.

2.4 Inmates

Due to time constraints the Committee could not engage with the inmates incarcerated at the facility. However, the Committee was informed of one inmate who committed suicide whilst in segregation.

The Committee was also informed by the management of the facility that all avenues were explored to assist inmates with psychological behavioural problems. One specific inmate had behavioural problems and was then placed in a single cell. The inmate tried various ways of hurting himself and was then placed in the "Silent Room". This room is only used when it is absolutely necessary. The management also said that an inmate does not stay in the "Silent Room" for more than four hours and regular checks are done. The inmates named this room the "Dark Room" as the lighting of this room is

controlled from the outside by the officers. There is only a mattress in the room, but despite this, the inmate hanged himself with his clothes from an iron handle above the door.

The Independent Prison Visitor informed the Committee that this information was forwarded to the Office of the Inspecting Judge and the Office of the Chairperson of the Portfolio Committee, but both of these offices did not receive this information.

3. Transfers

The Department of Correctional Services decides who will be incarcerated at private prisons. Whilst the facility provides many services and activities, inmates still want to be transferred. Inmates stated that they needed to be closer to home where they will at least have frequent visits from their families. The Committee was informed that because of the commitment, passion and tight security at these facilities, smuggling, such as the smuggling of substances, does not occur. This is extremely problematic for inmates, especially during the first six months.

E. Comments and Recommendations

(1) The Portfolio Committee strongly recommends that the Private Prisons should accommodate only juveniles, as this environment is more conducive for the development, education, training and rehabilitation of juveniles.

(2) Rehabilitation is the key in preventing recidivism. Whilst the private prisons have many programmes and activities to occupy inmates, family visits are an essential part of rehabilitation. The Committee recommends that the Management of these facilities develop a system where inmates can regularly communicate either in person, telephonically or by mail with family members.

(3) The Portfolio Committee requests that the coordinators of the Department of Correctional Services at the private prisons provide the Committee with quarterly reports on the functioning of the private prisons and any irregularitries that may occur.

(4) The Portfolio Committee recommends that the Prison Directors at Kutama Sinthumule and Mangaung speedily and expeditiously handle all grievances at these facilities.

(5) The DCS should furnish the Portfolio Committee with a report on the unnatural death of an inmate at the Mangaung Private prison and that the "Silent Room" not be used until the investigation is finalized. The Committee expects these institutions to explore all avenues available before placing an inmate in segregation.

(6) The Portfolio Committee commented that the Independent Prison Visitors have a duty to report any irregularities to the Judicial Inspectorate of Prisons. If this is not adhered to, the Judicial Inspectorate should take serious action against such employees.

F. Conclusion

In conclusion, the Portfolio Committee on Correctional Services commends the management and staff at the private prisons. The Department of Correc-

tional Services can learn a lot from these facilities, especially in terms of security. Juveniles in prisons always remain the priority of the Committee and the Committee will ensure that juveniles benefit from these facilities rather than adults with extremely long sentences. The Committee will monitor these facilities to ensure compliance with the Correctional Services Act and the White Paper on Corrections.

PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

PROCEEDINGS OF THE NATIONAL ASSEMBLY

The House met at 14:04.

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

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS—see col 907.

HOURS OF SITTING

(Draft Resolution)

The DEPUTY CHIEF WHIP OF THE MAJORITY PARTY: Madam Speaker, I move:

> That, notwithstanding the hours of sitting of the House as provided for in Rule 23(2), the House may sit on Tuesday mornings from 10:00 on 28 March, 16, 23 and 30 May and on 6 June 2006 in accordance with the programme as agreed to by the National Assembly Programme Committee.

Agreed to.

APPROPRIATION BILL

(Resumption of First Reading debate)

Mr D M DLALI: Madam Speaker, the Budget that was presented here by the Minister has been hailed as one the most strategic and progressives ones, and will, of course, speed up the infrastructure development as part of the government's programme to accelerate growth and development, and to better the lives of all; a better life for all.

As part of the government's development and the fact that agriculture has been identified as part of the backbone of the economy of the country, it will therefore be necessary that the Asgisa programme should focus also on agricultural infrastructure development, because without the agricultural infrastructure, like roads to transport the produce, our agricultural sector will be dead.

The infrastructural development like upgrading communications infrastructure in rural areas should be prioritised as part of the Asgisa programme, which will assist in job creation, skills development and the eradication of poverty.

We are in a phase in which we have started to change society at the same time as we transform the instruments required to effect that change. These twin objectives have to be pursued simultaneously. Social change cannot wait for the transformation of the state machinery and other instruments of power. But, as experience has taught us, we cannot expect to proceed with the desired pace without changing these instruments.

In the state of the nation address the President indicated, *inter alia*, that it is ensured that the land redistribution programme is aligned to the provincial growth and development strategy and the integrated development plans of municipalities, as well as attending to the proper use of the funds that have been made available for the productive utilisation of land. Therefore the centrepiece of the ANC's programme for the economy is the pursuit of growth and development.

We need to increase the wealth base and service of producing more goods as we improve the quality of life of especially the poor and effect, in various ways, the redistribution of wealth and focus more on land redistribution—without land the nation is poor. History also tells us that, amongst other issues, in our struggle for liberation land has been a cornerstone of our struggle.

Therefore, on the basis of the above, it is the dictum of all revolutions that with its hands on the state machinery—at local, provincial and national level—the democratic movement cannot wish this machinery to serve the purpose of social transformation. It is also critical that the same machinery should be

used to accelerate land transformation at a speed that will benefit the poor people, more especially the rural community who depends on land for survival.

It is therefore necessary to look at the ways and means of making use of this said machinery for it to be oiled enough to do what is expected of it, or look at the changing of the management and other endeavours of this machinery to ensure that they are efficient, effective and productive in carrying out these functions. It entails introducing a new orientation in the provision of service to society, rooting out corruption and introducing a new organisational culture and motivational values.

The ANC in its programmes, and also in pursuance of national democratic revolution, recognises the central and leading role of the working class in the project of social transformation. Therefore the role of farmworkers is critical and calls for the commercial farmers to immediately stop any form of farm evictions, and payment of a living wage to farmworkers becomes critical in this regard.

The ANC approach to democracy is also informed by the principles of consistent equality, which not only recognises unequal gender relations, but also acknowledges that the overwhelming majority of the poor are African women, especially in rural areas where the focus should be. It is also clear in this regard that this land restitution is not focusing its attention on this area, which needs also to be a priority for growth and development in rural areas.

The recognition of land restitution as part of the broader developmental objective of government is very important and in both land restitution and redistribution most focus has been on the delivery of land, rather than enhancing the sustainability of land reform programmes.

Therefore the challenge is that the directive demands that the departments derive a coherent interdepartmental development support strategy that will enable beneficiaries of land reform to gain access to support that is offered by the various agencies in this regard. We also need to look at these agencies; whether they do what is expected of them with government programmes of eradicating poverty—now, not tomorrow. Most of these agencies are competitive amongst themselves in the same area of operations. Other agencies should complement the work that is done by others to pursue the government programmes of growth and development in order to better the lives of the poor people.

The ANC supports the Appropriation Bill. [Applause.]

Dr S M VAN DYK: Mevrou die Speaker, tydens die bespreking van die Begroting verlede jaar het die agb minister Manuel genoem dat hy die debat aangaande die nasionale Begroting verwelkom en dat die debat voortgesit moet word, en dit is presies waarop die DA wil voortbou in sy alternatiewe begroting, waarin die detail bespreek word.

Die regering het vir hom sekere ekonomiese doelwitte gestel—kom ons kyk daarna. Eerstens, prysstabiliteit: die Reserwebank handhaaf 'n bemoedigende monetêre beleid met 'n lae rentekoers wat verbruikersbesteding stimuleer binne die beperkte inflasieraam. Die regering se fiskale beleid oefen slegs matige bestedingsdruk op inflasie uit, terwyl belastings as persentasie van die BBP gestyg het.

Tweedens, die tekort op die lopende rekening van die betalingsbalans word deur kapitaalinstromings goedgemaak. Deur verbruikersbesteding aan te moedig, sal ons huidige lae rentekoerse—onderskraag deur die sterk rand—invoere bly stimuleer en sekere van ons uitvoere belemmer. Hoër koerse elders in die wêreld mag uiteindelik Suid-Afrika se kapitaalinstromings beperk. Dan mag dit moeiliker wees om die tekort op die lopende rekening te dra.

Derdens, wat sy groei- en indiensnemingsdoelwitte betref, wil die Minister nog sneller ekonomiese groei van 6% sien om werkloosheid aan te pak. Werkloosheid is gevaarlik hoog—byna twee uit elke vyf werkers sit sonder werk. Uit die verloop van Suid-Afrika se groeiprestasie die afgelope 10 jaar blyk dit dat 'n versnelling in ekonomiese groei nie noodwendig 'n genoegsame styging in werkgeleenthede meebring nie. Ondanks die jaarlikse groei in die ekonomie het die aantal werkloses die afgelope dekade met meer as 80% toegeneem. Daar is dus 'n ontbrekende element om hoër ekonomiese groei om te skakel in werkskepping.

Makro-ekonomies gesien, is Suid-Afrika se monetêre en fiskale beleid bestendig. Natuurlik verkies ons bestendigheid bo wisselvalligheid—dit kan die ekonomie geweldig ontwrig as die makro-ekonomiese beleid jaarliks verander word. Die belangrikste vraag is egter of dit die aangewese beleid vir Suid-Afrika is, gegewe ons omstandighede. Die vraag is of die huidige monetêre en fiskale beleid help om werkskeppingsprestasie in die ekonomie te verbeter. Die DA glo daar is ruimte vir 'n meer ekspansionêre fiskale beleid.

Die agb Minister se fiskale beleid gee 'n geringe mate van belastingverligting, hoofsaaklik aan laerinkomstegroepe. Groter verbruikersbesteding sal wel sekere sektore in die ekonomie stimuleer. Die uitwerking daarvan op indiensneming sal egter klein wees. Verbruikers is geneig om meer te bestee met belastingverligting en dit stimuleer tans die ekonomiese groei in plaas van om meer te spaar vir investering.

Groei word gemeet aan die jaar se toename in die BBP. Ons kan nie elke komponent van groei, waaraan groei gemeet word, koppel aan 'n ooreenstemmende groei in indiensneming nie, omdat groei ook kan plaasvind sonder om meer mense in diens te neem. So byvoorbeeld kan meer geproduseer word deur bloot net van arbeidsintensiewe na kapitaalintensiewe produksie oor te skakel, òf die produktiwiteit van werkers kan verhoog word, òf beter tegnologie kan gebruik word om 'n onderneming se uitset te verhoog.

Daarom, gegewe die huidige groeikoers, tesame met die bestendige monetêre beleid en aanpassings in die fiskale beleid, kort Suid-Afrika hervorming van die ekonomie wat werkloosheid bekamp. Dit beteken strukturele aanpassing, en hiervoor het die agb Minister die steun van die Kabinet nodig. Daarom moet bepaal word welke ekonomiese beleidsrigtings gebruik kan word, en watter verander moet word om werkskepping te stimuleer.

Ten opsigte van die makro-ekonomiese aanpassings, die volgende: eerstens is die huidige en verwagte begrotingstekort van die BBP veels te klein. Wil Suid-Afrika dan meer fiskaal-voorbeeldig wees as die res van die moderne ontwikkelde wêreld? Fiskale dissipline word verwelkom, maar hoekom so fiskaal-suinig met die belastingbetaler se geld? As die regering nie die geld wil gebruik nie, dit bloot iewers wil wegsteek in 'n onnodige gebeurlikheidsreserwe in die staatskas, moet hy dit eenvoudig nie vat nie. Los dit liewer in die belastingbetaler se sak; dié sal weet hoe om dit ten beste te bestee.

Tweedens het Suid-Afrika alle rede om aan te dring op 'n grootskaalse uitbreiding van staatsbesteding aan sy infrastruktuur vir instandhouding en nuwe infrastruktuur om in te pas by die hoër koers van ekonomiese groei. Die staatskuld kan vir dié doel aansienlik vergroot word. Die huidige lae rentekoerse maak dit nie net moontlik nie, maar ook gewens.

Derdens, met die huidige oorinvordering van R41 miljard, is daar genoeg ruimte in die tekort voor lenings vir die aansporing van klein ondernemings, kapitaalvorming, opleiding, herstruktureringsubsidies en belastingtoegewings—alles vir werkskepping. Vierdens, die lae inflasiekoers skep ruimte dat die Reserwebank via monetêre beleid buitelandse valutareserwes kan uitbou om die rand na 'n meer uitvoervriendelike peil af te druk. 'n Toename in

uitvoere sal dan help om produksie aan te moedig en werkgeleenthede te skep. Terselfdertyd sal dit ook die lopende rekening van die betalingsbalans verbeter.

Vyfdens kan die regering buitelandse investering in Suid-Afrika bevorder deur valutabeheer af te skaf. Onder die huidige gunstige omstandighede skep die voortbestaan van valutabeheer net die suspisie dat die regering bang is vir 'n ongunstige buitelandse reaksie op toekomstige beleidsmistastings.

Sesdens is maatskappye ook geneig om belastingverligting te gebruik tot voordeel van hul aandeelhouers, maar Suid-Afrika moet hom toespits op belastingverligting se sekondêre effek, naamlik om meer nuwe ondernemers te lok. 'n Afname in regulering sal ook meebring dat korporatiewe belastingverligting wel bydra tot verdere werkskepping. Dan is daar ook by sekere staatsdepartemente 38% poste vakant. Hier is ruimte vir werkskepping om die huidige kapasiteitsprobleem in die openbare sektor te verlig.

Laastens is die algehele investeringsvlak in Suid-Afrika nog steeds laag vanweë die onproduktiewe en lae tempo van openbare investering en die nog laer, maar gelukkig groeiende, vlak van private investering.

Wat die strukturele aanpassings betref, die volgende: eerstens behoort die regering sy arbeidsbeleid te hersien. Baie besluite is geneem sonder om die moontlike gevolge daarvan in ag te neem. Dit geld byvoorbeeld vir die blindelingse implementering van regstellende aksie wat tot 'n verlies aan kundigheid en ervaring gelei het.

Tweedens bly oorregulering van die ekonomie, en veral arbeidswetgewing, 'n remskoen vir werkskepping. Tot 37% sakeondernemings het uitbreidings in produksie gestaak as gevolg daarvan en 15% het opgehou om verdere arbeid in diens te neem.

Derdens is opleiding eenvoudig net nie op standaard nie. Tot 71% skole ondervind 'n tekort aan leermiddels, onderwysers en infrastruktuur. Ondernemings ondervind 'n groot skaarste aan hooggeskoolde arbeid, terwyl werksoekers sonder bruikbare vaardighede volop is.

Vierdens sal die regering staatsamptenare se verantwoordelikheidspeil eenvoudig moet verbeter. Op enige gegewe dag is 4,5% van Suid-Afrika se staatsamptenare afwesig. In sekere organisasies is dit so hoog soos 16%. Lae geskooldheid en lae werketiek bring mee dat die ekonomiese koste van onproduktiwiteit in Suid-Afrika tot R102 miljard per jaar, of 10% van die BBP, beloop. Dit spruit voort uit die gebrekkige beplanning en swak toesighouding wat meebring dat 22% van alle werktyd vermors word.

Vyfdens sal Statistiek SA sy groeiramings en die Suid-Afrikaanse Inkomstediens se belastinginkomsteberamings moet opskerp. Verkeerde berekenings het onder andere tot oorinvordering van belastings gelei en om belastingverligting dan 'n jaar later deur te gee, is 'n jaar verlore waarin verdere werkgeleenthede geskep kon word.

Sesdens moet die landbousektor as absorbeerder van ongeskoolde arbeid, en waarvan daar baie in Suid-Afrika is, beskerm word. Geadministreerde minimum loonvasstelling buite die markraamwerk vir landbou sal eenvoudig meebring dat werkers afgedank word.

Verder bly die verskaffing van openbare mediese hulp aan MIV/vigs-lyers 'n prioriteit. Meer as 60% van die myne en 50% van die vervaardigers in Suid-Afrika beleef reeds 'n daling in arbeidsproduktiwiteit en 'n styging in werkafwesigheid as gevolg van die pandemie.

Laastens bring die lae indiensnemingskoers en armoede in Suid-Afrika mee dat die las van maatskaplike welsynstoelaes op die staatskas bly toeneem. Dit absorbeer alreeds 16,7% van die begroting en groei vinniger as

enige ander kategorie van openbare besteding. Binnekort sal een uit elke vier mense hierdie toelaes van die staat kan eis. Hulle dra nie produktief by tot die skepping van welvaart of werk nie, maar raak afhanklik van die staat vir hul ekonomiese oorlewing. Die veiligheidsnet van maatskaplike sekuriteit kan egter net sterker gemaak word deur 'n gesonde groei in die ekonomie. As die las te swaar word, gaan dit skeur, met tragiese gevolge.

Agb Minister, u sê die staat kan nie net agteroor sit en kyk hoe die mark alles regmaak nie, maar dan moet u ook onthou dat u bestendige fiskale beleid ook nie die enigste medisyne kan wees nie. U en die Kabinet behoort te besin oor die herontplooiing van die ekonomie en strukturele aanpassings waarna verwys is. Verder sal die mark baie vinniger werk skep as die regering dit kans gee om volgens die markbeginsels te funksioneer en ophou om produksie te straf met onnodige belastings en regulering.

U moet onthou, Minister, staatsinvestering sal, regstreeks, net ongeveer 3% van die werkloses absorbeer. Net private investering kan werklik die ekonomie laat groei en voldoende werkgeleenthede skep vir die 7,8 miljoen werkloses, waarvan werkloosheid onder swartmense meer as 60% beloop, terwyl die skepping van nuwe werkgeleenthede vir swartmense as werkers, bestuurders en eienaars ook gesien kan word as die grootste enkele vorm van swart ekonomiese bemagtiging.

Die party, die DA, ondersteun die wetsontwerp. Ek dank u, Speaker. *(Translation of Afrikaans speech follows.)*

[Dr S M VAN DYK: Madam Speaker, during the discussion of the Budget last year the hon Minister Manuel mentioned that he welcomed the debate on the national Budget and that the debate should be continued, and that is exactly what the DA wants to continue to build upon with its alternative budget, in which the detail is discussed.

The government has set certain economic goals for itself—let us take a look at them. Firstly, let us look at price stability: The Reserve Bank is maintaining an encouraging monetary policy with a low interest rate that is stimulating consumer spending within the limited inflation setting. The government's fiscal policy is exerting only moderate expenditure pressure on inflation, while tax as a percentage of GDP has increased.

Secondly, the deficit on the current account of the balance of payments is being made up for by the inflow of capital. By encouraging consumer spending, our current low interest rates—supported by the strong rand—will keep on stimulating imports and hamper some of our exports. Higher rates elsewhere in the world may eventually limit South Africa's capital inflows. It may then be more difficult to carry the deficit on the current account.

Thirdly, concerning his growth and employment goals, the Minister wants to see an even faster economic growth rate of 6%, to address unemployment. Unemployment is dangerously high—almost two in five workers are unemployed. From the course of South Africa's growth achievements over the past ten years, it seems as if an acceleration in economic growth does not necessarily bring about sufficient increases in job opportunities. Despite the annual economic growth the number of unemployed people has increased by over 80% during the past decade. There is therefore an element that is lacking to convert higher economic growth into job creation.

Seen macro-economically, South Africa's monetary and fiscal policies are stable. Of course we prefer stability to uncertainty—it can disrupt the economy enormously if the macro-economic policy changes yearly. The most important question is, however, whether it is the right policy for South Africa, given our circumstances. The question is whether the current monetary and fiscal policies are assisting in improving the job creation performance in the economy.

The DA believes that there is room for a more expansionary fiscal policy.

The hon Minister's fiscal policy gives a small measure of tax relief, mainly to lower income groups. Greater consumer spending will certainly stimulate certain sectors within the economy. The effect of this on employment will, however, be slight. Consumers are inclined to spend more in the face of tax relief, which is currently stimulating economic growth, instead of saving more for investment purposes.

Growth is measured by the year's increase in GDP. Every component of growth, whereby growth is measured, cannot be linked to a corresponding growth in employment, because growth can also occur without employing more people. So, for example, more can be produced just by changing from labour-intensive to capital-intensive production, or the productivity of workers can be increased, or better technology can be used to increase the output of an enterprise.

Given, therefore, the current growth rate, together with the stable monetary policy and adjustments in the fiscal policy, South Africa needs reformation of the economy to fight unemployment. This will mean structural adjustments, and to do this the hon Minister needs the support of the Cabinet. It must be stipulated which economic policies can be used, and which must be changed to stimulate job creation.

With regard to the macro-economic adjustments, the following: Firstly, the current and expected budget deficit of the GDP is far too small. Does South Africa want to be more fiscally exemplary than the rest of the modern developing world? Fiscal discipline is welcomed, but why be so fiscally stingy with the taxpayers' money? If the government does not the want to use the money, but just wants to stash it away in a unnecessary contingency reserve in the treasury, it should simply not take the money. Rather leave it in the taxpayers' pocket; they will know how best to spend it.

Secondly, South Africa has every reason to insist on a large-scale expansion of state expenditure on its infrastructure for maintenance and new infrastructure to tie in with the higher rate of economic growth. Public debt can be increased considerably for this purpose. The current low interest rates make this not only possible but also advisable.

Thirdly, with the current overrecovery of R41 billion, there is enough room in the deficit before loans for incentives for small enterprises, capital formation, training, restructuring subsidies and tax concessions—all for job creation.

Fourthly, the low inflation rate is creating room for the Reserve Bank to expand foreign exchange reserves via the monetary policy in order to force the rand down to a more export-friendly level. An increase in exports will help to encourage production and to encourage create jobs. At the same time it will also improve the current account on the balance of payments.

Fifthly, the government can improve foreign investment in South Africa by abolishing exchange control. Under the current conducive circumstances the continued existence of exchange control merely creates the suspicion that government is afraid of an unfavourable foreign reaction to future policy miscalculations.

Sixthly, companies also tend to use tax relief to the advantage of their shareholders, but South Africa must concentrate on the secondary effect of tax relief, namely to attract more new entrepreneurs. A decrease in regulation will also ensure that corporate tax relief will indeed make a contribution to further job creation. Then again, in certain government departments 38% of the posts are vacant. There is room here for job creation to relieve the current capacity problem in the public sector.

Lastly, the general investment level in South Africa is still low due to the unproductive and low rate of public investments and the even lower, but fortunately growing level of private investments.

Pertaining to the structural adjustments, the following should be considered: Firstly, the government needs to revise its labour policy. Many decisions have been taken without taking into account the consequences of these. This applies, for example, to the indiscriminate implementation of affirmative action, which has led to a loss of skills and experience.

Secondly, overregulation of the economy, and especially labour legislation, continues to curb job creation. Up to 37% of business enterprises have stopped expansion of their production because of this, and 15% have stopped the further employment of labour.

Thirdly, training is just not up to standard. Up to 71% of schools have a shortage of learning aids, teachers and infrastructure. Enterprises are experiencing a big shortage of highly skilled labour, while job seekers with no usable skills are in abundant supply.

Fourthly, the government simply must improve the level of accountability of public servants. On any given day 4,5% of South Africa's public servants are absent. In some organisations this figure is as high as 16%. Low skill levels and a low work ethic bring the economic cost of unproductivity in South Africa to R102 billion per year, or 10% of the GDP. This arises from insufficient planning and poor supervision, which leads to 22% of work time being wasted.

Fifthly, Statistics SA must sharpen its growth estimates and the South African Revenue Service its tax revenue estimates. Wrong calculations have, *inter alia*, led to the overrecovery of tax, and to give tax relief a year later means that a year has been lost in which we could have created further job opportunities.

Sixthly, the agricultural sector, as an absorber of unskilled labour, of which there is a lot in South Africa, must be protected. Administered minimum wage determinations outside the market framework of agriculture will simply lead to workers being dismissed.

Furthermore, the providing of public medical aid to HIV/Aids sufferers remains a priority. More than 60% of the mines and 50% of the producers in South Africa are already experiencing a decrease in labour productivity and an increase in absence from the workplace due to this pandemic.

Lastly, the low employment rate and poverty in South Africa are causing a continued increase in the burden of social welfare grants on the Treasury. It already absorbs 16,7% of the budget and is growing faster than any other category of public spending. Very soon one in every four people will be able to claim these grants from the state. They do not contribute productively to the generation of wealth or jobs, but become dependent on the state for their economic survival. However, the safety net of social security can only be strengthened by healthy growth in the economy. If the burden becomes too great it will tear, with tragic consequences.

Hon Minister, you say that the state cannot just sit back and watch how the market fixes everything, but then you must also remember that your stable fiscal policy cannot be the only medicine either. You and the Cabinet ought to reflect on the redevelopment of the economy and the structural adjustments that have been referred to.

The market will furthermore create jobs far more quickly if the government gives it the opportunity to operate according to market principles and stops penalising production with unnecessary taxes and regulations.

You must remember, Minister, that state investments will directly only absorb 3% of the unemployed. Only private investments can really make the economy grow and create sufficient job opportunities for the 7,8 million unemployed, from which unemployment amongst black people is more than 60%, while the creation of new job opportunities for black people as workers, managers and owners can also be seen as the single biggest type of black economic empowerment. The party, the DA supports the Bill. I thank you Speaker.]

Mr T E VEZI: Madam Speaker, since the transition we have seen better economic performance but not as many jobs as expected. Increased social grants continue to make an impact on poverty reduction, racial inequality continues to be improved, there has been as well-targeted public spending shift, resulting in unprecedented hard service delivery. Other social outcomes hardly improved due to problems of service quality and resource use. The main impact on poverty reduction has been social grants and not job creation. Unfortunately, there are limits to the role of social grants to combat poverty.

What is disturbing is that we rank very low when it comes to social delivery, illustrated by the example of public school education. When we look at Matric passes and endorsements since 1988, we find that the quality of education is not improving. According to experts the school system is stagnating instead of improving. The country is facing infrastructure challenges. In the past 12 years the GDP has increased by almost 47% and if Asgisa is successful, it could increase by another 70% in the next ten years.

Close to 4,5 million new vehicles have been put on our roads. International trade has increased by almost 90%. Increased pressure is being placed on our transport system. The reduction of company tax to attract foreign investment is still a very controversial subject. Some experts, including the Treasury, are not convinced that it will lead to an increase in investment. In fact, some experts continue to question the wisdom of using tax as an incentive. Supporters are calling for a proper debate on the company tax regime. Surprisingly, low inflation has been sustained and we have had the longest post-war business cycle upswing. The major growth factor has unfortunately been domestic demand. The other matter of concern to the IFP has been the low savings rate.

The HIV/Aids problem is not likely to stagnate unless another approach to the problem is adopted. The growth challenge includes addressing historical barriers to broadbased development. The causes of unemployment are embedded in both the physical and sectoral structures of the economy, shaped for so long by barriers of urbanisation and modernisation and the distribution of skills and human capacity also held back for decades by apartheid policy and structures.

Sustained growth depends on capital formation and efficient service delivery. A core priority is to strengthen education and improve performance on the labour market. Investing in people and ensuring that skills development complements employment creation are critical platforms on which to build future prosperity.

More rapid economic growth requires South African business to identify products and production techniques in which they can achieve comparative advantages in global markets. It also requires a favourable investment environment and sound regulatory arrangements and the development of a more systematic industrial policy.

Rural communities need income generating growth and development. Infrastructure development underpins improved living conditions and job creation. The Minister of Finance, as usual, has provided the environment for development, service delivery and the eradication of poverty. It is now for the other departments to come to the party and stick to their strategic plans.

The IFP supports the Appropriation Bill. [Applause.]

Ms T V TOBIAS: Agb Van Dyk, dit lyk nie vir my of jy na die Minister geluister het gedurende sy toespraak nie. [Hon Van Dyk, it does not seem to me that you have been listening to the Minister during his speech.]

Hon Speaker, Ministers and members, this debate takes place a month after the state of the nation address and three months before

the commemoration of the 30th anniversary of the June 16, 1976, uprising—during a month recognised as the month of the youth and therefore this debate should celebrate the opportunities that came with the sacrifices made by the generation of 1976, that of bringing a just and better life for all.

The youth of South Africa will be beneficiaries in a programme that our government has introduced, which is Asgisa, and which is also a continuation of the RDP.

In the state-of-the nation address President Mbeki indicated that:

> In this year of the 30th anniversary of the Soweto uprisings we shall ensure that the focus on youth development is intensified in all spheres of government. Among other things, during the next financial year we will set up 100 new advisory centres, enrol at least 10 000 young people in the national youth service programme and enrol 5 000 volunteers to act as mentors to vulnerable children.

This indeed is the deliverables that we will be able to measure as and when the current financial year proceeds. The Asgisa programme will also ensure that issues of skills development, education and unemployment is dealt with adequately and gradually to bring about change. The initial Appropriation Bill in which the Minister indicated that it provides expenditure of R260,6 billion, the bigger slice of which is allocated to provinces equitably, will ensure that issues of social cohesion are adequately addressed, also through the newly established South African Social Security Agency.

When we enter the age of hope our economy has expanded by 5% and we are envisaging a 5% or bigger growth and the Minister indicated that we need to prioritise the needs of the poor, and the gap between the rich and the poor is closing gradually, and the budget for skills development has seen the allocation of 114 000 study awards in 2005 and 20 707 youths registered for learnership programmes. The national youth service programme will integrate youth development programmes in the overall development agenda and the Recapitalisation of further education and training colleges will also see the light of day.

We also need to measure our economic development per capita income and check whether our country has really reached or is reaching a stage where we can regard it as a middle-income earning country, and check the education levels of our youth in particular, and the impact of social ills in our society, for example alcohol abuse, substance abuse and unhealthy lifestyles. Therefore we welcome the raise of sumptuary taxes and the Minister should continue to raise the latter to discourage these ills.

Our distribution of income should continue to better the lives of our people in such a way that dependency on social grants is minimised and we should tilt the scale of the human development index, and by doing so we would have addressed the negative position of poverty.

In my opinion, company taxes should be raised to prevent tax avoidance and we should not only pursue a so-called business-friendly approach as suggested by the DA, which at this point in case, implies that we need to further encourage monopolies. We should, instead, continue to tolerate the role that the private sector should play.

There is also the suggestion that we need to encourage savings and investments—as was just implied by the IFP—but it is just as baseless as we all know that in economic terms, saving is a leakage to the economy and social spending is an injection. So it will be misleading to utter such statements. The issue of corporate taxes being high in South Africa was not gauged on the basis of developed countries but on the basis of developing countries, which might not be as wealthy as our country, and this limits the

scope of analysis to the DA. The DA must do its homework properly.

Our fiscal policy is very consistent and correct, but we should also be alive to issues that relate to implementation and impact lag that might hamper our good work. Last but not least, South Africa, which has a population smaller than that of countries we provide peacekeeping support to, and are wealthier than, adheres to international protocols it has acceded to. It continues to provide leadership in areas of armed conflict and will ensure that we build a just order and a prosperous human race.

Infrastruktuur is een van die projekte van Asgisa. Kapasiteit is ook deel van die program. [Infrastructure is one of Asgisa's projects. Capacity is also part of the programme.]

Consumer and investor confluence is one of the essentials of Asgisa, so there are no new suggestions that we have received.

Today we as the ANC support the Bill. Thank you. [Applause.]

Mr M DIKO: Madam Speaker, hon Ministers and Deputy Ministers, hon members, ladies and gentlemen, the United Independent Front accepts and appreciates the fact that there is now a provision in our legislation that will allow the Minister to appropriate money from the National Revenue Fund to adjust the Budget if any shortfalls arise.

We further appreciate that the spending of appropriations contemplated in this Bill will be subject to the Public Finance Management Act, whose purposes are to regulate financial management and to ensure that all revenue and expenditure are managed efficiently and effectively.

In order to ensure transparency and efficiency in spending, the UIF appeals to the National Treasury to ensure that the proper monitoring mechanisms are put in place that will ultimately ensure that only the intended projects or programmes and people will benefit from any intervention.

With such mechanisms in place, we hope that we will no longer witness incidents of unconcealed misappropriation of funds, as the one we saw during the run-up to the 1 March local government elections in which the National Youth Commission held a series of expensive events termed "voter education", instead of fulfilling its statutory mandate of driving youth development.

Now that this commission is run from within the Presidency, we hope that the youth will begin to see real benefits in terms of which more resources are channelled towards their education and skills development. We further hope that this commission will stop being the white elephant it has been for a long time.

The UIF believes that the objectives of this Bill will only be achieved if the government addresses lack of capacity, especially to spend the budgets by different departments and municipalities. At the local government level, this intervention is urgently needed so that the people who voted in this month's local government elections, amid promises of better, corruption-free and effective municipalities, can begin to realise their developmental needs and effective and affordable service delivery.

Although the Bill refers to political support staff, we are concerned that funding for smaller parties remains skewed. We hope that this Appropriation Bill will allow the Minister to provide for any shortfall that might arise in this Budget.

The UIF supports this Bill. You are sleeping with the DA here in Beaufort West and also in Laingsburg. [Interjections.]

Mr L M GREEN: Speaker, this year's Budget, like many of the previous ones, has received wide support from all sectors. Minister Manuel and the Treasury have once again managed to perform an excellent balancing act by giving limited tax cuts to

the rich, combined with substantial government spending on poorer communities.

The Federation of Democrats supports the Appropriation Bill for the following reasons. The Budget proposes tax relief to the amount of R19,1 billion. Any tax relief for the individual taxpayer would be welcomed by the FD. Lower and middle-income groups are benefiting from individual income tax relief in the amount of R13,5 billion. The income threshold has been raised to R40 000 for individuals and R65 000 a year for taxpayers over the age of 65. In addition, the tax on retirement funds has been halved from 18% to 9%.

The FD hopes that this trend, Minister, is going to continue in the following budget year. We particularly welcome the raising of the threshold for pensioners, as we do the reduction of tax on retirement funds because this will encourage a culture of saving especially amongst our senior citizens.

The abolishment of transfer duty on houses below R500 000 has received broad support, especially from young married couples that are saving to buy their first home. The waiting lists for council houses are unacceptably long, and the FD would welcome any measures by government to encourage families to invest in their own homes.

We would also like to encourage the Minister and Treasury to explore other ways to encourage first-time homeowners to invest in their own homes, such as a tax reduction on savings used as a deposit on a first home.

The FD welcomes the tax incentives for small businesses announced by the Minister, such as the income-tax exemption threshold that has been raised from R35 000 to R40 000. We believe that the incentive is still too small, and we would like to see it raised to R60 000 in 2007 and possibly R80 000 in 2008.

In conclusion, with regard to our country's economic growth, the Minister of Finance has often been referred to by the private sector's *The Economist* as a "pathological optimist", if I could quote them. However, the Minister being the optimist that he is, has often been more accurate in predicting our country's economic growth than many economic gurus.

Minister Manuel, allow me to congratulate you on your tenth year as Minister of Finance. Since 1997, when you were appointed as the Minister of Finance, you have grown from strength to strength and today you are internationally recognised as one of the best finance Ministers, if not the best. I thank you. [Applause.]

Mr K A MOLOTO: Madam Speaker, hon members, yesterday hon Davidson of the DA cited a certain financial publication that stated that the Budget is "unimaginative", thereby indirectly implying that its of no consequence and cannot make any meaningful impact on the South African economy.

I just want to take a little bit of my time to refute this assertion. Let me take you through the performance of our economy or various sectors of our economy after the budgetary interventions this government has made.

The construction industry has benefited greatly from the infrastructural projects initiated by this government. Currently the "big four" construction companies in South Africa, Murray and Roberts, Group Five, Aveng and WBHO have a collective order book exceeding R30 billion of contracts spread over the next three years. These are signed contracts, ready for implementation, or are in the implementation phase. In actual fact Grinaker LTA Construction, a subsidiary of Aveng, had to withdraw from the Middle East in order to concentrate on the opportunities offered by the domestic market and by these budgetary allocations.

The cement production industry is already investing more than R3 billion in new plants to meet the increasing demand for cement.

We should also bear in mind that the construction industry is labour-intensive.

This Budget indicates that R372 billion will be spent on infrastructure development over the next three years. These are projects that are initiated by the three spheres of government and state-owned enterprises. These projects are critical to the development of road and rail infrastructure, power stations, hospital revitalisation and dam construction and housing, among other things. I'm mentioning some of these developments to refute this assertion that has been made by the hon Davidson.

The retail industry has also benefited greatly from the massive consumer spending encouraged by the reduction in personal tax and lower interest rates. However, I need to concede and concur with the view of the government that consumer-led growth is not sustainable in the long run. It is very susceptible to changes in interest rates. Any substantial hike in the interest rate could easily dampen the consumer boom. We definitely need producer-led growth.

Going back to the issue of the performance of the retail sector, one would easily realise that shopping malls across the country have experienced a phenomenal increase in the market value owing to lower vacancy rates. Obviously these lower vacancy rates are the result of a very strong consumer demand. This is a positive development for pension funds and insurance companies, which are mainly the owners of these shopping centres in South Africa. Let us bear in mind that it is workers' pension money that is invested in these developments.

A better illustration of the phenomenal increase in the value of shopping malls is the case of Canal Walk in Cape Town, which claims to be the largest mall in Africa. It was sold two and a half years ago by Nedbank to Hyprop for R1,1 billion and is currently valued at R2,5 billion. This is double the price in less than three years. Again, although we welcome these developments, we need to sound a caution on the sustainability of consumer-led growth.

I've also been reliably informed that for the first time receipts of income generated by tourism exceed that of gold-mining. [Applause.] I've learnt that tourism is now regarded as the new gold and is an important source of foreign exchange. In 2005 receipts from transportation and travel, which is an indicator of tourism activity, exceeded R50 billion.

Let me turn my attention to a point that was raised by the hon Davidson. The argument that we should lower the corporate tax rate to 25% is failing to acknowledge that the government has already offered sufficient and good tax incentives to business to encourage it to invest in capital investment and production.

The accelerated depreciation allowance offered to business does incentivise business to undertake investments. In actual fact, if you look at the financial publications in South Africa, you will easily realise that business is doing well and reporting good profits.

I want to re-emphasise this point that we definitely need producer-led growth. Any accelerated and sustained growth can only be realised through massive private investment matched by strong infrastructural investment by government and state-owned enterprises. This Budget clearly spells out this path.

Eskom has a five-year capital expenditure plan that amounts to R98 billion. Transnet's three-year capital expenditure plan amounts to R32 billion. This will address bottlenecks in the logistics chain.

One is also encouraged by Transnet for insisting that half of the manufactured content of its announced R3,5 billion locomotive acquisition programme will be carried out in South Africa. The import-reduction strategy of Transnet has to be followed by our state-owned enterprises, where possible.

This intervention will strengthen the manufacturing industry in South Africa and put it on a solid foundation to claim its place in the global value chain.

This import-reducing strategy will have a multiplying effect across various sectors of our economy. It will strengthen South Africa's manufacturing capacity in metal products, electrical and nonelectrical machinery, and transportation equipment, amongst other things.

The *Engineering News* of 10 to 16 March 2006 reported that more international companies are increasingly choosing South Africa as an off-shore location for their call centres. It indicated that the call centre industry already creates employment for 80 000 people and there are indications that 100 000 additional jobs should be created by 2009.

Funding allocated from this Budget to Sentech will increase broadband wireless coverage as well as investment in the East African marine system that connects South Africa and East African states to the global optical fibre network.

I'm mentioning this development to underline the importance of public investment matched by the private sector as a catalyst for accelerated growth. These are very exciting developments that create business processes outsourcing opportunities for South Africa.

Kenichi Omae, one of the world's leading business strategists and former senior partner of McKinsey in Japan, analyses the opportunities arising from the business processes outsourcing across the globe. According to him, they range from architectural designs, IT support to back offices, operations linked to the financial services industry.

Prof Kenichi Omae's seminal work, *The Next Global Stage*, emphasises the relationship between skilled labour, proper telecommunications infrastructure and competitiveness in business process outsourcing. South Africa is better placed to advance in this area because of these budgetary allocations.

Indeed, democracy has been good for business in South Africa. Together we can build a better country with growth shared among all our people. Ke a leboga. [Thank you.]

The MINISTER OF FINANCE: Igama lamakhosikazi. [In the name of women.]

HON MEMBERS: Malibongwe! [Praise!]

The MINISTER OF FINANCE: Madam Speaker, hon members, let me start by expressing my appreciation to almost all of the 30 members who participated in the debate, both yesterday and today. I say almost all because some, of course, had to be different. Otherwise, Parliament would be too boring. I'm told that those who were different did so with the full approval of their colleagues just to liven up the debate. I think we recognise that.

I also want to express my appreciation for the multiparty support for the Budget and for this growing consensus on fiscal policy. We cannot take this consensus for granted, as it is manifested in support for the basic tenets of our economic outlook, fiscal and tax policy and budget choices.

At the same time we are not naive. It is the prerogative of the opposition to support or reject the policy choices that we make as a government. This is exercised by opposition parties everywhere—as in the House of Commons yesterday when the Chancellor of the Exchequer tabled his budget and about a month ago when the Indian Federal Parliament received the budget tabled by Minister Chidambaram, which was, in fact, received with much noise and debate.

The prerogative, as exercised by opposition parties, is frequently no different from the one that Stanley Baldwin referred to in his reference to the press when he said: "Power

without responsibility—the prerogative of the harlot throughout the ages."

The prerogative, when expressed by opposition parties, is frequently expressed as spend more, tax less and, almost always, raise the deficit. I'm sure that we want to say to the hon Van Dyk: You don't close your umbrellas simply because the sun is shining. [Laughter.]

We have a consensus that goes beyond mere support and which poses tough questions that I have a constitutional duty to answer before this Assembly. I've extracted the following from the discussion. Firstly, are we doing enough to deal with the existence of real poverty? Secondly, are there sufficient pointers that direct towards sustainable job creation? Thirdly, is government doing enough to change the skills set available to the labour market? Fourthly, are we investing sufficiently in sustainable economic expansion? And, fifthly, do we know that the money we are appropriating here today will be spent as planned?

Let me address these five important questions raised, cognisant that the questions were raised by speakers from almost all the parties that participated in the debate. The additional R2,6 billion in social grants and transfers to the Social Security Agency takes spending on social security and welfare from R80,6 billion in the first year to R96,8 billion in the third year of the Medium-Term Expenditure Framework—an annual average growth rate of just under 10%.

Alongside the expanded income security net, our shared growth strategy also involves targeted welfare services and stronger partnerships with NGOs in the welfare sector. Addressing the impact of HIV and Aids and care of child-headed households are amongst the social service priorities that deal directly with real poverty in many of its manifestations.

The creation of sustainable jobs is an outcome that is achieved when various programmes of government align. It cannot succeed when the choices we make are confined to the creation of a business-friendly or business-oriented budget. We cannot confine our policy choices to the levels of corporate taxes, and leave it at that. A far more sensible approach is reflected in the 2006 Budget, which contains a policy mix that also includes the strengthening of education at all levels and steps to improve the performance of the labour market.

So this has to be about investing in people and ensuring that skills development complements employment creation, as these are critical platforms on which to build future prosperity that result in sustainable jobs. More specifically, the 2006 Budget builds an allocation of R1,5 billion, announced in the budget last year, for the recapitalisation of further education and training colleges.

Together with higher education, the total additional allocation over the next three years on these two programmes is just under R2,5 billion. Together with our learnership programmes and targeted tax incentives, we are making steady progress in ensuring that the skills set matches the needs of our growing economy.

Are we investing sufficiently in sustainable economic expansion? Here are the facts. The transport sector receives an additional R14,3 billion, with R1,9 billion for road infrastructure. Nearly R4 billion will be spent by the Department of Water Affairs and Forestry on the new De Hoop Dam and other dam projects and water schemes.

Let me also remind the National Assembly that infrastructure development by Public Enterprises accounts for about a third of overall capital estimates—somewhere in the region of R50 billion by Eskom and R33 billion by Transnet. But investments that bring about sustainable economic expansion are not confined to infrastructure projects. This also involves investment in

industrial development and science and technology, such as investments in nuclear technology and research infrastructure and complementary tax policy reforms that incentivise R&D.

Let's get to the question that members across the spectrum have placed firmly at government's door: Is money being spent as planned? Some of the steps that we are taking include monthly reporting in terms of section 32 of the PFMA. Steps have also been taken to introduce quarterly performance reporting of provincial spending. In addition, the National Treasury undertakes a detailed comparison between initial projections and actual monthly and quarterly expenditure.

But, more importantly, annual reports are a statutory requirement that provides Parliament with the necessary instrument to assess whether appropriated funding has been used for its intended purpose, and whether it has achieved the policy outcomes envisaged.

This takes me to an exceedingly important question raised by the hon Mabe, who asked whether Parliament's oversight role is adequate. I wish to turn the question slightly. Does Parliament adequately exercise the powers afforded it in the legislation? Again, a detailed response in five parts is necessary.

I want to start by appealing to all committees to engage with Ministries and departments over the next few weeks on ENE chapters on strategic plans and on annual reports. The Constitution does not expect a lapdog Parliament, so I appeal to you to engage with us.

Secondly, there is no reason why committees should have an annual discussion only or any rational reason why committees should wait for the Auditor-General's reports, after the fact. We publish monthly expenditures, and Parliament should interrogate both the expenditure trends and enquire what the money bought.

Thirdly, Parliament and especially the National Assembly should consider a functional approach to spending. We were pleasantly surprised at the depth of investigation by the NCOP into conditional grants. Similarly, the NA must ask about health, education, social development and all other functions, and not take a restricted view confined by the norms of a national department.

Fourthly, engage us on the policy choices we exercise and ask about the costs of policies. We should know, we ought to know, and you have the right to ask that of us. Fifthly, think beyond the line-function confines and examine the policy linkages between that portfolio committee you serve in and the rest.

This will make for a far more active Parliament interested in oversight. "Let's get away with far less than what the law asks of us"—we ask you to change that in your interactions with us. [Applause.]

This Parliament is endowed with more information on public finances than any of its counterparts anywhere. So don't be afraid to use that. It's a tall order but, I submit, necessary for the discharge of the responsibility of Parliament.

Beyond the fiscal policy choices, there are at least three other areas that are vital, but for whatever reason they were inadequately canvassed in the debate. These are, firstly, the role of the state as owner, initiator, regulator, creator of the environment, as purchaser and employer. Will we split the consensus on this matter? Is it worth a fuller examination? Why don't we give ourselves a shot at this? A few years ago many would have believed that the consensus we now have on the other tenets of economic policy would have been impossible. This, I believe, is vital.

Secondly, there is the role of the private sector. Part of what this partner brings to the table is the patriotic and moral compliance with tax laws. Is it? Is it so compliant? Does it normally just part with money because the law says so? This goes beyond the obvious.

The private sector is a critical partner, not only when entering into more efficient ways of funding certain government initiatives, but as partners in the shared growth strategy. But what do we ask of them, and what would they realistically respond to? They are clearly not the panacea for all ills.

Thirdly, there is the global economy. Our discussion really demands more detail on trends, on opportunities, on threats and on governance. Without these discussions, I'm afraid we'll be shooting in the dark.

Finally, I'd like to express my appreciation to the committees and to those who participated in the hearings.

Let me conclude by reminding this House that the gallery of the Committee lost a fine member and a wonderful journalist with the passing away of Lynda Loxton last week. I pay my respects to her and to all those to whom she was close—her mom, her friends and her colleagues. We've lost a vital member of the gallery.

Thank you very much to all of you for your support and for your patience in listening to me this afternoon. Thank you. [Applause.]

Debate concluded.

Bill read a first time.

OLDER PERSONS BILL

(Second Reading debate)

The MINISTER OF SOCIAL DEVELOPMENT: Madam Speaker, hon members, the Older Persons Bill is one of the four Bills that were presented to the House in the year leading up to the last national elections, that is the year 2004, that were intended to promote the further fulfilment of the rights contained in the Constitution and consolidate the transformation of the social development sector. It is, therefore, fitting that the last Bill in the "four-pack" is making its way through Parliament in the year when we celebrate the 10th anniversary of the Constitution.

It is appropriate that our nation and society reflects upon the 10th anniversary of the Constitution with a deep sense of accomplishment. We are in the midst of a long journey to built a society based on democratic values, social justice and fundamental human rights.

We have made substantial progress in restoring the dignity of our people across the board in freeing their potential and building a better life for all. It is because of the historical experience of our people and our vision for the future that we are confidently saying that we are living in an age of hope. Nobody is better placed to bear witness to this fact than the older people in our society, and the Older Persons Bill is yet another milestone in this long journey.

The Older Persons Bill is intended to ensure that the rights, dignity and independence of older persons are upheld within the framework of the Constitution. It provides a framework aimed at the empowerment and protection of older persons, and the promotion and maintenance of their socioeconomic status. We are determined to ensure that as people grow older, they enjoy a life of fulfilment, health, and security, and continue to participate actively in the economic, social, cultural and political life of our society.

The dispensation in the Bill reaffirms the traditional esteem and status of older persons whilst acknowledging and supporting their changing roles in the face of contemporary social challenges. In this regard, I would once more, like to publicly acknowledge and pay tribute to the older people in our society who provide care and support to vulnerable and orphaned children.

From our legislative perspective, the Older Persons Bill is an acknowledgement that the Aged Persons Act 100/1967 (as amended) was hindering the creation of an enabling environment consistent with the developmental approach espoused by the current government. The old Act could not be aligned with the new developmental para-

digm employed in the provision of services to older persons. It focused mainly on institutional care, which caters only for a minority population of older people, to the exclusion of the vast majority of older people, especially, those from previously disadvantaged groups.

Most older people who live in their own homes in the community, want to continue living in their own homes and therefore require appropriate community based services. In addition, services to older persons in this country have generally been deficient, both in terms of actual service delivery and the allocation of resources for these services. This is particularly true for older persons living in remote rural communities, who tend to live in extreme poverty and tend to be the most vulnerable.

As indicated earlier, the Bill was submitted for consideration by Parliament in the year 2000 after approval by Cabinet, and referred to the Select Committee of the National Council of Provinces in November 2003, which was also given a report on the cost implications of the Bill. The NCOP approved the Bill in June 2005 after provincial consultations.

Following the submission of the Bill to the Portfolio Committee on Social Development, and subsequent public hearings, the interested groups and the public, which occasioned further amendment of the Bill, raised a number of critical issues.

I am very grateful for the stakeholder groups and members of the public who have participated in public hearings and maintained a keen interest in the Bill as it made its way through Parliament. Your dedicated efforts have enabled us to fashion legislation that seeks to maintain and increase the capacity of older persons to support themselves and to continue to contribute to the wellbeing of those around them. By working together we have arrived at a Bill that recognises older persons as a valuable sector of society—a sector that possesses much knowledge, wisdom and expertise.

The Bill has far-reaching implications for older persons, their livelihoods and independent functioning. It is intended to enable intergenerational care and support within families and communities, and thus promotes the spirit of ubuntu. It recognises that services should also be extended to older persons who are frail but are able to continue living in the community. It also recognises that there will always be those older persons that will require institutional care. With respect to institutions of care, the Bill protects the rights and dignity of older persons by ensuring that no older person will be placed in these facilities without their consent, unless their mental condition renders them incapable of giving such consent. Stringent measures are being put in place to ensure that only those who are eligible for admission in these facilities are considered for admission.

The Bill, which must be read in conjunction with other legislation, also puts in place measures to curb the abuse of older persons, both within community settings and in residential care facilities. We recognise that these measures by themselves are insufficient to ensure that older persons are treated with the respect they deserve and that their rights and dignity are protected.

An extensive educational campaign is required—directed at both older persons themselves and the broader society—to create understanding about the rights of older persons, the measures in the Bill that ensures the protection of these rights, and the remedies provided for, where these rights are violated.

The new dispensation that will be created by the Bill has resource implications. And costing of the Bill, which was done in partnership with the National Treasury, will ensure that appropriate budgetary provisions are factored into the Medium-Term Expenditure Framework at both provincial and national level. This costing provides for the progressive realisation of the objectives of

the Bill, whilst ensuring that the basic and urgent needs of older persons are provided for.

Before closing these opening remarks, I would like again to express my sincere appreciation to all the role-players and stakeholders who took interest in this Bill and made their inputs during various stages of its development.

The Human Rights Commission has had an ongoing interest in the Bill and has attended to the issues with keen interest. Numerous interest groups and members of the public participated in the public hearings and their inputs have significantly improved the Bill. Various government departments assisted in the development of this Bill and will play their respective roles in ensuring successful implementation.

In addition, officials from the national and provincial departments of social development have worked long hours in maintaining the momentum in preparation and consideration of the Bill.

Lastly, I am indebted to the select committee in the NCOP for the admirable manner in which they conducted their oversight and legislative functions, as well as their guidance and leadership in the development of this Bill.

It is, therefore, fitting that the Older Persons Bill will be passed by Parliament in the year that we celebrate the 10th anniversary of our Constitution. The older persons in our country could not ask for a better reaffirmation of their rights, aspirations, hopes and status in society. I thank you. [Applause.]

Mrs T J TSHIVHASE: Hon Deputy Speaker, hon Ministers, Deputy Ministers and hon Members of Parliament, I greet you all this afternoon. I will be focussing on the memorandum, the overview and the protection of the older persons regarding the Bill.

Ndi wonoyu muvhuso u wo̱the wo rangwaho phanḓa nga ANC u ḓhielaho vhaaluwa na pfanelo dzavho dzo̱the nṱha. ANC i ḓi̱tongisa nga mbekanyamushumo dzi tevhelaho, dzi pfumbisaho pfanelo dza vhaaluwa, sa tsumbo, Batho Pele, better life for all, free basic services, na zwiṅwe zwinzhi. *(Translation of Tshivenḓa paragraph follows.)*

[It is only the ANC-led government that acknowledges the older persons and other people's rights. The ANC is proud of the following programmes that promote the older persons' rights, for example, Batho Pele, a better life for all, free basic services and others.]

We are indeed a caring society and they are the true custodians of culture. Growing old should be a period when a person's contribution to society is acknowledged and valued. In poor communities old people make valuable contribution to households as carers for children, people with disabilities and those affected and infected by HIV and Aids.

This Bill seeks to maintain and increase the capacity of older persons to support themselves and to contribute to the wellbeing of those around them. The objects of the Bill are to maintain and promote the status, wellbeing, safety and security of older persons; to maintain and protect the rights of older persons as recipients of services; to regulate the registration of facilities for older persons; and to combat the abuse of older persons.

The Portfolio Committee on Social Development, as the Minister has already indicated, did not want to rush the Bill in processing it. This is because the civil society was more attracted to it. We observed this by the number of both oral and written submissions to the public hearings where in certain instances we had to burn the midnight oil.

Since the first public hearings, more NGOs and CBOs attended our committee meetings. About 27 organisations and eight individuals submitted written and oral submissions and presented them to the portfolio committee.

First of all, the Bill and its proposed amendments seeks to address the needs of older persons living in communities by spelling out the kind of services that would support older persons, and by setting up the framework within which such services would be funded and offered in a manner that respects and promotes their dignity and right to independent living.

Furthermore, the conditions for registering community-based facilities such as luncheon clubs are spelt out in the Bill. Similarly, the Bill details the procedures for monitoring norms and standards in the delivery of such services. It has also been argued that, in the context of extreme poverty, older persons are vulnerable to abuse.

Hune mundende wa vhaaluwa wa vha u wone u kholophaho muṱa, u wana henefho muṱani mualuwa e ene a no wana zwiḽiwa zwiṱukuṱuku, zwi songo teaho, ngeno tshelede i tshi khou dzheniswa ngae. Na ene u wana a sa koni na u amba uri tshelede i tea u shumiswa hani. U wana a sa koni na u zwi vhona zwauri u khou tambudzwa lwa ikonomi.

Vha dovha hafhu vha vha zwipondwa nga murafho wa vhaswa. Vha vhiga tshifhinga tshoṱhe zwauri mindende yavho i dzhiiwa nga khani nga vhaḓuhulu vhavho. Na zwa uri ndaka yavho i rengiswa vha songo zwi tendela kana u vhudzwa. Na zwauri a vha na ndila dza u tsireledza pfanelo dza ndaka dzavho. *(Translation of Tshivenḓa paragraphs follows.)*

[In cases where families rely entirely on the older person's grant, you find that the older person is given very little to eat, which is inappropriate, since she is the one who provides a source of income. She has no say regarding the utilisation of her money. You find that she is not even aware that she is being abused economically.

They are also victims of abuse at the hands of the young generation. They always lay complaints that their grants are forcibly taken by their grandchildren. Furthermore, their properties are sold without their consent. They have no means of protecting their properties.]

Chapter 5 of the Older Persons Bill deals with the protection of older persons against abuse. It provides a detailed definition of abuse. Abuse includes any conduct that comprises physical violence, or the threat thereof, towards an older person, or conduct that violates the older person's sexual integrity.

Abuse also includes behaviour that forms part of continued degrading or humiliating treatment of the older person, or withholding of economic resources that the older person is rightfully or reasonably entitled to. It further makes elder abuse a criminal offence, and sets out the procedures to be followed, should such abuse be suspected or reported.

Clause 25 provides that any person who suspects that an older person is being abused should immediately report suspicion of abuse to the director-general or the police.

Arali muhumbulelwa kana mavharivhari a u tambudzwa a songo vhigiwa, o zwi vhonaho u wanala mulandu nahone a newa faini kana a gwevhiwa miṅwaha miṱanu e dzhele kana zwoṱhe. DG na mapholisa vha tea u sala mulandu u yo murahu zwi tshi ya nga nzulele yawo.

Clause dzi tevhelaho dzi tendela mualuwa uri a nga bviswa arali mutakalo wawe u sa tendi. I dovha hafhu ya tendela na u bviswa ha mutambudzi khumbulelwa afha hayani ha mualuwa. *(Translation of Tshivenḓa paragraph follows.)*

[In instances where the suspect, or suspicion of abuse, is not reported, whoever has witnessed that is found guilty and is fined, or a five-year sentence is imposed on him, or both. The DG and police must pursue the case depending on its nature.

The following clauses provide for the older persons to be redeemed from all forms of ill

treatment. It further provides that the alleged perpetrator be thrown out of the older person's house.]

It must also be noted that the provisions of the Domestic Violence Act, Act 116 of 1998, can be applied in cases of physical abuse regarding an older person. Persons who come into contact with older persons in a professional capacity, such as a social worker, a religious leader or a health practitioner, may report the matter to the police, upon which a report or an investigation must be undertaken to ensure that the older person is protected.

Ndi mushumo washu roṱhe kha vhupo vhune ra dzula khaho u pota vhatambudzi vha vhaluwa vhashu kha mulondotavhapo kana DG o newaho muvhigo uri a ite tsedzuluso ya mafhungo ayo. Mualuwa a songo shuma zwiṱaraṱani, u humbela vhudzulo, u tambudzwa lwa vhudzekani, u vhewa kha nyimele ine ya huvhadza mihumbulo yawe, u ṅaledzwa na u vhaiswa muvhili.

Vhukando vhu tevhelaho vhu tea u dzhiwa musi ṱhoḓisiso dzi kati: Mualuwa kha gidimiselwe vhuongeloni arali o huvhadzwa kana a iswe vhukhudoni; nahone mapholisa vha mbo ḓi vhigelwa mulandu sa zwe sekisheni 27 ya zwi vheisa zwone, u itela uri liṅwalo ḽa khothe ḽi bve nahone phondi i mbo ḓi farwa tshenetsho tshifhinga. *(Translation of Tshivenḓa paragraphs follows.)*

[It is our duty in our respective communities to report the older persons' abusers to the social workers or the DG who received the report in order for him to investigate this matter. Older persons must not beg in the streets, nor ask for accommodation, nor be sexually abused, nor be placed in a situation that torments him or her emotionally, and neither must he or she be physically abused.

The following steps must be taken while investigations are underway: If the older person is assaulted, she must be rushed to hospital or any other place of safety. It must also be reported to the police as cited in section 27, and the court order must be issued and then the suspect must be arrested immediately.]

The Bill requires the Minister to keep a register of abuse of older persons. All notifications of abuse must be included in the register, together with the particulars regarding each notification. In addition, the Minister is required to keep a register of all persons convicted of abusing the older persons. No person who has been convicted may operate or be employed at a residential facility or community-based service for older persons.

In conclusion, awareness of elder abuse has also been brought into focus through, *inter alia*, the advocacy of international bodies such as the United Nations, the World Health Organisation and the International Network for the Prevention of Elder Abuse.

The Bill places the responsibility for reporting elder abuse on the shoulders of every member of the community, where they know that it is happening. The SAPS must be trained in the procedures to follow upon receiving a report of alleged abuse, and they must be trained about the special needs of older persons in these circumstances.

Vhathu vha hashu, kha ri fune vhaaluwa vhashu, sa zwine Bivhili ya khou zwi vheisa zwone. Ri na mashudu ngauri vhaaluwa ndi ifa ḽashu. Vhuṱali hoṱhe ri vhu wana khavho nahone kha ri vha fune, ngauri ri zwine ra vha zwone namusi nga mulandu wavho. Ri a vha funa vhaaluwa vhashu nahone kha ri vha tsireledze. Ndi a livhuha. [U vhanda zwanḓa.] *(Translation of Tshivenḓa paragraph follows.)*

[Fellow-people, let us love older persons, as stated in the Bible. We are lucky because older persons are our custodians. They are our source of wisdom and we are obliged to love them, since we are what we are today because of them. We love our elders, so we must protect them. Thank you. [Applause.]]

Ms H WEBER: Madam Deputy Speaker, the

amended Older Persons Bill has been around for a long time and I was pleased to be on the committee that discussed and formulated the amendments. Here I would like to recognise the people from the public who were so dedicated in assisting us. [Applause.]

Although it is not a perfect Bill, it is an improvement on the proposed legislation, which first came before the committee.

The greatest challenge in formulating these amendments was creating a legislative environment, which would help our elderly to live in more comfort and safety than they do at the moment.

In accordance with world trends the idea of the Bill is to keep the elderly in their communities with their families for as long as possible where they can feel productive and where they can be in the company of the people they have known all their lives.

While living in one's community is the ideal, we also know that the elderly are sometimes abused, mistreated and exploited by their families. The Bill goes a long way towards addressing the problems that may arise.

We are all too well aware of how many situations arise in South Africa every day of the elderly being physically attacked even by their own family members.

The amendments go a long way towards developing a more protective environment for the elderly in cases of abuse, by ensuring that the abuser and not the abused is removed from the premises when this becomes necessary. Clearly, it is grossly unfair that the victim is removed rather than the abuser.

Economic abuse is also addressed. Often a pensioner is the only source of income in a family, and this sometimes leads to a situation where they are virtually held hostage by their families for their money.

The rules of admission to institutions have been relaxed, which brings the Bill in line with the Bill of Rights. The DA welcomes this as a much needed progressive step. Although this is a fair Bill there is certainly room for improvement.

Pensioners' discounts are available from a wide range of goods and services in South Africa, in recognition of the fact that the elderly are a particularly needy and vulnerable group. So, why are government departments so slack in following the good example of the private sector?

For instance, you will see in this Bill that no mention is made of subsidised transport for the elderly. That is because the Department of Transport did not come and give a presentation as was requested. This is hugely disrespectful to both the committee and the elderly.

In many countries around the world it is recognised that the elderly should be entitled to special concessions for public transport, particularly at non-peak times when trains and buses are not running at full capacity. It would take little effort, and it would make little difference to financial bottom lines to put such a concession in place in South Africa. But it seems that the Department of Transport can't be bothered.

Furthermore, no mention is made of RDP housing for the elderly, because the Department of Housing also failed to give a presentation as we requested.

For the plight of the elderly to be improved there has got to be co-operation between all departments involved in issues relevant to the problem. This was sorely lacking in the process of developing this Bill.

The DA welcomes the introduction of SASSA, which will see the centralisation of grant payments to a new body. It is anticipated that this will make the manipulation of the social welfare system by the dishonest far more difficult and ensure that welfare money goes to those who really need it. The co-operation between SASSA and Home Affairs makes sense and we hope this will be speedily and effectively implemented.

We also look forward to the day when old people will no longer be forced into funeral schemes or grocery schemes, or have dealings with cash loan sharks who unscrupulously prey on the ignorance of the elderly. Presuming that these provisions are properly enforced, it will now be far more difficult to get away with activities such as this.

Yet legislation on its own is not enough. For example, an active, high-profile and ongoing publicity campaign is needed to ensure that the elderly know they have rights, and how they can implement them. Many of the elderly are illiterate, so booklets and pamphlets will not address the needs of everyone. We call on government to encourage rural radio stations to broadcast programmes educating the elderly on what to do if they are exploited or abused, and for government itself to vigorously promote this new legislation in the media.

We also call on the Department of Health to speed up the supply of aids such as hearing aids and hip replacements necessary for the elderly to spend their twilight years in comfort. Waiting lists are so long that many of the supposed beneficiaries are dead by the time they can be offered an operation.

We ask for better services from clinics, and in particular more staff at these clinics, so the elderly do no have to spend all day waiting, only to be told to return a week later. In particular, we need more nurses at clinics. It is not good enough to produce fuzzy human resource plans if these plans contain no goals or time frames. We need real commitment to measurable targets.

Much of the older persons' plight could be alleviated if we had more social workers. The number of social workers in South Africa falls short of the minimum requirement by over 70%. What is worse, the government's calculation on the estimated minimum number of social workers required in each province is based on the ratio of one social worker per 5 000 people. The department has admitted that it should be 1:1 500 people. In other words, even if there was a full complement of social workers in terms of the government's figures, they would still be grossly understaffed and overworked.

The problems are poor pay and lack of sufficient attention to working conditions. As more and more social workers leave, a larger burden falls on those who remain, making conditions even more intolerable.

The training of new social workers to keep up with the loss is not even remotely sufficient to meet the need. Even without further losses from the ranks of employed social workers, the number of social workers being trained means we will not be able to fulfil our obligation in 40 years.

We request that the Minister looks into this matter with the utmost urgency. The loss of social workers must be addressed. Even if we pay large retention packages, it will not stop the loss.

We suggest that a committee be set up to look at the training of auxiliary social workers specific to the needs of South Africa. This should be cut to two years and hopefully attract dedicated young people who would be committed to assisting those in need.While formal social worker training is to be acknowledged, we do have in most of our rural and informal developing communities particular and urgent needs.

We could introduce and fund a two-year qualification for the thousands of young people who have matriculated and cannot find employment. Let us use this pool to enrich both their lives and those of the elderly.

I thank you, Madam Deputy Speaker. [Applause.]

Ms I W DIREKO: Hon Deputy Speaker, hon Ministers and Deputy Ministers, hon members of Parliament, Commissioner Tom Manthata of the SA Human Rights Commission, who is a champion of the rights of the

elderly ... [Applause.] ... He is sitting somewhere in the gallery with other key role-players from civil society.

It is befitting that the oldest political organisation in this country, the ANC, is now going the extra mile, through this piece of legislation we are debating today, to champion the cause of the older persons of our country.

For too long older persons, grandmothers, grandfathers, old uncles and all of those who fall into this category have been subjected to harsh conditions of neglect and poor service. The ANC, once again consistent in its commitment to creating a better life for all and building a caring society that respects the rights of citizens, is today part of this process of introducing legislation aimed at creating an enabling and protective environment for older persons.

The passing of the Older Persons Bill this afternoon is a significant moment in the lives of older persons, including myself, throughout South Africa, particularly those older persons in rural and poor communities. The debate this afternoon also comes during the week in which we celebrate Human Rights Day and celebrate our human rights, including our older persons' rights to equality, dignity, access to social services and health care services, amongst other things.

The Bill we are debating today reflects the current international development and human rights-based approach to aging in which older persons remain independent participants in their communities for as long as is humanly possible.

It strives to give effect to the United Nations Principles for Older Persons, which state that older persons are entitled to care, dignity, independence, self-fulfilment and the opportunity to participate in family and community life.

The Bill sets out, in chapter two, a framework for creating and establishing a supportive and enabling environment for older persons who live within communities. This is further supported by chapter three, which provides framework legislation for community-based care and support services for older persons.

These chapters are urgently needed as the current Aged Persons Act, which dates back to 1967 and, despite the amendments in 1994 and 1998 to remove offensive racially discriminatory provisions, has become obsolete in its approach to ageing in that it focuses on residential facilities for older persons.

We, older persons, are not pieces of furniture which can be pushed aside as they get old. [Applause.] As we know, the vast majority of older persons, about 99%, live in communities. Very few of our older persons live in old age homes. The thought of placing our elderly in homes for the elderly is not regarded as African in many communities. We therefore need to provide support and community-based services to our elderly in order that they can be assisted to continue living with dignity in communities.

Older persons living in the communities need support. They need practical support in the form of ensuring that all possible avenues of social assistance are made available to them speedily, efficiently and in a caring manner. In order to achieve this, a number of programmes have been identified. Clause 11 of the Bill sets out the community-based programmes for older persons. The clause provides for two categories of community-based programmes. The first provides for the establishment of prevention and promotion programmes, which ensure the independent living of an older person in the community in which the older person resides.

The second category of community-based programmes provides for home-based care programmes that ensure that a frail, old person receives the maximum care within the community through a comprehensive range of integrated services.

This afternoon I will highlight just two

programmes that will go some way in assisting the older persons in our communities that are particularly vulnerable and marginalised. We live in a rapidly changing world and country. The Bill responds to these realities by providing for different programmes for the elderly. For example, the scourge of Aids and its impact on older persons in our country is startlingly apparent. There are many grandmothers caring for their HIV/Aids-affected grandchildren.

Instead of reaching an age where they can look forward to reducing their financial and caretaking concerns, old people are faced with the responsibility of providing for their orphaned grandchildren. Not only has this pandemic placed a heavy burden on older persons, who also have to contend with economic hardships caused by the high rate of youth unemployment, which places an extra burden on them because these are their grandchildren.

That is why Dr Monde Makiwane, a research specialist at the Human Sciences Research Council, who conducted a study on the elderly in Mpumalanga, refers to our elderly as "unsung heroes and heroines of the current pandemic and poverty brought about by unemployment".

These unenviable situations in which our elderly find themselves indicate that more needs to be done to support and assist them. They are the backbones of many communities, the ones who are caring for those who are dying. In fact, an older person who cares for their children living with Aids is the last phase between the dying and death, also taking on the responsibility for the children who are left orphaned.

These grandmothers need education and training on how to care for those who are infected with Aids. They need emotional support on how to deal with the devastating impact of the disease and also how to bring up their grandchildren and deal with the generation gap, which is increasing at a rapid rate.

Older persons need the support in order to be empowered to take on these burdens. Most importantly, they want to be acknowledged and not to feel that they are being taken for granted, as when our young people go dumping children on their grandmothers.

The Bill seeks to address these issues by providing for programmes in clause 11(2)(c), which will provide information, education and counselling services, including with regard to HIV and Aids, care for orphans and basic emergency care.

The new chapter three in the Bill entitled "Community-based Care and Support Services" distinguishes between community services that promote the independence and empowerment of older persons, and home-based services, which provide care to the frail and house-bound. The Bill seeks to . . . [Time Expired.] [Applause.]

Mrs I MARS: Chairperson, hon Ministers, and colleagues, I would like to say that, in a perfect world, we would honour older people and ensure that they live their lives in comfort, surrounded by loving families and friends, and in a caring community that will treat them with affection and respect.

However, there are differences between that world and the real world, and the realities that older people have to face are poverty, the breakdown of family and community structures, and the scourge of death among the younger generation adding increased burdens on older persons, resulting in both emotional and financial responsibility.

Older persons, over recent decades, have increasingly become victims of abuse, in its many manifestations. Physical, financial and psychological, sexual and institutional abuse must be highlighted. The saddest aspect of this is that abuse frequently involves family members and caregivers, and what is more, it frequently remains unreported.

We therefore welcome the Older Persons Bill. It not only sets out to protect older persons, of which I am also one, but also

aims to enhance the dignity and status conferred on all citizens as per our Constitution.

In the past, legislation concerned itself mainly with residential facilities. This Bill, however, acknowledges that the majority of our people not only lack access to such facilities and, more importantly, recognises that it is far more desirable for the mental, physical and emotional wellbeing of older people to remain in their communities and in familiar surroundings. In circumstances like that, they can contribute and be participants in the world around them.

Older people have much to give in terms of counsel and wisdom, and their wellbeing can be monitored by the community. This approach, expressed in the Bill, i e community-based care and support services, must be welcomed by all. Currently this concept is practised by some community-based organisations and nongovernmental organisations, and we hope that our new initiative will create the partnerships for the benefit of older people.

We, however, have one concern that we would like to take up for further discussion. The Minister has actually alluded to this, and given us some of the answers. The concern is about the implementation phase, which, no doubt, will be handled by the provinces. With the departments of welfare being gradually depleted by transfers to the SA Social Service Agency, are adequate resources and staff available to implement this accelerated demand on social services?

We not only have to bear in mind the shortages—other speakers have alluded to this in greater detail because they had more time—of social workers, but also the fact that many public servants in this sector face charges of corruption, which already have led to almost 600 prosecutions.

In supporting this important Bill on behalf of the IFP, I wish to acknowledge the tremendous input on social development legislation by concerned organisations and individuals. A lot of their time and energy is focused on the wellbeing of our most marginalised citizens, and we thank them for it.

Lastly, I want to quote one of our younger committee members, who said that she needed to ensure that this Bill would adequately protect her when she was old. We believe that this Bill creates the framework to do just that. I thank you. [Applause.]

Ms N C NKABINDE: Chairperson and hon members, there are various cultures that make up this diverse nation that have many things in common. One of them is a deep respect for older persons.

Older people have always played a central role in our cultures and communities. This, however, has come under threat from a variety of sources, especially during the course of the last century. The role of older people has been affected by factors such as apartheid and its forced removals, skewed settlements and labour demands, combined with urbanisation and modern lifestyles.

Whereas older people have always been central to our cultures, more and more older people have found themselves abandoned or the victims of abuse and exploitation.

When we speak of the unravelling of the social fabric, it is often the older people who find themselves stranded in circumstances that they do not understand, and are not equipped to cope with. As we build a new and more just society under democracy, we are morally obliged to address also the plight of the elderly.

For these reasons, we welcome the Bill with its focus on the rights of older persons and the community-based care approach. It is time that we return older people to the centre of our communities where we can care for them, as they have cared for us, and where we can benefit from their experiences and wisdom.

We sincerely hope that the authorities will

enforce the Bill enthusiastically. The UDM supports the Bill. I thank you. [Applause.]

Mrs C DUDLEY: Chairperson, hon Ministers, the ACDP is in support of this Bill that goes a long way in preserving and protecting the rights of the elderly. The extensive consultations with organisations serving the elderly and the commitment of the portfolio committee to ensuring that the real issues were addressed and not just glossed over has been inspirational. The department is also to be commended.

The radical new approach of this Bill shifts the focus on the elderly from just seeing them as recipients of grants or objects of welfare to persons with rights. The elderly may now be seen holistically and as a group of people in the same way that youth or women are.

The contribution of the elderly in society past and present deserves to be acknowledged and valued, and society should not squander the opportunity to benefit from the wisdom of their years. Many who gave so generously to fight for freedom, growth and development in South Africa find themselves, in their twilight years, marginalised and vulnerable, and having to fight the most difficult fight of their lives, growing old in a society that does not adequately cater for their needs.

The aged and organisations providing care for them are extremely marginalised and find it very difficult to raise awareness or find funding for programmes and projects, which can benefit all communities. The inclusion of dementia in the Bill means that, at last, in line with other countries in the world, this condition is now a recognised medical condition, and will therefore, hopefully, be accepted by medical aid schemes, etc, as an illness which requires medication, support and care.

In some countries, . . .

The HOUSE CHAIRPERSON (Mr G Q M Doidge): Order, hon member, your one minute has expired.

Mrs C DUDLEY: I've got three minutes . . .

The HOUSE CHAIRPERSON (Mr G Q M Doidge): Can I check with the Table? Is it one minute or three? Three. The clock is on –41. Can we just adjust the clock and then allow Mrs Dudley to finish? Thank you. Please proceed, hon member.

Mrs C DUDLEY: Thank you. In some countries, funding is allocated for research projects, support and skills development to better care for professional, community-based and family-based carers. Research is critically needed in South Africa to fully understand the extent and the number of people affected by dementia in our communities, particularly by the HIV/Aids dementia complex.

Because of this great lack of understanding and knowledge, sufferers are left undiagnosed and become the victims of financial, emotional and physical abuse in their community. Families struggle to cope and many times are in denial about the illness.

The growth and demand for the services of organisations such as Dementia South Africa, the need for information and desperate need for skills development necessitates urgent consultation, dialogue and planning with government departments to ensure that we start addressing the needs of our aging communities, and ensure that they are treated with humanity, dignity, love and support.

This is a fitting debate, having just celebrated Human Rights Day. It is time for the spotlight to be on the needs of the aging in South Africa, and the plight of the elderly.

Thanks must go to the many organisations and individuals who have worked on the Older Persons Bill, including the carers and families who submitted their stories of how dementia and Alzheimer's disease have im-

pacted on their lives, and the challenges that they face. God bless you.

Of course, the real test of this Bill will be in the implementation. So, hon Minister, all eyes are on you and your colleagues, and your respective departments. I thank you. [Applause.]

The HOUSE CHAIRPERSON (Mr G Q M Doidge): Thank you, Ms Dudley. We apologise for that interruption.

Mr B M SOLO: Chairperson, hon Ministers and Deputy Ministers, hon members and fellow South Africans, the role played by older persons in shaping social norms, values and standards cannot be undermined. The care and wisdom they contribute to families, communities, cultural, religious and social groupings have contributed to social cohesion, stability and control.

Sonke silapha nje sikhulele phantsi kwengqeqesho yabantu abadala. Wonke umntu unoyisemkhulu kunye noninakhulu, nokuba abangabo balapha endlwini. Abantu abadala bafundisa ngobomi nendlela ekuphilwa ngayo ngabantu. Ekuhlaleni phaya nakwiintsapho zethu abantu abadala baye babizwe xa kukho iingxaki ezijongene nomzi othile, nokuba umntu omdala lowo akazalani kuloo mzi. Maxa wambi abanye babizwa bekude ukuba beze baze kusombulula loo ngxaki.

Loo nto siyibona kakuhle isenzeka kwiincwadi ezibhalwe ngababhali abamnyama ezifana nezi: *Ityala Lamawele, Ingqumbo Yeminyanya, Ukuba Ndandazile, Buzani Kubawo, Inene Nasi Isibhozo* nezinye. Abantu abadala bayinxalenye ebalulekileyo yobomi bethu, ngoko ke uluntu kufuneka lubonakalise ukubathakazelela, ngoba sithi sifunde kubo indlela engcono yokuphila.

Masiphinde sijonge umQulu Wenkululeko, lowa esithi xa siwubiza ngesilungu sithi yi-Freedom Charter. *(Translation of isiXhosa paragraphs follows.)*

[All of us were brought up under the guidance of old people. Everybody had a grandmother and grandfather at a certain point in their lives, even if it was not a direct relationship. Old people teach us about life and ways by which people live. In our communities different families consult old people when problems arise, even if the person might not be directly related to the family that has presented a problem. Sometimes they are called from far away to come and help to solve a particular problem.

That way of life is documented in books such as *Ityala Lamawele, Ingqumbo Yeminyanya, Ukuba Ndandazile, Buzani Kubawo, Inene Nasi Isibhozo* and many others that were written by black African people. Elderly people are part of our lives. Therefore people need to show appreciation of them because we say that from them we have learnt ways to live life better.

For guidance, perhaps we need to consult the Freedom Charter.]

It says that the aged, the orphans, the disabled and the sick shall be cared for by the state.

Yiloo nto ke namhlanje siqulunqa lo Mthetho uyilwayo ukuze siqinisekise ukuba abantu abadala bakhuselekile, bahleli ngokonwabo. [We are debating this Bill today because we want to ensure that the aged are protected and that they live happily.]

The Bill presented to this House provides for community-based care and support as a means of ensuring that care and support are provided to those persons who supported and cared for us. Of course clause 11(1)(a) and (b) sum up almost all the provisions contained in chapter 3 of the Bill. The aim of these would be to recognise the contribution that older persons make in community life and to create an environment in which their continued participation in the community is promoted as most of our older persons live with their families or live alone, and in many instances support extended families.

Accordingly, the Bill has to ensure that it

deals with their situations and protection within communities, as well as maintain and increase the capacity of older persons to support themselves and contribute to the wellbeing of those around them, including provisions for the broader recognition of the needs of the older persons and the role they are able to play in communities.

In 2001 a ministerial committee found that the abuse and neglect of the elderly were common in residential homes, hospitals, within families, in communities, among persons queueing at pension payouts and in government offices.

The "age of hope" the President spoke about, for older and frail people, can be realised through the many provisions contained in this Bill. Therefore all of us, as South Africans and as professionals, service providers, NGOs and CBOs, religious and faith-based organisations, traditional leaders and healers need to join hands and do our best to ensure that in entering the "age of hope" our older persons are taken on board and that all the issues pertaining to them are addressed.

Njengokuba sihleli apha nje, abanye bethu sele beengwevu. Masithembe ukuba xa sele soluphele, singasakwazi nokuhamba, siya kunonotshelwa. Izolo bendikwesinye isibhedlele, endingazi kusibiza ngagama, ndibukele umakhulu ehamba nomzukulwana wakhe. Kuye kwafuneka ukuba akhuphe imali kwesi sibhedlele. Ndibone isandla sakhe singcangcazela, kubonakala ukuba yimali yokugqibela nale ayikhuphayo. Ngelishwa ke, bendingaphethanga mali kum, mhlawumbi ngendimncedisile.

Njengoko noMphathiswa ebetshilo apha, kuza kufuneka ukuba abantu bafundiswe ngamalungelo abantu abadala, bengafundiswa zikolweni ke phofu, kodwa phaya ekuhlaleni, emibuthweni, kooma singcwabane nasezicaweni. Uya kufika bebaninzi apho ke abantu abadala. Singavuya ke ukuba isebe eli belinokuya kuvela ngokwalo ezicaweni, liye kujonga ukuba lingancedisa njani apho ngoba bayagcwala phaya abantu abadala.

Kubhaliwe naseBhayibhileni kwathiwa: "Ningalili njengabangena themba, ngoba emzini kaBawo zininzi iindawo zokuhlala."

Ngoko ke kufuneka sibalungiselele kwalapha, babuphile obu bomi beselapha emhlabeni. Sicela ke namalungu ePalamente ukuba aphume iphulo lokuya kufundisa abantu. Le nto ayifuni mali; ifuna nje ukuba siye ebantwini, sithethe nabo. Ndiyazi ke ukuba thina kuKhongolozi kuyanyanzeleka ukuba ngalo lonke ixesha sibe sezintlanganisweni. Kodwa ndiyathemba ukuba siya kuzipha ithuba lokuqinisekisa ukuba abantu abadala baphetheka ngendlela efanelekileyo kwaye baphila ubomi obungcono njengamntu wonke. Nalapho kwizithuthizikawonke-wonkemabangatyhalelwa ecaleni, kuthiwe, "Makhulu uyaphi kanye kanye, mela ecaleni." Noko mabaphathwe ngendlela efanelekileyo.

Siza kucela ulutsha ngokunjalo ukuba nalo luncedisane nathi kulo mba. NoMongameli simvile esithi sikwiminyaka yokuphila ngethemba. Ngoko ke masithi xa siphuma apha, emva kokuba siwuphumezile lo Mthetho uyilwayo, abe wonke umntu woMzantsi Afrika, omtsha nomdala, ebona ukuba ithemba likhona, kwanokuba ubomi obungcono sele sibufumene. Ndiyabulela. [Kwaqhwatywa.] *(Translation of isiXhosa paragraphs follows.)*

[Some of our colleagues here have turned grey in the head. Let us hope that when we have also grown very old and can hardly walk, we would be cared for. Yesterday I visited a certain hospital, the name of which I will not mention, and saw an old woman walking with her grandson. She had to pay hospital fees. Her hand shook as she was taking the money out to make the payment and it occurred to me that that could be the last of her pension grant. Unfortunately, I did not have any money with me at that time or otherwise I would have paid for her.

People in general need to be educated about the rights of the aged in our respective communities, community organisations, funeral associations and churches, and the Minister has already alluded to that. Such places are where you would find elderly people. We would even like to suggest that the ministry visits churches to see how it could assist because it is at churches where many elderly people usually are.

In the Bible it is said that we should not cry as though we do not have hope, for in the Father's house there are many dwelling places.

We should care for them whilst they are still among us. I would like to challenge all members of Parliament to go and educate people. There are no costs involved in this exercise. It just needs people to commit themselves to go and talk to the communities. I know, however, that ANC members always need to attend meetings. I do hope, though, that we shall give ourselves time to ensure that the aged are cared for in an appropriate manner and that they live a better life like everybody else. Commuters using public transport also need to be sensitised to this important issue.

I would also like to extend this invitation to the youth to assist us in regard to this exercise. The President said that South Africa has entered the Age of Hope. When we leave this House today, after we have debated this Bill, every South African, young and old, should be able to say he or she has this hope and that a better life is evident to all of us.

I thank you. [Applause.]]

Mr M V NGEMA: Nadeco welcomes the introduction of this Bill as an important measure to close the gaps between our wishes and the reality, which exists in most of our communities regarding perceptions of the aged.

The core of the post-1994 approach is that government should play a leading role in enabling older persons to remain an integral and valued part of their communities, which should accept their responsibility for the wellbeing of their elders.

The Bill retains the age differential between men and women. While the age difference corresponds with the provisions concerning eligibility for social assistance in terms of the Social Assistance Act, there could be a constitutional challenge to the differentiation in this Bill, as it does not relate to social assistance but rather to the access to services. It could be argued that, especially in the light of manner in which the preamble locates the provisions of the Bill of Rights, it is unconstitutional to discriminate against men on the basis of their age.

Our prayer is that advancements in research and development will soon enable us to deal effectively with HIV and Aids and its impact on our society. Failure in this direction will render this piece of legislation an ornament devoid of any application, as there would be no older persons to protect.

Nadeco would wish for this legislation no longer to be applicable only because our future older persons need no more protection from the state resulting from their self-sufficiency.

I thank you.

Mr I S MFUNDISI: Chairperson and hon members, older persons are some of the most vulnerable in society when it comes to abuse, ill treatment and deprivation. The Bill seeks to address all that and ensure that they also retain their dignity and are not seen to be living at the mercy of some who have turned themselves into demigods.

How often have we learned of grannies being robbed of their pension money and, in some cases, assaulted by their grandchildren, children or even other next of kin? There are of course situations in which they are kicked out of their homes, as the hon Direko said earlier on.

In keeping with the policy of my party, the UCDP, the Bill seeks to shift institutional care to community-based care. In all our years as a party and in a government, we have maintained that . . .

. . . ngwana wa mosetsana o tsholla seruwa sa ga mmagwe . . . [. . . a girl child always takes care of her mother . . .]

. . . emphasising that old people should be cared for and maintained within their homes and familiar surroundings. After all, culturally, the extended family comes into the picture under such circumstances.

We also welcome the guiding principles for provision of services. It has to be recognised that older people have a right to make a social, cultural, economic and even political contribution, and as such, they should participate in decision-making processes at all levels.

No one has a right to say to older people they should cease to practise their political activities and rights. It is for this reason that, in the recent local government elections, there was a 90-year-old candidate.

We are humbled by the ignorance that still prevails about HIV/Aids among our older persons. To mind comes the plight of traditional healer Mampatho Kumkani, the septuagenarian of East London who, out of love, washed the wounds of some girl with bare hands, unaware of her HIV status, and she in turn contracted the virus. It is in such circumstances that education and counselling on HIV and Aids should be made available to older persons. Thanks should be given that her community is supportive to her in her plight. We should fight with all our might to ensure that our older persons are cared for and thus hope to live longer as promised to us in the fourth commandment.

The UCDP supports the Bill. [Applause.]

Mrs D M GUMEDE: Hon Chairperson, hon President *in absentia* together with the Deputy President, and all hon Ministers present in this House today, hon members, comrades and friends, together with our fellow South Africans, I greet you all.

Chairperson, I am one of the luckiest people to be given an opportunity to speak about this piece of legislation, which represents me, because I am already a part of the older generation. My specific focus with regard to this Bill will be about the facilities we are accommodated in.

If I am old and I am not treated well where I am staying, it does not mean I just have to stay confined to that kind of life. The ANC-led government has tried very hard to introduce a Bill or a piece of legislation that is going to let us live in a better manner, as we grow older and older.

As I have already said . . . but before that point, let me just go to the next one. It is really embarrassing that people from other countries recognise the good points of the ANC-led government, as the hon Kofi Annan stated when he addressed us here. He proved to us that South Africa is one of the best countries in the world.

But, most unfortunately, some people are not aware of that, but that is purposely. Any way, the masses of this country have once more, for the sixth time, proved that they have confidence in the ANC as a party and as a government.

Let me go back to where I was earlier. In this Bill, there is the word "facility". This word "facility" replaces the previous word used, which was "ouetehuis". I used to wonder what it was, because I could not see anybody going to that "ouetehuis". It is just that now I realise that that "ouetehuis" was meant for some special older persons somewhere.

Today I am speaking of something different, a transformed "ouetehuis" that is called a facility, which accommodates all older persons of all kinds and of all races around South Africa. Every older person is allowed to choose a facility of his or her choice, and

this must be kept in the register of that particular older persons register.

These facilities are bound to being registered. I can't just get up in the morning and say "I have got a facility". I have got to follow all the necessary procedures that are required. I should follow each and every necessary procedure that is followed by other institutions of this country.

Thus, the facility must be registered. It must be user-friendly to each and every older South African—for example, the frail older person, the disabled older person or their next of kin. If I am admitted to a facility as I am, nevertheless, somewhere I have a daughter, or son or an in-law who is disabled.

So, if I am in that facility, she or he will want to visit me in that facility, but if the facility is not user-friendly towards them, that is not allowed. These facilities must all be well equipped with staff, and be fully and nicely furnished.

When we speak of the staff, we are referring to the staff that will be trained according to expected measures as pronounced in the Bill. This is not to say that I will run my facility in one way, and that the other one will lead it in another way, and that another one still will lead it in whatever other way. It must all be done in the same manner as provided in the Bill. In other words, there must be uniformity in running those facilities.

The most important thing about the facilities—I am going to focus on the facilities—is that these facilities are bound to be running 24 hours a day. The Minister of Social Development, as the one who will be overseeing all the facilities together with all who are being delegated with him, might agree otherwise with somebody who might not be able to run the facility for 24 hours, but if it is not run for 24 hours, where will that older frail person be for the other 12 hours, if during the day he or she will be with me?

I think the Minister will have to dwell on it, and then clarify that each and everybody who runs a facility or who goes and takes his or her parent or older person to a certain facility is bound to comply with the rules and regulations of running a facility.

If one person is found not doing that—perhaps running a facility in his or her own way, if the facility is unregistered or if the facility is meant for certain people where, if an older person or frail person enters my facility, I look at who you are and where you come from, and I do not admit you even though I have a space for you, for certain reasons—that person is guilty of an offence. He is automatically going to be found guilty before going to the magistrate. You do not accommodate somebody because he or she is somebody. You accommodate him or her because he or she is an older person or a frail older person.

An HON MEMBER: What about the rule of law?

Mrs D M GUMEDE: They are bound, never mind the rule of law. [Interjections.] By the way, that remark reminded me of something. Let me once more make this institution aware that the ANC-led government understands that a clever broad-minded leader never stops planning, because even though he did well yesterday, he plans to do better tomorrow. [Time expired.]

Ms S RAJBALLY: Chairperson, Ministers, our veterans in the gallery and in the House, I greet you. The MF applauds the introduction of the long-awaited Older Person's Bill. The MF maintains an active role with the older persons in its constituencies. We realise the value of our older persons and the responsibility incumbent upon all to ensure the wellbeing and safety of these veterans.

The MF is especially pleased that the same

realisation is made in this Bill. The provisions made in this Bill promise a better life for all veterans.

We, however, are concerned. In reality, sadly, older persons are victims of a series of types of abuse, which the MF is determined to stamp out. We feel that an actual monitoring body other than the professionals mentioned in the Bill needs be established to monitor, oversee and ensure the wellbeing of our older persons. Also the forms of abuse need to be further elaborated into a range of the forms of abuse that occur.

It is however promising that service delivery will be prioritised for our older persons, but we request a monitoring body, once again, to ensure such prioritisation is made.

We take this opportunity to request a far better pension for our older persons. The MF finds that R840 as a pension is far too low to meet the costs of living, especially if you take into consideration how pricey basic necessities are. Perhaps a nutrition programme needs to be considered for our older persons who do not have family or loved ones to subsidise their living.

The MF calls on the House and the public at large to realise the value of older persons, and to commit to contributing to their wellbeing. If we socialise this care and commitment to our older persons and our children, they shall carry this responsibility into their adulthood, when you are perhaps an older person. We are all protected by our Constitution, but our democracy depends on its practice by all.

Remember, you are not old; you are gold. The MF supports The Older Person's Bill. [Time expired.] [Applause.]

Mr S SIMMONS: Chair, hon Minister, hon members, by the age of 65 and 60 in the case of males and females respectively, most people have decided to retire from active participation in the formal sector where they have made their contribution to improving the country politically, economically and socially. The aged should then retire and enjoy their retirement.

The fact that it was found necessary to introduce a Bill of this nature, amongst other things, to deal effectively with the plight of older persons is a clear indication that the aged referred to are not enjoying their retirement. The plight of the aged is so serious that this Bill had to be submitted to Parliament to protect older persons, amongst others, against abuse, of which there are many forms.

Although the department must be commended for the role played and initiative taken, the question that should be asked is: Why did it take so long for this Bill to be tabled? I am sure the measures prescribed in the said Bill will sufficiently address the problems experienced by the aged.

The United Party of SA supports the Bill. I thank you.

Mr L M GREEN: Chairperson, honouring and obeying our parents—our elders—is one of the first commandments that come with a promise. This commandment says that if you obey and honour your mother and your father, you are guaranteed to live a long life. So, hon Minister, I think you are biblically correct by introducing the Older Persons Bill, and I wish to commend you and your department for doing this.

The greatness of a country is judged by how they treat their most vulnerable members: the very young and those who are very old. The care and protection of the older person should become a priority, especially those who are poor and those who live in rural areas where they are marginalised and most vulnerable. Often the elderly are perceived as dispensable to modern society, and therefore they are vulnerable to social, psychological and physical abuse.

The older person should be respected for his or her wealth of wisdom, experience and resourcefulness. Many older persons are central to caring for families and communi-

ties, frequently volunteering their service to care for children, often their own grandchildren.

The Bill indicates the commitment by government to redressing the inequities of the past and to upholding the constitutional values of respect, dignity and the wellbeing of all, especially of the vulnerable, marginalised and older persons.

According to the 2001 census, the total older person population was 3,2 million, representing a growth rate of 16,1% compared to the 1996 figures. The Department of Social Development estimates that by 2009 the figure will have risen to 4,2 million. While this figure represents 7,3% of the total population, indications are that older persons play a proportionately greater role in family and community, and in the social and economic development of 19,3 million children.

The Federation of Democrats supports this Bill, and we believe that history will judge us harshly if we neglect to care for the frail and the elderly. I thank you.

Nkul T M MASUTHA: Mutshami wa xitulu, swirho swa nhlengeletano wa tiko wo vumba milawu, holobye wa Nhluvukiso wa Rixaka, Tatana Zola Skweyiya na hinkwenu etikweni ndza ni xeweta. Ndzi ri xewani. Ndzi twa van'wana va nga hlamuli. Ndzi ri xewani.

Namuntlha mhaka leyi nga emahlweni ka hina yi hi mayelana na swikongomelo na timfanelo ta vakulukumba va hina, ndzi vula vakokwana, a madorobeni na le makaya. Hina Nawumbisi lowu wu nga emahlweni ka hina, lowu wu nga langutela ku susumetana na ku seketela swikongomelo leswi. Kambe, ndzi nga si ya emahlweni na mhaka leyi, a ndzi lava ku mi rhamba hinkwenu kuri hi tlhelela endzaku eka malembe ya 50 lawa ya nga hundza, hi tsundzuka vamanana lawa nga tiboha va lwela ku nchunxeka ka hina, loku hi tiphinaka hi kona namuntlha, lava va nga ya ePitori va macha, va nga twanani na timhaka ta mapasi na ku kandziyeriwa hi milawu ya apartheid hi minkarhi yaleyo.

Vamanana lava va ha hanyaka namutlha hi vona vakokwana va hina lava ndzi tshembaku kuri va tsakela ku vona ndzima leyi va nga yi tlanga na leswi hi nga swi fikelela, nhluvuko na nchunxeko lowu hi nga eka wona namuntlha. A hi va nkhenseni. [Swandla.]

Swotala swi vulavuriwile namunthla, mina ndzi vonile swi fanela kuri na vanhu va hina lava va nga yangiki eswikolweni, va nga tiviki xilungu lexi kumbe va nga xi twisiseki ngopfu-ngopfu vona vakokwana lava nawu wu nga kongomana na vona, hi hlamusela swilo leswi hi ndlela leyi va nga ta kota ku yi twisisa na vona, na milawu leyi hi karhi hi yi endlaka va ta kota ku yi tirhisa hi ku tiva kuri yi kona milawu leyi na kuri yiendleriwile kuri yi vapfuna hi ti ndlela tihi.

Nawumbisi lowu nga emahlweni ka hina, lowu se wu nga hundzusiwa eka Yindlu leyi n'wana- hi leswo eka NCOP, lowu se nga mahlweni ka hina hi ri Nhlengeletano ya Tiko yo Vumba nawu i nawu lowu tisaku swilo leswo hambana na swilo leswi nga eka nawu lowu nga kona sweswi. Xin'wana xa leswi nga hambana leswi nawu lowu wu swi tisaka loko hi wu fanisa na nawu lowu nga kona i ku nyiketa kumbe a ndzi xikulukumba i ku endla leswaku vakulukumba va nga ku loko se va kurile ku va leswaku va susiwa emindyangwini ya vona na le rixakeni va ya vekiwa le tlhelo le. Mfumo, hi nawu lowu wu lava ku ringeta ku kota ku seketela mindyangu, rixaka, swifundza na hinkwayo minhlengeletano leyi tirhelanaka na ku hlayisa vanhu lava vakulukumba. Wu va seketela hi tindlela to hambana ku katsa na ku va nyika timali leti nga ta va pfuna ku kota ku endla ntirho lowu.Xin'wana lexikulu lexi tisaka nawu lowu i mhaka ya ku vona tindlela to tala leti vakwana wa hina ngopfu-ngopfu va xisati va karhatekaka hi tona hi ndlela leyi va xanisiwaka hi yona. Mi ta ndzi khomela xichangana xi pfa

xitsutsuma. Na ku tisa tindlela tintshwa leti va nga kotaka ku kuma ku seketeriwa kuri na vona va kota ku tiphina hi timfanelo leti un'wana na un'wana erixakeni a kotaka ku tikuma.

Xin'wana xa swilo leswi hi nga swi vona hi ri Palamende, leswi hi ringetaka ku swi lulamisa, hi leswo u kuma kuri vatirhela mfumo va tirha hi ndlela leyi yo ka yi nga nghenelani, un'wana na un'wana u tirha hi ndlela leyi a tirhisaka xi swona a nga ri na mhaka ya kuri lava n'wana vona va swi vonisa kuyini. Xin'wana xa swilo leswi hi ringetaka ku swi endla hi nawu lowu i ku ringeta ku endla kuri vatirhela-mfumo va tindzawulo hinkwato leti ti tirhelaka mfumo va tirhisana leswaku vakulukumba va kota ku kuma matirhelo hi ndlela yo hetiseka leyi faneleke.

Ndzi lava ku kombisa swinene leswaku ku fikela sweswi, hi vile na tindlela to hambana tanihi mfumo lowuntshwa wa ANC hi nga ringeta ku seketela timfanelo ta rixaka hi ku angarhela. Swin'wana swa swilo leswi hi nga swi endla ku fikela namuthla, loko hi langutisa endzhaku emalembeni ya khume ya 12 lawa ya hundza i ku ringeta ku nyika vanhu lava nga swisiwana kuri va ta kota ku kuma mati, gezi leswi nga hakeriwiki. Va kuma tiyindlu lomu va nga tshama va hlayisekile kona. A ka leswi hinkwaswo hi ringetile ku endla kuri vakulukumba va hina va nga siyiwi endzaku na vona va angarhetiwa eka matirhela lawa ndzi nga wa hlaya.

Kambe, xin'wana xikulukumba lexi ndzi lavaka ku bula hi xona hi leswo votala va hina, a hi kurisiwanga hi vatswari va hina. Hi kurisiwile hi vakokwana. Nkarhi lowu a va fanele va tshama ehansi va wisa va ku mbaa! I nkarhi lowu va nga tikuma va karhi va langutisanile na ntirho wo kurisa na ku ondla vatukulu. Leswi swi endlile leswaku vakokwana votala ngopfu ngopfu hi mhaka ya ku lova ka vatswari hikokwalaho ka HIV/ Aids na switsongwa-tsongwani swin'wana na tindlela tin'wana leti endlaka vakokwani va sala va ondla vatukulu hi mhaka ya leswi vatswari va nga lova vana va ha ri vantsongo, va va siyile ndzhaku na vakokwana va vona.

Nawu lowu xo sungula wu langutana na ndzima leyi vakokwana va nga yi tlanga, vakulukumba va hina va nga yi tlanga erixakeni ku hluvukisa rixaka, matirhelo yo hambana lawa va nga pfuneta eka wona na swin'wana na swin'wana leswi va swi endlela rixaka kuri ri ya emahlweni.

Xavumbirhi, nawu lowu langutisa ndlela leyi vakulukumba va nga va pfunetaka ku yisa rixaka emahlweni na kuri ku nga vi na xihlawuhlawu na vona va kuma nkarhi wa kuri va kota ku tlanga ndzima yo karhi ekuyiseni emahlweni ka rixaka.

Ndzi lava ngopfu-ngopfu ku vula leswaku hambileswi nawu lowu nga ta va wu nghenisiwa eswifundzeninkulu- eka tiprovhinsi, swa fanela kuri hina eka National level hi hluvukisa mintolovelo na maendlele lawa ya nga ta fambisa swifundzankulu leswaku eka matirhelo lawa a nga ta yisiwa emahlweni ehansi ka nawu lowu ku va na ku tirha hi tindlela to fana, leswaku hambi kuri ematiko xikaya kumbe emadorobeni hi kota ku fikelela matirhelo lawa ya fanaka. U ta kota ku fikelela leswi van'wana va swi fikeleka na wena. Swa fanela kuri vanhu hinkwavo ku nga ri na mhaka kuri va le kwihi. Swintsongo leswi nga kona na vona va phameriwa leswaku hinkerhu hi ta kota ku swi fikelela.

Ndzi lava ku nkhensa ngopfu mintlawa yo hambana na tinhlangano to hambana leti nga tlanga ndzima eka ku aka ka Nawumbisi lowu. Ndzi lava ku nkhensa holobye ku tisa nawu na ku susumeta kuri nawu lowu wu hundzisiwa hi ku hatlisa. Hikuva i khale hi wu rindzerile, i khale vanhu va hina na rindzerile va la va kuri na vona nchunxeko lowu hi nga ka wona wu va na nchumu wo karhi lowu va wu komaka eka wona. Ikomu. [Swandla.] *(Translation of Xitsonga speech follows.)*

[Mr T M MASUTHA: Chairperson, members of the National Assembly, the Minister of Social Development, Mr Zola Skweyiya, and everyone in the country, I greet you. I say hello. It seems as if there are some people who are not responding to my greetings. I greet you.

The issue at hand today is in relation to the aims and the rights of our elderly people, our grandparents who live in the urban and rural areas. The Bill we have today is designed to urge and support these aims. Before I proceed with this issue, let us look at what happened some 50 years ago in remembrance of the women who pledged to fight for our freedom—the freedom we have today—and who marched to Pretoria in protest against the dompasses and apartheid laws of that time.

These are the women whom I called our grandmothers, who I believe want to witness the role they have played, the achievements they have made, and the development and the freedom that we have today. Let's commend them. [Applause.]

A lot has been said today, but I saw it fit to give clear details of this Bill, so that it would be easy for our people who did not get a chance to attend school—those who do not understand English, especially our grandparents for whom the legislation is made—to understand the legislation we make. They will be able to apply them, knowing that the legislation is there to assist them in whatever way.

The Bill which is before us as members of the National Assembly is from the NCOP. This Bill is different from the legislation that is in place now. Some of the things that this Bill ensures is that older persons are not removed from their families or from their communities and placed in secluded areas.

Through this legislation, the government is trying to support families, the nation, the provinces and all the organisations that assist in caring for the elderly. The government supports these structures in different forms, including funding them in order to render a better service.

Another thing that prompted the drafting of this legislation is the way in which some of us are oppressed, especially women. You will pardon me; I sometimes lose my Shangaan vocabulary. The legislation also brings new ways that can be used in seeking support so that they can also enjoy the rights that everyone does.

Another thing that we found as Parliament, that we are trying to correct, is that public servants do not work together. Everyone works the way they deem fit and they do not care about other workers' views. Some of the things that we are trying to do through this legislation is to make sure that public servants from all government departments work together so that the older persons can get better service.

I want to state clearly that up to now, as the new government led by ANC, we used many different ways to support human rights in general. Some of the things we have done during the past 10-12 years have been to provide free water and electricity to the poor. They have houses where they are safely staying. While doing all of this, we tried to make sure that our elderly people are not left behind, by making it a point that they are covered in all the processes that I mentioned.

One major thing that I want to talk about is that our parents did not raise most of us here; instead we were raised by our grandparents during the time they were supposed to have been resting. This is the time they were faced with the task of caring for and raising their grandchildren. This has been so because of the death caused by the scourge of HIV/Aids and other related diseases, including other factors that left the grandparents with no choice but to take care of their grandchildren.

For a start, this legislation concerns the part played by our grandparents, the elderly, in

developing the nation, the different systems they used and anything they did for the nation.

Secondly, this legislation looks at the way in which our elderly can help in developing the nation and making sure that people are not discriminated against and also giving them an opportunity to play a role in developing the nation.

I want to emphasise that although we know that this legislation will be taken to the provinces, it is necessary that we at national level develop ways and systems that will govern the provinces. Actually, the ways and systems that govern this legislation should be carried out in the same way whether in rural or urban areas. You'll be able to achieve what others have achieved. The little that we have must be distributed to everyone wherever they are.

I would like to express my sincere appreciation to the different structures and organisations that played a role in the making of this Bill. I want to thank the Minister for bringing this legislation and for urging that it be passed immediately. We have been waiting for it for a long time. Our people have been waiting for a long time for the freedom that we are enjoying, in the hope that there will be something that they are going to gain from. I thank you. [Applause.]]

The MINISTER OF SOCIAL DEVELOPMENT: Mr Chairman, may I first of all thank this House for the assistance, help and advice it has given the department, as well as for its experience and expertise, generally, in compiling and ensuring that this Bill got to this stage. I can say clearly that there is no other issue that all parties in this House agree more on than this issue of the elderly and the issue of children.

I have always received a lot of support from different parties with different ideological positions in order to ensure that the issue I am raising here necessarily gets through. Despite that, I think I would like to raise my voice in gratitude, basically with regard to the members that have remained very closely connected with this Bill, especially from the elderly in this House who have guided us and who have given us advice—from all parties—on how to treat this issue, from the old apartheid law to what it is today.

I think it has been more than four or five years that we have been dealing with this issue. Among those members, may I just mention a few: the hon Direko, the hon Tshivhase, the hon Mrs Mars, the hon Masutha and many others; they come from all parties, and include the hon Weber and the hon Dudley, for what they have been able to give ... [Inaudible.] [Interjections.] [Laughter.] I talked about giving assistance, not age. The first few were a little bit ... [Interjections.]

They have all assisted us, from different angles, and we would like to say thank you. I hope they will continue to ensure that the Bill is implemented in the manner and the way in which they had thought of it, so that it should increase the availability of resources for the elderly and for children in a future South Africa, and currently.

More importantly, I would like to offer my gratitude and assistance to civil society for the manner in which they guided, assisted and advised in terms of how this Bill should be set out in order for it to be what it is and according to the resources that we have today. I really express my gratitude to all of them. [Applause.]

More importantly, may I single out Mrs Mary Turok and Mr Tom Manthata ... [Applause.] ... for their assistance, their letters, their advice, their notes and formulations that they have, over the past five years, brought to the department's attention and for assisting the department to ensure that those issues were reflected in this Bill. I thank you from the bottom of my heart, and I thank you generally in the name of thousands of elderly people who want better service from govern-

ment, who want better service from society and from their community.

Once again, I think with all parties and civil society working together, we have been able to achieve what we want to achieve as South Africans—working for the same cause despite the fact that we come from different parties and have different outlooks. Thank you once again. Thank you, Mrs Mars, for everything. [Applause.]

Debate concluded.

Bill read a second time.

HUMAN RIGHTS ARE PEOPLE'S RIGHTS: DEVELOPMENTS IN SOUTH AFRICA

(Debate in Recognition of Human Rights Day)

Mr I D MOGASE: Chairperson, hon members, friends and all those who have come to this Parliament to learn about what is happening here, we meet today to commemorate Human Rights Day. As we remember and honour the revolutionary sacrifices of men and women who stood firm against the pass laws, we celebrate the life of those who were massacred in Sharpeville on 21 March 1960 and all those who lost their lives elsewhere in the struggle for liberation.

The recognition of 21 March as Human Rights Day is, on its own, a landmark victory that communicates to us a message to stand up and claim our rightful place in our country. It further represents a revolutionary spirit to reject apartheid in all its forms and to reassert our humanity in all its diversity.

Forty-six years ago black people decided to stand up against the hated document called the dompass.

Mme, botsotsi ba ne ba e bitsa a stinka. [And criminals referred to it as "stinker".]

This hated document was designed to restrict our movement and freedom. This document denied the overwhelming majority of our people who are black the right to vote. This hated document prescribed to all blacks where to work and where not to work; it prescribed to us where to stay and where not to stay; and it further prescribed to us where and whom to marry sometimes. It also prescribed to us . . .

E ne e boetse e re behela meedi ya hore ha o eya lenyalong kapa Khombakhombeng, o tlamehile ho tshwara pasa. [It further prescribed that we should carry passes whenever we went to social gatherings or weddings.]

Whilst we all know that there were many other confrontations over the pass laws in other parts of the country, the Sharpeville massacre stood out as the most brutal act of terror against a defenceless and unarmed people, killing 69 of them. In fact, after these killings one Minister, Blaar Coetzee, remarked in Parliament here many years ago that "only" 69 Bantus were killed—"why do you worry about it?"

As a country we have taken giant strides in addressing the past wrongs and in doing away with white racism and discrimination, and I must thank the ANC for leading the way from such a brutal state in the past. Most importantly, we have taken practical steps to empower our people by adopting the Bill of Rights as the cornerstone of our Constitution, and we have embraced the principle of coexistence between blacks and whites and the vision of a shared common destiny.

Today, with the legal framework made possible by the ANC-led government, our constitutional order respects and protects everyone. Today everyone can exercise his or her right to vote in his or her own land. Today the elderly are enjoying the fruits of sacrifice we made during the struggle. Today the government has a strong social security net for the needy and the elderly and to protect the weak and the vulnerable.

Thanks to the revolutionary sacrifices of those patriots that lost their lives in Sharpeville and elsewhere in the struggle for

liberation, we can claim today that ours was a revolution for a better humanity, and a revolution for the advancement and emancipation of the child, the youth and the elderly.

Today we must pride ourselves, and indeed this House and all those who were in the struggle, on having moved our country to a better place. We say: "Halala, halala the Freedom Charter, halala." [Applause.]

Ms M SMUTS: Chair, I'm sure the hon Mogase will agree that the constitutional and legal framework was made possible not only by the ANC, but by all of us representing our countrymen and countrywomen and who negotiated the transition. [Interjections.] I think it would be most unfortunate to imply anything else. So that human rights are people's rights—that is our subject—should go without saying. Fundamental human rights are, by definition, indivisible. They are for all people, or they don't exist as fundamental, inalienable rights at all.

There cannot be one category of humans who have more rights than another category. The state may not grant rights and privileges to any one group on any one basis—sex or race for example—whilst withholding those rights and privileges from others. That is the old system on which we all turned our backs when we made the new South Africa. The state may never unfairly discriminate between categories of people in the new South Africa. That is why the right to equality is the cornerstone of the rights-based democracy, which we became after 1994.

Now, however, as we look back 10 years after the adoption of the final Constitution in 1996 and our subjects ask us to look at developments, we do have to ask ourselves whether human rights in South Africa are in practice—all of the people's rights indivisibly.

I would like to quote here our hon Deputy President. She struck a fresh note soon after her appointment when she told Brendan Boyle of the *Sunday Times* that government had "messed up" the communication of affirmative action. Those were her words. She insisted, and I quote further, that "South Africans, including whites who had taken retrenchment packages to make way for transformation, would be the first recruits in an organised search for talent to drive the country's infrastructure programme," the roll-out of which she is the chief sponsor.

She also castigated civil servants and local government councillors, saying that she was tired of hearing excuses rather than plans. In this respect, also, she confirmed what the hon the President first promised the DA's Willem Doman here in Parliament: it was to Willem Doman that the President said that existing skills would be consciously recruited.

Our Deputy President is disarmingly frank. That's why I like her so much. But, equally frankly so, it is not the communication of affirmative action that has been messed up; it is affirmative action itself. It has gone wrong and we, all of us here together, have to put it right. The fact is that the government's transformation policies are not really rooted in equality. Not really. I would like to argue that they actually conflict with the constitutional vision.

In our Constitution, corrective action is built into the concept of equality, which includes laws and measures designed to protect or advance persons or categories disadvantaged by unfair discrimination.

Corrective action is not a qualification of equality here, rather—and I would like to use the words of the Deputy Chief Justice Dikgang Moseneke—"the achievement of equality is a process". But those measures and laws, which are described in section 9 of our Bill of Rights, must promote the ultimate goal of equality. The Constitutional Court has so ruled more than once. There must be —and these are the legal tests—a rational relationship between means and ends, as well as proportionality.

Such measures cannot impact disproportion-

ately on those who lose out. Affirmation action cannot constitute the arbitrary advancement of a set of interests. The goal cannot be control, and it most certainly cannot be control through racial rigging. The Constitution does not anticipate race as the overriding determinant of advancement. It nowhere envisions the numbers-based—the quantitative approach—which the ruling party has taken with its demographic determinism, with its employment laws, with the equity percentages built into black economic empowerment.

Go and look at your Constitution. In every single instance where it deals with representivity, it asks no more than that the relevant appointing body, whether that is the Judicial Service Commission or the committees choosing the chapter 9 bodies, consider the broad reflection of the race and gender composition of our country. They must consider it. But here is what they must do. The mandatory injunction is that the appointees be fit and proper for the job and comply with legislated requirements. That is what the Constitution says.

There is only one instance in which the broad representivity is itself mandatory, and that is the public administration, but here too the representivity remains broad. You do not do bean counting. And the constitutional injunction still is that employment and personnel practices in the public administration must be based, and I quote, "on ability, objectivity and fairness".

Now here is what our Deputy President said on this subject: "It was never the intention that jobs should be given to people who are not qualified. That is indefensible." Hear, hear, is all one say, because it does not favour a person so appointed any more than it favours the institution to which that person is appointed. It's a recipe for failure. Yet, that is exactly what has happened and that is not equality.

I refer now particularly to the third sphere of government which, I think for all of us, still occupies our minds. It is therein particularly that transformation has turned into a travesty of true affirmation action. It's not in dispute that the dysfunctionality of 136 out of our 284 municipalities is due to a skills crisis, driven by employment equity. That is the government's own diagnosis. It is not in dispute that lack of skill is the cause for the phenomenal debt run up by the 23 largest municipalities. The adjective is from the Auditor-General who also made this finding.

But why has this happened? Quite simply, because Ministers like the hon Minister for Provincial and Local Government think, and now I'm quoting his reply to one of our questions, that: "There needs to be a justifiable balance between skills and expertise on the one hand, and affirmative action on the other, when appointing municipal managers." Do you see where this goes wrong?

In his mind—or he pretends to believe—ability and affirmative action are mutually exclusive. I personally find that rather insulting to black South Africans, but the point I'm making here is that that is not what the Constitution says. The Constitution asks for both—ability and affirmative action—and it does not allow the state to exclude South Africans of any given colour: brown, white, Indian brown. It does not exclude any of us from eligibility for appointment before the process of the consideration of the quality of the candidates and the broad representivity has even started. If a person is not considered eligible to serve their country, then you do not have equality.

It's time that we got to work and sorted out affirmative action. Let's make it work in the proper way, so that it benefits all of our institutions and the individuals whom we are determined should be fast-tracked so that we can all benefit from the quite glorious diversity of our country's citizens. Thank you. [Applause.]

The DEPUTY CHIEF WHIP OF THE MAJORITY PARTY: Chair, during her intervention the hon Smuts referred to people as brown, as Indian brown? Could she just clarify what exactly she was talking about?

The HOUSE CHAIRPERSON (Mr K O Bapela): Hon members, we need to be careful with racial terminologies. [Interjections.] I say we need to be careful, so that we contribute here to building, as the Constitution dictates to us, a nonracial society. However, descriptions ... [Interjections.] Let me finish. However, descriptions in terms of a particular grouping will always be there within a particular context, not in a derogatory manner.

Unfortunately, I was not here at the time that was mentioned. Therefore I'll just say: Let's be careful that we are not derogatory, but, at the same time, description will always be allowed, because we may be speaking of a particular grouping and we may want to refer to it specifically in our debate. But let's then do it in such a way that we promote this constitutional provision of building a nonracial society and one South Africa. Thank you.

Mme M S MAINE: Modulasetulo, maloko a Palamente a a tlotlegang, ditshwanelo tsa botho jaaka ditshwanelo tsa bomme gore di diragale, go tlhokega leano la go rotloetsa le go sireletsa ditshwanelo tsa bomme. Re tshwanetse go mametlelela ditshwanelo tsotlhe tsa botho segolobogolo, se se tswileng mo ... *(Translation of Setswana paragraph follows.)*

[Ms M S MAINE: Chairperson, hon members, human rights like women's rights need to be upheld and a programme is needed to ensure that the protection of these rights is realised. We need to include all issues pertaining to human rights, especially those that were raised during the ...]

... Convention on the Elimination of All Forms of Discrimination Against Women, Cedaw ...

... ditshwanelo tsa botho mmogo le ditshwanelo tsa bomme di tshotse maemo a ntlha ka fa tlase ga puso ya ANC. Mo Aforika Borwa, puso ya ANC e tlhokometse gore e nna karolo ya Molaotheo wa naga. Ditshwanelo tsa botho di tsaya boinelo gotswa kwa dinageng tsotlhe go tsenyeletsa le dimametlelelo tsa Cedaw. Aforika Borwa ga ya bolo go itsalanya le ditshwanelo tseo ka e le moono wa ANC. Se, se tsenyeletsa Cedaw le Beijing Platform of Action. Ke ka moo Aforika Borwa e sa keng ya okaoka go ntshafatsa Cedaw ka 1996, ya ba ya tswelela go tsenyeletsa ditshitshinyo tsa teng mo molaong, maanong le mo mananeong a naga.

E rile ka 1998, ra neelana ka repoto ya bobedi kwa Cedaw. Puso ya rona e tshwaragane le Human Rights Commission, the Commission for Gender Equality le NGOs, ba ne ba tsaa maikaelelo a go bopa lenaneo la ... *(Translation of Setswana paragraphs follows.)*

[Human rights and women's rights are a priority for the ANC-led government. In South Africa, the ANC-led government should ensure that they become part of the country's Constitution. Human rights occupy the centre stage in all countries around the world including Cedaw's amendments. South Africa has long aligned itself with Cedaw's amendments as this has been an ANC ideology which includes Cedaw and the Beijing Platform of Action. This is the reason South Africa did not hesitate to amend Cedaw in 1996, and continued to include proposals for inclusion in the Constitution, its manifesto and national programmes.

In 1998, we presented Cedaw's second report. Our government is busy with the Human Rights Commission, the Commission for Gender Equality and NGOs. They undertook to build a ...]

... national action plan on protection and promotion of human rights ...

... jaaka go ne go tshitshintswe ke World Conference on Human Rights.

Ditshwanelo tsa botho di kaya gore jaaka e le ditshwanelo tsa bomme, re na le tshwanelo ya go itlhophela. Fa mme a iphitlhela a le

moimana mme a sa rulaganya e bile go na le mathata a a ka kgoreletsang go nna le ngwana ka nako eo, o na le tetla ya gore morago ga go lebelela mabaka otlhe, a tseye tshwetso ya go emisa boimana boo; ka bo tlaa tsenya isagwe le kgolo ya ngwana mo mathateng. Ka jalo, batho ba emise go tla fa ba bua gore seo ke polao.

ANC e tlotla le go diragatsa ditshwanelo tsa botho jaaka tsa bomme. Fa o lebelela ka fa go tlhophilweng bomme mo ditlhophong tsa pusoselegae tse di sa tswang go feta, o itemogela gore ANC ga e bue ka dipounama fela mme e diragatsa se e se buang. *(Translation of Setswana paragraphs follows.)*

[... just as was suggested at the World Conference on Human Rights.

Human rights embrace women's rights, which give women a right to choose. If a woman discovers that she has an unplanned pregnancy, which may create problems during birth, she has the right to terminate the pregnancy after thorough consideration, as this could endanger her life and that of the baby. Therefore, I would like to encourage people to stop equating this practice with murder.

The ANC respects women's rights as it does human rights. The election of women candidates in the latest local election bears testimony to the fact that the ANC practices what it preaches.]

A national consultative forum on human rights was established after the launching of the national action programme to co-ordinate its implementation. The national consultative forum on human rights has since been working on a comprehensive human rights education programme. In the interim, national departments have their own education programmes on rights, including women's human rights. The national consultative forum also receives regular reports on progress achieved with regard to the protection and promotion of human rights.

National institutions, government departments and various and civil society structures also have elaborate ongoing human rights education programmes, with the SAHRC taking the lead. The key programmes and projects on the advancement of human rights of women in this regard have included antivirginity testing advocacy by the Commission for Gender Equality, CGE; antiwitchhunting; radio programmes and workshops on customary marriage law by the Department of Justice and Constitutional Development; programmes seeking to popularise Cedaw and related human rights instruments; national human rights awards by the SAHRC, CGE and the Independent Electoral Commission; ongoing human rights and legal literacy education that involves pamphlets, posters, radio, television and newspapers.

Measures are implemented on an ongoing basis to strengthen the independent state-funded constitutions of statutory bodies and the administrative mechanisms that have been created since the onset of democracy to support democracy. These institutions monitor the protection and promotion of human rights including the human rights of women, in compliance with the Constitution and South Africa's international human rights obligations. The institutions work together to monitor and promote various aspects of human rights.

International human rights norms, including the provision for Cedaw, have been integrated into the South African constitutional, legal and policy framework. As reported previously, the Constitution has a justiciable Bill of Rights, which includes an equality clause. The equality clause prohibits direct and indirect discrimination on the grounds of sex, gender, pregnancy, material status, race and various other grounds or combination of grounds.

In line with Cedaw, the notion of equality that underpins the Constitution is that of substantive equality. Gender aspects are systematically included in South African country reports on all human rights instru-

ments that are binding on South Africa. Examples in this regard include country reports on the Convention on the Rights of the Child; International Convention on the Elimination of Forms of Racial Discrimination; International Convention on Civil and Political Rights; Convention Against Torture and other Cruel, Inhuman or Degrading Treatment; International Conference on Population Development; Copenhagen Declaration on Social Integration and the African Charter on Human and Peoples' Rights.

Go totobetse e bile ga go belaetse gore ANC ke moeteledipele fa go buiwa ka ditshwanelo tsa botho. Bomme ba Aforika Borwa ba motlotlo ka wena ANC, ka o ba buseditse serodumo le seriti go nna baagi ba boammaruri. Ke a leboga. [Legofi.] *(Translation of Setswana paragraph follows.)*

[It has been confirmed that there is no doubt that the ANC is a leader when it comes to human rights. South African women are proud of the ANC for having restored their pride and dignity as real citizens. Thank you. [Applause.]]

Mr M B SKOSANA: Chairperson, Human Rights Day, Heroes Day or Sharpeville Day, any way one wishes to define it, raises the perspective of human tragedy precipitated by the state of a fallen man, as the philosopher St Thomas Aquinas would have concluded. It set for me as an individual a rendezvous with the meaning of rights and freedoms.

Forty-six years after the massacre at Sharpeville, the conundrum for me still persists, for one—and the greatest reason—it is because at the age of 13 years, motivated more by adventure than politics, I found myself taking part in the protest at Sharpeville police station. I will always recollect that day differently from those who only had oral accounts and those who only read of the killings.

Twelve years after the political emancipation of black South Africa, many are still struggling with the experiential meaning, the scope and the depth of the rights and freedoms of black South Africa. Sheikh Anta Diop argued throughout the 1970s and 1980s that complete political sovereignty in the post-colonial African state could not be recovered outside the historical, cultural, linguistic, psychic and the economic emancipation of black Africa, that is the development of the whole man.

However, in the post-apartheid South Africa the misfortune of social and psychological development of black South Africa finds his nemesis in the words of the then Minister of Native Affairs, Dr Hendrik Verwoerd, to Parliament in 1953 when he said, and I quote:

> When I have control of the native education, I will reform it so that natives will be taught from childhood to realise that equality with the Europeans is not for them. People who believe in equality are not desirable teachers for natives.

The evidence of this is the current resilient nightmare to our exclusive political freedom. As Paulo Freire and others would have said, the oppressor continues to live in the mind of the oppressed. I think we should check that with ourselves at some point.

The political leaders of a people and progenies who have been subjected to the most reprehensible violation of human rights for more than three centuries are required by the command of history and the divine dream of the afflicted poor to work selflessly to introduce radical transformation of the educational system at all levels to complement a radical reconstruction of the economy.

Since the Universal Declaration of Rights in 1948 classified the rights as civil and political, social and cultural, they have become indivisible. The failure of a state to translate these or the Bill of Rights into meaningful human rights is to court social disorder, polarisation and a civil strife, I believe, of unimaginable proportions.

Thank you, Mr Chair.

Mr L W GREYLING: Hon Chair, the topic of human rights has proven to be a popular issue of debate. However, the commemoration of human rights in South Africa for this year is even more special than past commemorations. It coincides with the tenth anniversary of our democratic Constitution, which serves as the pillar of all rights in our country.

The ID would like to congratulate all South Africans on their receptiveness to the upholding of human rights, especially given our tragic history of apartheid. However, our newspapers are still flooded with reports about human rights atrocities such as rape, murder, discrimination based on race and sexual orientation, and others.

Our children and youth are growing up in an environment where such acts have become the norm, leading to a subconscious disrespect of our Constitution. The solution is simple: We as members of the legislative powerhouse in this country must educate those who we represent about human rights. We must educate our children and youth about what they are entitled to as a means to ensure the sustainability of the respect for human rights in this country. The logic is straightforward: There is no point in commemorating human rights each year when daily injustices threaten the sustainability thereof.

The ID's position is as follows: The sustainability of true human rights practices are in the hands of all public officials involved in government. If we don't come up with more strict . . . [Time expired.]

Rev K R J MESHOE: Chairperson, while the ACDP acknowledges the fact that progress has been made to promote and develop a culture of human rights in the country, we nevertheless argue that much still needs to be done to protect the rights of victims of crime, women and children.

The ACDP is saddened and deeply disturbed by the reported details in today's *Star* newspaper of the vicious assault a four-year-old boy endured at the hands of his mother's lesbian partner for refusing to call her "Daddy". Why should an intelligent four-year-old boy lose his life for refusing to call a woman "Daddy"? Why should he sustain horrific injuries, including a fractured skull and brain damage as well as broken legs, collarbone, hands and pelvis, just for correctly refusing to call his mother's lesbian partner "Daddy"? This four-year-old boy was correct in believing that a "Daddy" can only be a man, and not a woman, and sadly, he died for his belief.

This Parliament must do more to protect children who are exposed to such sinful relationships to ensure that such a heinous crime is not repeated.

The ACDP is equally shocked by the public humiliation, intimidation and abuse of a woman who chose to break her silence about an alleged rape. The rude and unacceptable behaviour of some of Jacob Zuma's supporters outside the Johannesburg High Court must be condemned in the strongest possible terms. It was barbaric for some of JZ's supporters to burn photos of Zuma's accuser and to chant "Burn the bitch" and other insulting slogans in front of the High Court and the police. Sadly, Mr Zuma did not call them to order.

The slogan "Wa thint' umfazi, wa thint' umbokodo" has been seriously undermined by thousands of women who blindly support their political hero and viciously lambast another woman crying for justice.

These sad developments in our country will cause many rape victims to keep quiet about their trauma and ordeal for fear of further public humiliation and victimisation. The time has come for this Parliament to vigorously protect the rights of victims of crime, particularly those of rape victims.

Mr M J MALAHLELA: Chairperson, I was swayed to respond to some of the interesting

aspects of South Africa today. If a South African takes to this podium and speaks about affirmative action as a way in which the ANC is heading society, that South African must also go back and understand why it is that, in South Africa, when you speak of affirmative action and you look to the Act that determines the question of employment equity, it talks about "black" as a generic term, which includes blacks, Africans, so-called coloureds and Indians. [Interjections.]

The question that needs to be asked is: Why, in a society that is egalitarian, would there be a situation where an Act on this matter would be promulgated? It tells to you that there was a problem, a problem that needed to unravel the injustices that were perpetrated by the colonial masters. It is a colonial master who feels, unfortunately, now, as and when we as the ANC tend to correct these aspects, that the ANC is racist.

Interestingly, this colonial master, whose economic relations have not been changed for the benefit of the poor, but are still to his benefit, stills feels that when the ANC changes this economic relation, the ANC is racist. This economic master has been and continues to be not impoverished. This colonial master who perpetuated apartheid and racism would not in anyway trumpet the fact that South Africa is changing, because at some stage, one of the writers in our revolution said: "It is a bit unpalatable to be overthrown."

Unfortunately, or fortunately, in South Africa, the overthrowing of the colonial master was not through the barrel of a gun, but through an exercise of that which this Bill of Rights, of that which this human rights culture, speaks to today.

If you go to the Labour Appeal Court, hon Smuts, and look at the court roll of how many people come to the Labour Appeal Court to specifically deal with matters that relate to affirmative action, you would not be coming here and making those insinuations, because this Bill of Rights, this human rights culture that we are celebrating also gave impetus to these people who go to the Labour Appeal Court and contest their rights within a court of law. You will only come here and talk about these things when there is no platform for any South African whatsoever to begin to challenge these things that it become an injustice.

Interestingly, people speak about the fact that, yes, in yesteryear those with political clout had isolated thundershowers, and yet, today is better than yesterday, and yesterday is surely better than the day before.

It is only those who understand and feel what it means to have been impoverished who would speak about these aspects. It is only those who understand what it means to have been economically subjugated who would speak about these aspects. It is only those who understand what it means to have been imprisoned and have a government that uses the judicial system to sentence them to death who would speak about celebrating a human rights culture. [Applause.]

A human rights culture cannot be celebrated in a vacuum, for history cannot only be that which we decide to think about. History cannot only be that which we decide to tell society about. If you speak about history, you must also go back and understand why, if today you are sitting in Sandton, and speaking about affirmative action for a person who comes from Alexandra, who still, up till now, feels that today is better than yesterday and has a reason to celebrate. This government has said that no longer should it be that employment should be for the chosen few, that which the colonial masters, who are making a lot of noise on my left, are trying to protect. [Applause.]

The most important aspect of a choice in South Africa still has to be understood, because amongst us as revolutionaries, there were those who were liberation theologians, who never, in any way, pretended that the storm was not coming and buried their

heads in the sands. Those liberation theologians came out and said that South Africans have a right to choose. If South Africans of a particular sexual orientation feel that they have rights of whatsoever nature, which rights we are celebrating here today, which rights we are speaking to here today, which culture we are inculcating here today, those South Africans have a right to have their rights expressed.

If South Africans today feel that I cannot be attracted to hon Meshoe, they have a right to do so. [Laughter.] [Applause.] If hon members in Parliament feel that the only attraction that I have would be to Malahlela, let them exercise their right to attraction. [Laughter.]

If as South Africans we want to be holier than God, who would not enter heaven as and when we die, because God said to us that He gave us ears, eyes and a head to transform reality, and as and when we transform reality, we are not transforming reality yearning for where we have never been. We are transforming reality, yearning for what we want us to be. For us to want to yearn to go where we have never been, by isolating and living that which we are dealing with here today, is absurd. That is not liberation theology, and hence, the activists of liberation theology are not on my left, many of them. [Applause.]

It is in this context, as I conclude, that all of the South Africans who have a right to say today that today is better than yesterday know what it means to have slept without food on their table. These South Africans cannot be hoodwinked in any way to want to believe that today there can be democrats aligned in opposition against democracy, when these democrats were never there when Solomon Mahlangu was hanged; when these democrats were never there to say to South Africa that whether we die or not, we will liberate this country. They were in the comfort of their houses, but they are making a lot of noise today. [Applause.]

Dr G G WOODS: Chairperson, issues of behavioural values are the cornerstone of Nadeco's emerging identity; values that transverse the society, community, family and the individual. The central tenet of these aspirations is human rights, therefore South Africa's fine Bill of Rights.

While our essential focus concerns the values upon which the Bill's first-generation rights are based, we, like many of you, realise that these first-generation rights are often dependent on the realisation of the second-generation or socioeconomic rights; for example, when you have to think about the connection between crime and poverty.

In this regard, as Nadeco, while encouraged by the human rights consciousness with which the South African society is steadily imbued, we are aware that the deeper human rights culture we seek will ultimately depend on improved socioeconomic circumstances in our country.

Mr I S MFUNDISI: Chairperson and hon members, the question of human rights is as old as man. The rights of some people should not impose on those of others. We should be tolerant of one another. We in the UCDP believe that, to have harmony, we should love, respect, serve, consult and be tolerant of one another.

There is a long way to go before we can have a just society. More than a decade ago some organisations taught their followers that other people meant nothing. It is for that reason that up to this day there are those who distinguish people according to the colour of their skin.

It is unfortunate that human rights have in recent times caused hurt to some people. There are villages that live in peace but have been invaded by some people who occupy their land with impunity and go on to threaten them in their places of abode. It is unfortunate that people in rural areas such as Supingstad, Lekgophung and Masebudule that had public transparent in abundance 10

years ago have to be crammed into vans as their means of transport. It is unfortunate that the people at Ratlou, in Thaba-Nchu, who had government facilities at their doorstep 12 years ago, now have to travel 70 km to Bloemfontein to receive government services.

We, in the UCDP, will go down bewailing the violation of the right to life that is euphemistically called termination of pregnancy. We maintain that, much as some rights are protected, that right concerning the lives of those young people is violated.

We must, of course, hail the new legislation that has been brought to bear, such as the promotion of equality and prevention of unfair discrimination of 2000. However, we have to admit that inculcating a culture of human rights is a process that has to be allowed to take its course and not be hurried to take place overnight. Thank you.

Ms K R MAGAU: Chairperson and hon members, on 26 June 1955 the people of South Africa gathered in Kliptown at what was called the people's congress and developed a document called the Freedom Charter, which later became a blueprint for a democratic South Africa.

The tenth clause of the Freedom Charter, which says: "There shall be peace and friendship," links us as a country to the region that is the SADC, to the continent and the world. What this clause demands us to do is to ensure that South Africa shall be a fully independent state, which respects the rights and sovereignty of all nations.

We shall strive to maintain world peace and settlement of all international disputes by negotiation, not war. Peace and friendship among people shall be secured by upholding equal rights and opportunities. The right of all people of Africa to independence and self-government shall be the basis for close co-operation.

In the next few minutes, I would like us to assess the extent to which human rights, as peoples' rights, in the region—that is in the SADC, on the continent—that is Africa, and in the world have been entrenched in the context of clause 10 of the Freedom Charter; and assess challenges met along the way, if any.

The vision of our country's foreign policy is that of an African continent that is prosperous, peaceful, democratic, nonracial, nonsexist and united; and which contributes to a world that is just and equitable. In this age of hope, we are committed to promoting South Africa's national interests and values, the African Renaissance and the creation of a better world for all through this policy that is underpinned by the following principles: a commitment to human rights; and commitment to promotion of democracy, justice and international law. We are also committed to international peace and internationally agreed upon mechanisms for resolution of conflict.

Regarding the commitment to the promotion of democracy within the region, both the SADC executive and SADC Parliamentary Forum have played a complementary and critical role in that all member countries hold regular elections, and fairly strive to adhere to SADC principles of observing and administering elections. It must also be mentioned though that a lot still needs to be done regionally in improving people-to-people relations and entrenching human rights.

Regarding the African Union and Pan-African Parliament, the Peace and Security Council of the African Union is doing well in promoting peace on the continent. The justice and human rights committee of the AU has been established to deal with human rights issues. We also have to take this opportunity to congratulate Judge Ngoepe on his appointment as a judge of the African tribunal court which in itself is a right step in the right direction in that it will enable Africans to have African solutions to African problems.

Concerning international law, our first de-

cade of democracy coincided with a decade in which the continent and the world have been in a radical change, that is in world politics; and which has also seen increased interdependency among states. This has also led to the overhauling of the continent's multilateral systems, eg the transformation of the OAU into the African Union. South Africa is now a major player in the international arena, a role which means that South Africa has to adhere to, respect and advance human rights in all aspects.

As a country, we continue to be a major and influential player in the development of international human law. We are also one of the leading countries in the United Nations who continually evaluate the effectiveness of existing human rights treaties, and propose additional instruments in the process of setting norms and standards with a view to update and strengthen such treaties.

We also welcome the approval by the United Nations for the establishment of a new human rights council aiming at strengthening the world body's machinery to promote and protect fundamental rights, and deal with major human rights offenders. We believe that this change will also advance the cause that we stand for.

Regarding peace and conflict resolution, as a country, we played a crucial role in resolving conflicts in a number of countries on the continent such as Burundi—a process which was started through successful management of the implementation of the Arusha peace and reconciliation agreement. We also managed the facilitation of the Burundi peace process, and continued engaging Burundi and role-players to a point where a referendum and very successful elections were held on 4 July 2005. An observer mission from South Africa was constituted and it was composed of some members from this House.

Those who were there will remember the phrase that was articulated by children in Burundi. There is a phrase that says: "If you want to see the world, you must look at it through the eye of a child." As children of Burundi met and saw South Africans, whether part of the South African troops or the mission, they always referred to a phrase, which means peace. They said: "Mahoro, South Africa, Mahoro!" I see the hon Mathebe has already left . . . the hon Direko will always remember that.

We are also involved with assisting the DRC's post-conflict resolution, development and organisation of democratic general elections sometime this year. A defence co-operation agreement and a memorandum of understanding on practical assistance regarding the integration of armed forces were signed in June 2004.

The other country in which we are doing work to entrench peace and conflict resolution through negotiation, and not war, is Sudan. South Africa's bilateral relations with Sudan are expanding rapidly, following President Thabo Mbeki's official visit at the end of 2004 and the signing of the comprehensive peace agreement on January 2005.

The Department of Foreign Affairs, the Sudan People's Liberation Movement, SPLM, and Unisa are involved in a capacity and institutional-building project for Sudan which was launched on 5 February 2005. The AU committee on post-conflict reconstruction also held a meeting that was chaired by South Africa here in Cape Town on 18 February 2005 to discuss areas of support from AU and member states.

A lot of patience is needed though in dealing with the conflict in Sudan in the sense that it is a conflict which is very complex in nature. The situation in Darfur appears to have taken a turn for the worse, with the Janjaweed militias having been joined by rebels from Chad. The AU Peace and Security Council has sent some peacekeeping forces to Darfur but it now sees the necessity for UN troops to be deployed in the region to augment the efforts of the African Union.

The HOUSE CHAIRPERSON (Mr K O Bapela): Hon member, your time has expired. Sorry about that.

Ms K R MAGAU: Thank you.

Mr R B BHOOLA: We as a nation have grown into a democracy and have achieved so much for our people. The national Constitution serves as the backbone of our democracy. Its values and principles are enshrined and upheld in ensuring that a true democracy depends on such values and principles being instilled and upheld in every facet of South African policy, legislation and society.

However, ensuring a true democracy depends on such values and principles being instilled and upheld by all South Africans. The Bill of Rights clearly upholds human rights and condemns any action in contravention of these rights. It is dependent and incumbent upon all South Africans to ensure that our rights are not compromised and that we celebrate the rights we have received from birth.

I take this opportunity to remember all those comrades who fought for what we have achieved today. Never again shall oppression be our people's end, but forever shall it be a South Africa built on freedom, democracy, unity and courage, and not on the basis of one's skin colour.

The MF pays its respects to all those victims of apartheid who sacrificed their lives in the battle for democracy. We salute you and celebrate democratic South Africa in honour of you. I thank you. [Applause.]

Ms N M MDAKA: Chairperson, hon members, as we were celebrating our Human Rights Day last Tuesday, it became clear from different events held countrywide that, as a country and a people, we still have a long way to go in order to adapt to our ever-changing political, social and economic circumstances, and to commemorate the lives we lost in a fitting way, in order to enjoy this Freedom Day.

There have been significant advances in formal democratic terms. However, from a human rights perspective, much remains lacking, especially the respect for women's and children's rights. We still remain the country with the highest incidence of violence against women and children, a society whose morals are fast decaying.

We need to respond to this challenge by ensuring that moral regeneration is not just a case of one group imposing its views on another. It should become part of our daily lives to ensure that our women and children celebrate their hard-won rights like all other citizens of this country. I thank you

Mr S SIMMONS: Given the magnitude of the responsibility laid upon the SA Human Rights Commission, I am convinced that the commission can fully achieve its goal despite its admirable achievements to date. I say this because of the lack of public visibility and the general public's limited acquaintance with the commission and its mandate.

We can only claim to have truly achieved a culture of human rights when the ordinary South African knows exactly how his rights are protected, and what he can do to remedy the situation when these rights are infringed. This is not the case at present, despite the SA Human Rights Commission's admirable work to date.

I am therefore of the opinion that by also increasing the commission's capacity, ordinary South Africans will become better informed about the role of SA Human Rights Commission and what the value of the commission is to each person.

We have to be mindful that great challenges lie ahead. I thank you.

Mr G B MAGWANISHE: Deputy Chairperson, hon members, fellow South Africans, today we talk about human rights as free people. Not so long ago, any reference to human rights or to the Freedom Charter was regarded as communist and therefore illegal.

People have died and suffered just for saying: "I am a human being, and I want to be treated as such."

This day demands of us to say thank you to the people of South Africa for the sacrifices they have made for us to be free. We need to say thank you to the mothers and fathers who up to now do not know where their children are, but even now will say South Africa belongs to all who live in it.

We need to say thank you to the workers, the rural poor, the youth, and the elderly, who defied rainy weather and long queues to vote for the continuation of a better life and democracy.

We cannot have human rights unless there is democracy. I think we must say thank you to the organisation that has been able to unite our people to be their own liberators, the ANC. [Applause.]

Our people, led by the ANC, have always understood that there is something better than oppression and bondage, and that is a life of dignity guaranteed by the Bill of Rights and the Freedom Charter.

The language of human rights is indeed becoming a universal language. It is increasingly becoming the standard against which the world judges countries, and countries judge the world.

Last year, we celebrated the 50th anniversary of the Freedom Charter. This year, we shall celebrate the 30th anniversary of the 16 June massacre of innocent young people who were fighting for human rights to be enjoyed by all. We shall also be celebrating the 50th anniversary of the Women's March, which was about fighting for the people to be treated with dignity.

As we remind ourselves about these important revolutionary events, I think it is important for me to ask the same questions which were asked by the then Deputy President of our country, now the President of South Africa, the hon Thabo Mbeki, in 1997 as to whether we are making the requisite progress in building a nonracial society; in building a nonsexist country; in healing the divisions of the past; in achieving a peaceful co-existence of all our people; in creating development opportunities for all South Africans, irrespective of colour, race or class, belief or sex; in improving the quality of life of all citizens; whether our actions have been and are based on the recognition of injustices of the past, and whether our actions have genuinely sought to promote the integrated constitutional objectives of national unity, the well-being of South Africans, peace and reconciliation between the people of South Africa, and the reconstruction of our society.

Without fear of contradiction, I can say with pride that the ANC is committed to creating a nonracial society. Our policies and laws which have been passed in this House because of the ANC majority bears testimony to that. The 50% count of women in local government also bears testimony to our commitment to gender parity.

As long as we are still enjoying the confidence of our people, we shall continue to implement policies that strive to achieve a nonsexist society.

We commit ourselves to continuing to fight poverty, unemployment and all issues that degrade our people. We shall continue to mobilise society to fight the abuse of women and children. It is important to bear in mind that it is not only the state that can be guilty of human rights abuses. Private citizens can also be guilty of such acts.

We also commit ourselves to better the lives of the youth and the people living with disabilities because we believe that all must be equal before the law. All must enjoy the country's wealth. The doors of learning and culture must be open to all. There must be peace, security and comfort. The land must be shared among those who work it. Unless one achieves these ideals, human rights will

be meaningless. There shall be a fleeting illusion that can be pursued but never achieved.

On behalf of the ANC, let me thank all those who participated in this debate, even those who said a lot of nothings. Let me also thank the hon Malahlela for making my life very easy in educating the hon Dene Smuts. She has embarrassed herself dismally today. [Applause.]

Debate concluded.

The House adjourned at 17:31.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Translation of Bill submitted

(1) The Minister of Finance

(a) ***Begrotingswetsontwerp*** [W 2—2006] (National Assembly—sec 77)

This is the official translation into Afrikaans of the ***Appropriation Bill*** [B 2—2006] (National Assembly—sec 77).

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Trade and Industry on Budget Vote 32: Trade and Industry, dated 17 March 2006:

The Committee received a briefing from the Department on Trade and Industry (DTI) on the Strategic Plan and Budget Vote of the Department on 15 March 2006.

The Context

The Director-General outlined the context around which the strategic plan was formulated. These include achieving and sustaining higher GDP, a need to increase job creation, a need to increase investment, the need to increase exports, broadening economic participation by means of BB-BEE and enterprise development as well as recording levels of consumer and business confidence. Also, the shortage of skilled labour, volatility of the Rand, low inflation and interest rates.

Strategic Objectives

These include promoting direct investment and growth in the industrial and services economy focusing on employment creation, contributing towards the development and regional integration of the African Continent within the NEPAD framework as well as promoting broader participation, equity redress in the economy and raising the level of exports to promote global trade.

Achievements

- National Consumer Credit Bill published for comment.
- Consumer Bill approved by Cabinet.
- Draft Companies Bill discussed with local and international reference team.
- Competition Policy Review document finalised.
- Effective participation in the 6th WTO Ministerial Conference.
- Ongoing engagement between SACU and US on possible FTA exploratory talks with India.
- 13 Investment Protection Agreements and Bilateral cooperation agreements concluded.

- Apex Fund launched in five provinces.
- Finalised Codes of Good Practice.

Strategic Goals

- Policies and Strategies, for example, Trade policy, WTO, bilaterals, Africa and NEPAD.
- Legislation and Regulation, for example, National Lotteries Act.
- Enterprise and Industrial Finance, for example, Apex Fund operational on 1 April 2006.
- Support for the Strategy, for example, focus on recruiting, developing and retaining skills.

Budget

The DTI's budget has evolved over the years. As the responsibilities increase so does the budget. Enterprise and Industry development combined uses more than half of the budget (33,7% and 38,7%) respectively. Other than that 8,9% is spent on Administration, TISA is allocated 8,8%, 4% is used for Consumer and Corporate Regulation, 3,5% for International Trade and Economic development and 2,4% for Marketing. This is from a total budget of R3 665 900.

Comments

Members' thorough questions and comments interacted with the presentation critically as the full minutes of the meeting attests. The Chairperson thanked the DG of DTI as well as his colleagues and members for their contribution to the meeting.

2. Report of the Portfolio Committee on Sport and Recreation on the Oversight Visit to the Eastern Cape, dated 15 March 2006:

1. Background:

Report of the Portfolio Committee on Sport and Recreation on the oversight visit to the Eastern Cape dated 15 March 2006, reports as follows:

The Portfolio Committee on Sport and Recreation undertook an oversight visit to the Eastern Cape as part of the oversight function. The visit took place from 17 to 21 October 2005. The delegation visited Port Elizabeth, Grahamstown, East London and King William's Town. The multiparty delegation that constituted the visit to the Eastern Cape was:

Mr B M Komphela, Chairperson (ANC); Mr M M Dikgacwi (ANC); Mr C T Frolick (ANC); Mr E Mtshali (ANC); Ms D M Morobi (ANC); Mr L Reid (ANC); Mr S J Masango (DA); N Mbuqe (Committee Secretary) and N Chaso (Committee Assistant)

2. Terms of reference:

The aim of the visit was to:

1. Visit the key nodal areas where community mass participation programmes have been launched by Sport and Recreation South Africa [SRSA] and development plans for the Indigenous Games and Mass Participation Programmes (MPP) for the disabled and women.
2. Determine the understanding and the preparedness of the province on School Sport after the signing of MOU between SRSA and Department of Education Ministers.
3. Meet with the local sport councils and management

committees of the provincial academies on their admission/selection criteria and programmes, linkages to the national academy and sources of funding in terms of corporate entities. Meet with sport councils to establish their involvement in national events such as the 2010 World Cup and also the plans they have for rural areas because sport councils are a direct responsibility of the national department and to find out how they are resourced by the department.

4. Visit areas where Building for Sport and Recreation programme (BSRP) is implemented, evaluation on the efficacy of the programme with regards to mass community participation and determining the state of readiness of local structures to become implementing agents for the programme.

5. The impact of MIG in building of sport facilities.

Port Elizabeth

1. Meeting at Nelson Mandela Metro on 2010 World Cup presentation

The delegation gave a broad overview of the objective of the visit. The deputy executive mayor gave brief background of the municipality and emphasised the need of frequent interactions with municipality, provincial and national legislatures. The regular interactions would improve delivery of services. He assured the meeting that whatever decisions will be taken would be for a good cause.

Mr Komphela, the leader of the delegation, added on the intensive discussions that the Committee and other provinces already visited feel about MIG. He mentioned the difficulty and the time it is taking to build facilities compared to Building for Sport and Recreation Programme (BSRP).

Councillor Charmaine Williams responded to the issues tabled by the delegation that some need to be addressed as:

- A challenge of division within the sport codes needs urgent attention.
- In order to get funding from MIG fund a project must be in place in the current budget that makes things hectic because budget is a big challenge.
- Lottery Fund impacts heavily on councils to maintain facilities. Letters that must accompany the applications are received very late most of the time.
- The more the municipality upgrades and maintains facilities impact on the maintenance budget. Those applying are advised that their plans must fit with the municipality plan and identify the nodes that need facility upgrading. There are presently seven identified sport nodes. Lottery has made a big impact and nodes have benefited a lot but not enough has been done.
- There is restructuring grant given by National Treasury of R500 000 for maintaining sport facilities. A sport facility manager will be a solution to this problem, not a caretaker.
- Each ward has a representative

for facility maintenance and to avoid vandalism in the areas.

- Motherwell facility is considered for World Cup 2010 as a training field.
- Municipal manager has been tasked to look at the leased facilities.

The deputy mayor proposed that the provincial education department and municipality must reach an agreement on maintaining their sport fields at school level, ie service level agreement, so that schools can pay after getting the invoice for services rendered.

Presentation on preparedness of Nelson Mandela Metro for 2010 WC.

The main objective is to get the city status for games. Construction will start in March 2006, hoping for completion in December 2007. A detailed audit is done on safety and security. Seven hospitals not less than seven minutes from the stadiums is good. The distances between stadiums, hospitals and transport points have been calculated and planned accordingly.

Questions/concerns

- A concern was raised about the small airport and whether it is going to handle the arrival of people.
- Has the municipality been in contact with LOC for the announcement? As the municipality has proposed R476m from the National Treasury, what would be the municipality's commitment?
- Will the facility be used after the World Cup?
- What plans are there for the municipality regarding the rugby stadium that is not suitable for the Soccer World Cup?
- Are the volunteers qualified health workers?

Responses

- An overall plan to upgrade the airport is online but the landing strip is being attended to. Need assistance in lobbying since SAA cut down planes to PE. This will impact on viability of landing.
- In terms of budget everyone is waiting for the announcement. Professional consultants are employed with R22m raised from commitments. The stadium is going to be Vision 2020 project with long-term loan. The facility should be multipurpose for rugby, soccer, etc, but no athletic track on it.
- Rugby stadium is found unsuitable but there is another plan for the site, but rugby will be relocated.
- Health volunteers are not all qualified as health workers but are given training on basic health care.

Mr Gidane added that on soccer development there was Soccer Indaba hosted in October 2001 and Vodacom teams invested R1,7m.

Visit to Nelson Mandela Soccer Stadium

The project is on municipal land named Prince Albert Park Bowling Club. It is identified for the building of a stadium for 2010 World Cup. The identified area

used to be white-dominated, but now owned by 70% Black. There are four routes coming from other areas, taxis, train station closer and the area is easily accessible and is very advantageous looking at the distance from other townships. The decision has been communicated throughout, including sport structures, during preparations.

Meeting with Eastern Province (EP) rugby

Mr Phillip Joseph, CEO, gave a detailed presentation on governance issue, challenges and recommendations about the rugby issues, as follows:

- It is governed by its constitution. The present structure was elected end of 2004 consisting of one president, 2 deputy presidents and vice presidents. From this structure some are responsible for high and primary schools, one in charge of disciplinary issues and there is no provision for by elections in the constitution.
- The area stretches from Tsitsikamà to Karoo with five (5) subunits.
- Subunions have elected structures that play in super leagues and from the 115 clubs, competitions are arranged among the subunions. The top 24 are top leagues and are divided into top 12 and bottom 12.
- Second division is divided into three legs that are named after heroes.
- There are also subcommittees that meet monthly, eg finance and also executive committee meets every month end on the second Thursday. The Union comprises of 15 unions out of the 115 clubs.
- Rugby is divided into two, the commercial and noncommercial.
- The challenge for schools is finance to buy equipment or kit when children had to go to competitions.
- Women structure is well organised in the Nelson Mandela Metro, but missed the provincial league in 2002, and amateur level is also sound.

Questions/concerns/comments

- Rugby is in shambles as quoted by the Minister, what challenges are experienced by EP rugby? Dispute with is rugby solid taking into account the suspension of the CEO and dispute with South African Rugby Union [SARU]?
- Can you report on EP being radio on Saturdays? What is the financial status and what are professional challenges?
- Is transformation programme in place? What are the problems with rugby boundaries versus political demarcations?

Responses

- After 1995 when rugby moved to professionals it became alive and created by business people.
- EP team is losing due to lack of sponsorship. Media plays a role and by doing so chases away sponsors, that is why it is seen as in shambles.
- Those people who go to radios

are the ones holding high positions and they also chase away sponsors.

- SARU MANCO suspended the whole EP rugby but they are not supposed to do so constitutionally. They suspended the executive to do an investigation and after findings the report was given to EP to deal with and SARU pulled off.
- Never had a single game on TV as a team.

Response

- In favour of legislation on transformation of sport to bridge the gaps.
- Don't have funds to buy players.
- Another allocation of R2,5m from Lottery, but have not received it yet.
- Rugby has regular interactions with local government and assistance but have a problem with rates. The structure owes municipality for rates and taxes but have always argued. The present payment is R19 000 a month for rates.
- In terms of transformation, EP rugby suggested five players for a start in the team although that is not enough, but racial numbers are not an issue anymore.

Follow-up questions

- What needs to be done to put rugby back on track?
- What is the relationship with the provincial DSR in terms of school rugby and relationship with the municipality?
- How Lottery funds were used?
- Contracting of players is believed that Whites and Africans are given different amounts? Can this be clarified?

Responses

- Got R1,7m from Lottery, R1m for equipment to structures, R717m for kit and submitted a report to Lottery. All went to school, clubs for equipment and women rugby received too.
- Rugby does not have to contract but look at the availability of resources.
- About schools, the challenge is to ensure sport programmes are not watered down.

Meeting with Eastern Province (EP) cricket

The President reported on governance and other issues responding to the objectives and clarities tabled by the leader of the delegation as follows:

- The Board and members drew up the constitution prior to 2003. United Cricket Board [UCB] instructed the federation not to operate in one body but as professional and amateur. They had to have two separate bodies with two constitutions. Old board was taken to court for judicial management. Two people were appointed to draw up a constitution. There were a lot of disputes, but the new constitution was accepted.
- The cricket structure consists of the youth, women, amateur, school cricket and professionals.
- Accusation on racism by amateur cricket is not accurate or true.

- Forensic Audit Report findings were that there was no other person found with crime. Only one was involved. That resulted in nobody convicted out of that report. Scorpions contacted EP for the report and the president of UCB, Ray Mali took it to the Scorpions. The matter is now closed because Scorpions found nothing.

- Three issues were raised about finance, Black African representation and Constitution

The agreement was to have Constitutional Indaba by January 2006 with UCB on concerns about money and facilities.

Questions/concerns

- Are there subunions at present; if yes, how many? How is voting work?

- How long is the faction with Black forum?

- Any coaching in rural areas? Any people promoted to professionals?

Responses

- Yes, four. The subunions are (i) Nelson Mandela (ii) Winterberg (iii) Grahamstown and (iv) Central Karoo and voting power is based on the number of clubs, eg Nelson Mandela can send two people but have six votes.

- Two years of Black forum functioning.

- There are three coordinators deployed for development programmes.

- There are squads to assist coaches to train more coaches.

Meeting with Eastern Province SAFA

The short presentation gave a broad background about the structure. They noted that the code is well spread across the province taking equity into consideration. It has a committee of ten people with elections held every two years. On the question of demarcation, the code holds council meetings every second Monday of the month with all district subcommittees to hand over reports of disciplinary committee or finance etc. Written reports are demanded and the committee cannot have a say without it.

One team is campaigning in the Mvela league. In the Vodacom league there are six male teams and five female teams funded by Nelson Mandela Metro for R290 000. Castle league teams are sixteen. In the district leagues, the northern areas with Coloured people have been dominating until the township guys showed up strongly. There is USSASA and industrial league. There is a strict registration policy where one plays for one team for the season. Nkosomzi Ndongeni is in charge of development and has 34 coaching at an introductory level. There is an academy but struggling financially focusing on under 14-boys. The structure interacts with Department of Sport and Recreation in the province; Nelson Mandela Metro Municipality; Border and Transkei components.

A questions was raised about how funding from Nelson Mandela Metro is reaching EP cricket. The response was they received R1,7m through grant aid and Nelson

Mandela Metro funded the male team for R80 000 and female team for R45 000.

Viewing of facilities

Avenue A facility

This facility is known as Dodge's ground in New Brighton location. The Executive Mayor, Mr Faku, has decided to have a drive for soccer teams in the township and gave R400 000 for each field for the first phase. All clubs will use this Dodger's field and a management committee from the community will be identified to manage it. The field will be ready by the next season but will only be utilised next year when changing rooms, ablution system and stands are constructed. The cost is estimated to be R500 000 without a caretaker house.

Parking will be provided in Hoza Community Hall closer also belonging to the facility. People will be encouraged not to use cars but to walk to the facility to reduce obesity and promote healthy community. It is a well-fenced basic facility that would accommodate about 1 000 people.

Oval Park

There is a clubhouse, changing rooms and boardroom with toilets all in good condition. It is built in the heart of the township. The field is not level due to over utilisation. There are floodlights, stands and a soccer field. After the games the soccer body can have drinks and can also hold meetings in the clubhouse. The district has an office inside the oval. This is a very high standard facility.

Red Location Museum

This was shown to the delegation as part of showcasing the site that would invite tourists to the poor community. There is a curio shop that will be given to service provider, a restaurant and tuck shop at the entrance. The intention of the museum is to keep people for a day learning about history. The auditorium is meant for history with twelve memory boxes and with fifteen pillars done by community forum with themes selected by the forum. The pillars have pictures of freedom fighters with their full biographies. Each picture will be kept for a certain period and put the next one, but the biography or history of the person will be engraved and live in the pillar for good.

Woolfson Stadium

This facility is identified as the training venue for the big event, ie 2010 World Cup. Another upper layer will be built for media, press and Jacuzzi in the next phase. The grass will be revamped totally to meet FIFA standards. The capacity is envisaged to be about 18 000. There are cement stands right around. Transport is easily accessible as the field is built centrally.

Motherwell field

This is one of the President's nodal points. The facility is first-class built in phases through poverty alleviation and BSRP. It has titanic tracks and floodlights. It has been identified as training venue as well. This facility needs to be extended with MIG funds but things are not easy. There is no grandstand presently, but is planned to fit the structure.

KwaNobuhle

This has been identified by joint venture of Aerospace and Sport and Recreation South Africa [SRSA] for R1m once off. The total cost is R5m with another R5m from the municipality which adds up to R10m in total. The community did not want the facility since they were not involved in the planning. People were later called together to utilise the facility. The field was meant for hockey but now it's a multipurpose. UCB gave R500 000 for oval but is not maintaining it. Lottery built netball field for R250 000. This field is also identified as a training venue. There are about 500 people for indoor volleyball and netball. Hockey and soccer fields are in a very good condition.

Marock Road field

This field is badly vandalised in a no-go area. This belonged to Burbok before as their home ground before amalgamation with EP. The ground is flat with depleted netball courts and rugby poles. The municipality would like to redevelop it despite the situation. There is a high crime rate and gansterism in the area. There is a close informal settlement where people have occupied the municipal ground reserved for parking. A lot is happening in this field, like murder, rape and child molestation.

Galvandale Precinct

This is a joint venture between Lottery, cricket, municipality and Sport and Recreation South Africa. A French rugby test was played and televised in this facility. There is a swimming pool and track. The community would like Brazil team to station here. The precinct has a lot of facilities, eg hockey; cricket; rugby; tennis courts. There are a number of soccer and cricket players in the national squads produced from this field. Machinery is kept in the caretaker's cottage. Hockey field has astroturf (synthetic grass) with hockey clubhouse.

Visit to Eastern Cape Academy of Sport

The manager, Ms Bernice Butlion, presented. She briefed the delegation about the four satellites in Umtata (Walter Sisulu University); Alice (Fort Hare); East London (Border Technikon) and Port Elizabeth (Nelson Mandela University). In the satellite stations there are contracted service providers that are not permanently employed. There are challenges in the region of Transkei, but talent is nurtured working with structures.

Lottery gave equipment for high performance centre based in East London. Capacity building programme is available. There are currently 238 athletes in the database. The process of talent identification is left with federations. Funding is from Lottery. SRSA pays salaries. Department of Sport and Recreation [DSR] (provincial) is responsible for mass participation programmes. Management board of the Eastern Cape decides on selection of programmes.

Students are offered opportunities of in-service training and services for SA Games are also offered. Eastern Cape Academy of Sport has biokinetics for sport rehabilitation. There will be a new high

performance strategy from SASCOC. Sport audits have been done on the number of clubs available and number of facilities to be upgraded. The academy is targeting high performance talent to develop and support them.

Mr Gidane added that Nelson Mandela Metro Municipality [NMMM] participated in decorating the gym room and are prepared to respond to the challenge of sport. A permanent venue for the academy will be built at the stadium closer to the people.

Questions/concerns

The delegation sought clarity on fees paid by the athletes, who recommends the athletes, identification of talent and the relationship with high schools. Another concern was whether there is vision for transformation in place in the academy.

The manager gave the following responses:

There are selection criteria in place. Provincial federations are bringing talents and are given the criteria. Athletes must also represent their provinces first. The academy is faced with challenges of Matatiele and Port St Johns where language plays a major challenge. Most athletes are illiterate and plans should be in place for language lessons or classes.

There are no qualified coaches because they stop at level one (1). Bernice has requested an assistant manager in the case of her leaving. The academy is trying to appoint a specialist coach for each code.

The leader of the delegation gave some questions that needed full written response to be sent to the Committee. The questions are as follows:

- How do you relate with long-time coaches but without accreditation?
- Any relationship with SAFA? Does accreditation comes from you or SAFA?
- What is the role of SASCOC?
- What amount of money is SASCOC putting up as the drivers of the academy?

The manager commended the visit. The leader of the delegation commended the academy for offering the learnership to students.

Meeting with media at Nelson Mandela Metro City Hall.

Media 24, Johnnic, Umhlobo Wenene, Radio Algoa

- What can be done with Marock Road?
- Clarity about the competition between Thekwini and Nelson Mandela Metro.
- What is Bisho's financial commitment?
- What is the position for competition between EL and PE?
- What plans are there for training of people?
- When is the announcement?

Responses were from the municipality and the delegation, as follows:

An application has gone through to Lottery Fund for revamping. The delay was technical attachment of documents accompanying the application.

Local organising committee gave document about series of games and four games will be played in PE. EC is one of the provinces that will be getting semi-final game. Municipalities that wish to host opening ceremony must convince the LOC, but Thekwini looks highly prepared. NMMM will embark on a provincial strategy on how the province will benefit.

In principle Bisho is 100% guaranteed. In terms of training, skills transfer will be on the plans. DBSA has done intensive research on requisite skills. The announcement will be known after the final site recommendation by FIFA delegation.

Meeting with EP Sport Council

The delegation sought clarity from Nelson Mandela Metro Council on why there are two delegations of sport councils. In terms of moving towards one sport council a question was how far the process and those discussions to conclude towards one sport council.

Mr Abrahams spoke on behalf of EPSC as the secretary. He noted that they have tried so hard for good governance and quality of administration as well as accountability. The council has been running since 1990 with a drawback of financial issues. The council was told to disband and another organisation to take over without proper consultation. No research was done whether this was going to work or not.

Mr Abrahams has been trying to get information from DSR even with the MEC, but was disappointed with the management treatment. He requested written document of the objectives of DSR. The council had a meeting with the officials who promised to come back but never did so. DSR is a problem in terms of dealing with the sport councils. Nelson Mandela Metro tried to convene the meeting but it was a short notice so the council could not attend.

Mr Abrahams was asked whether any regular meetings are held. He responded that every second year elections take place. The reason for disbanding was a decision to change boundaries. Previously there were four regions and insufficient consultation caused confusion for sport codes. The question of racism is another concern. The sport council hope to unite and work together. There is confusion regarding school sport (USSASA).

Mr Komphela voiced concerns about the demarcations process that is not complying to the political ones.

Nelson Mandela Metro Sport Council

It started the process in 2003 driven by Messrs Nkwinti and Makubalo from DSR. They have been organising sport trying to demarcate other districts with sport councils except Nelson Mandela Metro Sport Council (7 districts). The process could not solve the conflict and delayed the launch of sport councils. NMMM department met with EPSC, but EPSC indicated not to form part and could not be told by government as NGO.

MEC launched EPSC that gave birth of 7 districts. The first project

was the occasion of Sport Achievers Award by MEC. They wrote to the MEC requesting the meeting.

Mr Komphela made an undertaking that the two bodies must meet and discuss intensively on unity of the two structures in order to develop sport. The task was given to the Standing Committee on Sport and Culture in the province. For intervention on issues of conflict or difficulty the provincial chairperson requested the sport councils to forward petition to the Committee or Speaker of the province whenever there is a problem.

CACADU DISTRICT—GRAHAMSTOWN

Meeting at Makana Municipality

After the objectives have been tabled by the delegation the director of sport, Ms Vusani requested Mr Nkwinti to give full response on the issues tabled by the delegation since she is new in the position.

Mr Nkwinti responded as follows:

- The sport councils extend across the nine municipalities and he is currently shouldering the running of sport councils.
- The district office is in Grahamstown but expected to service the nine municipalities and some are in difficulties within Cacadu. Some don't take it as their responsibility to assist, but those financially sound do assist.
- Makana municipality is the only one with appointed sport officer. DSR has joint programmes with the municipality.
- The major challenge is that EP rugby and cricket are based in Port Elizabeth while servicing the rural areas for the entire Cacadu. SAFA is not a problem as they have agreed to follow political demarcations. Provincial sport councils are handling the matter of EP Rugby having to have Cacadu structure.
- A proposal that a Cacadu Academy be established due to the distance from Cacadu to UPE. A fire station has been converted to sport facility as indoor sport centre. The most exciting news is the relationship with Rhodes University and use of their facilities.

Municipal Infrastructure Grant [MIG]

- The municipality does not understand the transfer of funds from BSRP to MIG, as they don't consider building sport facilities as their core function. The sport councils contribute strongly to IDPs and make their inputs in terms of sport and they also insist on inclusion now.
- Mr Budaza, sport officer, has a duty to maintain facilities and develop sport programmes with seven groundsmen and three caretakers. The area is busy finishing cricket field with funds received from UCB amounting to R912 000 and R3,1m from Lottery Fund. They also managed to work with soccer with an amount of R943 000 received from Lottery. Department of Sport and Recreation is in partnership with Rhodes University.
- Ten (10) schools are appointed

and were given soccer balls and training on soccer courses. There are not much done on programmes. The only programme is "Come and Play" from four to 15 years at present.

- Aerobics take place in three venues in Makana Municipality. Every three days a week prisons are assisted with training with joint programmes with Rhodes University.

- Challenges

  — In the townships there are no facilities.

  — Volunteers are in dire need of assistance for transport and equipment.

  — In the settlement areas there are no open spaces to build recreational facilities.

  — Levelling of school grounds.

  — A need for a sport centre.

Cacadu is supposed to cover all other municipalities, but Makana has been identified to have capacity to do on its own.

Integrated Development Plans

- Sport is covered but not enough
- There is signed agreement with the Department of Sport and Rhodes University
- Makana resolved to look at sport councils as far as administration is concerned and to facilitate summits.

Sport Councils inputs

The chairperson, Ms Futshane, told the delegation that they met with the Mayor and he supports running and funding of sport councils. The council was launched in February 2005 with no funds and resources, but the Mayor supported the summit. The municipality also complain of not having resources for sport. During summit municipalities were requested to present their IDPs; some did and some did not have an idea of MIG.

In terms of facilities, the council is looking at the needs and at having a database so as to develop those codes that don't need much space, eg table tennis, chess, etc. Need to have same programmes so that allocation of funds could be achieved and to start from the grassroots in order to meet the big federations.

Funds should be decentralised so that sport councils could be able to plan.

Challenges

- In terms of facilities and equipment there is a need for training of people, eg coaches, referees, etc.
- Competing priorities, eg water, sanitation, etc.
- Have operational plans in place but road show and skills audit for the district, development and training of sport councils still a challenge.

Questions from the delegation

- What is the sport budget?
- How does the municipality help sport councils?
- Who tries to get school grounds maintained?

- What would be the reason not to get funds from MIG?
- How much access is there in getting the funds from MIG?

Responses

- The municipality told the delegation that there is no dedicated line item for sport.
- The municipality plays a facilitating role in accessing funds, eg Lottery. No funds have been used on MIG to develop sport facilities due to other priorities as communities inform decisions on priorities.
- Play maintenance role.
- The municipality was looking at service delivery and ward councillors don't look at sport fields due to pressure of lights and sanitation.
- There has not been a request to make a contribution of getting funds from MIG.

The provincial acting chairperson noted that sport bodies must be part of discussions during IDP meetings. The area could have a lot of tourism. He also emphasised that all structures must follow the political boundaries in terms of demarcations.

Mr Budaza, the sport officer, noted that schools don't pay for using the facilities. Nombulelo School was given R500 000 for cricket, but they are stuck because facilities are not maintained. There have been talks with the White schools to negotiate that they pay for diesel so that municipality could cut the grass. Schools are covered under IDPs. He told the delegation that professional fees are paid by municipality. A proposal is drawn of 2010 Organising Committee since there are historical buildings in the town, etc.

The mobile gym brought by SARU was applied for by Brumbies and was kept secret. The subunion was told later. A policy with municipality is that the municipality does not work with individuals.

Visit to the sites

1. Legacy Stadium

- There is a legacy field for cricket left by World Cup 2003.
- Rugby also has one from 1995 World Cup.
- Indoor sport centre caters for development programmes of kids to run up to 5 o'clock; after that aerobics and then basketball and netball alternately.
- Equipment is also available for gym in a big indoor facility that is also used for school exams. No one pays for aerobics. Only those using machines pay.
- Rugby field has got good grass but not soccer field. The municipality suggested having a temporary athletics tracks, as there is no athletic facility in the whole of Cacadu.
- At the heritage place there is a proposal drawn for multipurpose for rugby, soccer, netball and athletic tracks.
- UCB contributed R980 000.

2. Soccer field

- In this one the plan is to renovate tennis court.
- 36 soccer clubs who play on two soccer fields that pushed the municipality to have another one; also schools and netball use it.
- Will revamp the field with nets as it is totally over-used.

3. Egazini field

- This is a heritage site under South African Heritage Resource Agency (SAHRA). Black people kicked the first rugby ball here. A multipurpose will be built. SAHRA will also have their own projects and houses around the heritage site will be demolished to accommodate all the plans of sport and arts.

Meeting at Buffalo City Municipality

Mr Zwelibanzi responded fully to the objectives set out by the delegation. He noted that communities are using school facilities and the municipality has no competency on developing or maintaining school grounds. The municipality needs to find ways of how to do that. Stadiums are not enough and municipality maintains only 2% because there is no budget for that. Even boxing uses school grounds for training but municipality cannot ask Department of Education on their budget for maintenance since it is not their terrain.

The municipality is presently dealing with ordinances that the communities are not aware of. There is 2010 Local Organising Committee established headed by Councillor Mbovane. It consists of ten (10) members with seven directors from the council including engineers, etc. This committee also has a programme coordinating all relevant requirements of FIFA. Experts beyond the borders of the countries like Netherlands. Tweening etc. The tenders would like to put funding in the projects including local tenders that have presented to the committee.

Bush Bucks is the only stakeholder and only club in the Eastern Cape; Daimler Chrysler is a sponsoring supporter to the club and guaranteed partnership. The municipality needs a share between Nelson Mandela Metro and Buffalo City but not a competition fixture. The City is on the verge of having two five star hotels to meet FIFA requirements, but looking beyond 2010 Soccer World Cup event for Rugby 2011 World Cup and whatever other events could be hosted in the country.

Buffalo City is affected by media speculation pre-empting what FIFA would pronounce, but would be happy to meet with the Portfolio Committee on Sport and Recreation nationally and 2010 Local Organising Committee nationally. There is a budget passed by the Council. The delegation wanted to know if DBSA assessed East London for their preparedness and if the possible sites are already identified for 2010 event.

Mr Zwelibanzi responded that they have not met with DBSA due to rumours that Buffalo City was not part of the bid. ABSA Stadium

is earmarked for development. Sites are identified in strategic areas.

On facility management the municipality has two approaches to sport because of international and local venues. Investment in sport facilities is R13m, and four swimming pools with one revamped in Zwelitsha. R4,7m from Lottery for SA Games to heat swimming pool. Darts were hosted in December. There is a ground at Masingatha for cricket legacy programme. R6m is for upgrading in Zwelitsha and R1,5m to comply with safety standards. There are meetings with sports councils on a regular basis. Other priorities are not allowed to override sport money.

Mdantsane, the second largest township in the country, does not have a swimming pool. That results in tragedies on the beaches due to water illiteracy. A swimming pool is a dire need in Mdantsane.

Meeting with the Amathole District Sports Councils

Mr Ncinane, the chairperson, presented on the following:

- Sport councils decided to follow the seven regions of the political demarcation after meeting coordinated by MEC. A yearly programme was launched with regard to the Municipal Manager of Amathole District and the programme submitted with regard to the provincial department in the municipality on 19 January 2006. On 25 January the sport councils were told that finances would be available in June, on a road show and with seven sport councils under Amathole District. The finances got to the sport councils on 6 August instead of June, which was supposed to be for 16 June commemoration and that was first and last. Since funding of sport is not a core function of local municipalities and they don't want to fund sport, there is no properly elected team to represent Amathole District in the Eastern Cape trials. The sport council as a result do not have an account because there are no funds allocated to them.
- There are facilities built but remain unfinished, especially in rural areas. Adelaide doesn't have even one facility in Nxuba Municipality. As soon as the facility is finished a workshop is supposed to be held to ensure that facilities are not vandalised. There is no basic training on managing the facilities.
- Funding should come from the provincial department and municipality after submission of programme to Amathole. SA Games are supposed to be for the sport councils but they were not even consulted during the Games. From Sport Indaba a document was produced on how to work together with Amathole but the sport councils are still waiting for that document.

Presentation by Mdantsane Sports Council (MDASCO)

- Monthly meetings are held with municipality and the council is briefed about the budget to work around. However, it is only utilised for one venue, Sisa Dukashe, and it has not even finished the project. The council

has gone to urban renewal but were not assisted which was supposed to change the face of Mdantsane.

- There are 14 codes, but mainly soccer and boxing. Boxers don't have facilities or gyms. The council spoke to municipality for permission to use hall but have not been able to get that. They even use boots of their cars as offices. The boxing arena is being finalised with R2m from national department. Boxing arena multipurpose centre is a drop in the ocean.

Mr Zwelibanzi indicated the pace at which the department puts money into urban renewal also needs stakeholders. Executives of the council must go together to apply for funds, not individually. The sport councils were asked if they are part of IDP discussions and how their relationship with the ward councillors is.

The secretary of Amathole District Sport Council indicated that they were elected in 2004. There was a road show initiated to link up all sport councils to showcase their role. They met with the municipal managers to build relationship with municipalities. The only offer they get from municipality is use of office phones, but most of the time they use their own money. There is no provision of transport after hours from the municipality.

They were asked if the clubs are paying joining fees and were advised to work with councillors so that they can influence even the budget. Amongst responses was that clubs don't come as clubs but as associations, which means sport councils are faced with well-off codes and Cinderella codes don't have money. The charge is R50. The council is involved with and municipality give councillors money, but each councillor would want to put it in his or her area, and the decision taken is to sit with them to discuss sport issues on how to utilise money. The affiliation fees are still discussed to fit into the new demarcation and amend the constitution.

Mr Zwelibanzi added that the department is assisting with capacity building. MDASCO must work in the sport centre in Mdantsane and there are four offices. A comment was made that in Peddie politicians are not supporting the programmes of sport councils.

Meeting with Eastern Cape Sport Councils

The President of Eastern Cape Sport Councils, Ms Manqoyi, welcomed the presence of the national committee in the hope that it will make a difference. She took the delegation through the reasons for revival of sport councils. All seven districts are represented in the province. It was formed in April 2005 because of the resolution from Imbizo with Department of Sport and Recreation and to formulate blueprint either end or beginning of next year in Indaba Sport.

The aim is to centralise the office in the province for access purposes. Presently the council is operating in DSR offices. The relationship with municipality differs from office to office. Those who are not interested should be influenced by sport council to gain interest. The main problem with facilities is the shifting of respon-

sibility, eg no handing over after completion. Festivals in local government are not linked with sport programmes, eg kwaNALOGA Games. Port St Johns did not participate in SA Games but participated in local government games, which should not be allowed. The relationship with DSR is good but one of the challenges is the pace of doing things.

She mentioned that there is a lot of human resources that need to be utilised, caused by a lull between national federations and provinces, that would indicate where the lack is. There must be a database on athletes, eg accredited referee/coach etc.

The secretary-general of Eastern Cape Sport Council mentioned the difference in relations caused by the attitude between local municipality and local sport councils, such as that some municipalities don't see the need of working with the sport councils, eg kwaNALOGA vs SA Games. He added that local municipality don't give a clear picture of what MIG would be used for. The Mayoral Cup competition done by municipalities presents a problem in converging local municipality participants to a certain centre, because some municipalities cannot afford transporting of participants.

Questions/concerns

- What mechanisms in place to solve problems like two parallel structures in one municipality?
- What is the relationship with EC Academy of Sport?
- What is the relationship with national federations?

Ms Manqoyi responded that they wanted to use SA Games as a model to produce federations in the province and if MECs could do the same. She further pointed out that the problem with EP sport councils is a political one and NMMM is contributing to the matter as they support EP by funding their structures and not NMMM structures. Provincial federations affiliate to national federations and their straight linkage to provincial federation not via DSR or sport council is not right. DSR was notified about the need to interact with the Standing Committee on Sport and Recreation.

The national academy's system is not clear and the academy at the University of Port Elizabeth needs to be moved away from there and positioned centrally to avoid overshadowing by the institution. There must be seven satellites for each district. DSR need to take ownership of activities of sport in the academies.

Meeting with boxing structure

It was noted that amateur boxing is getting financial assistance from Department of Sport and Recreation, and South African National Amateur Boxing Organisation [SANABO] assists in tournaments. There are no facilities and they rely on using school halls and during school hall renovations they are kicked out. There is also lack of equipment. The delegation promised to follow up on the proposed Boxing Amendment Bill with the national Department of Sport. The delegation promised to follow up the concerns raised and stated that the provincial commit-

tee must also get closer involved with the boxing in the province.

Meeting with the MEC and officials in Bisho

Ms Jajula, MEC, welcomed the visit by the Portfolio Committee and appreciated what the delegation did in the province during the visit and the issues highlighted that would bring more light for delivery for sport. The delegation brought out issues that need to be followed up and those that need vigorous intervention by the department. The delegation also highlighted their concern about lack of co-ordination by department officials for the visit.

Amongst issues discussed was the status of the Safety at Sports Stadiums Bill proposed after the tragedy at Ellis Park, about its introduction or where the delay is. MEC also cited that there must be a way of making MIG work because its implementation has not moved since the shift from BSRP. The province took it for granted that local government knew how to access it. She wanted to find out how it can be reversed slightly and just a part of it be shifted back to the department and how local government can be aware that the fund is with them and the manner in which to access it.

As far as 2010 preparations, the province is running with it by holding monthly meetings and other forms of activities. Presently, there is a budget of R1,5m that is incremental and a director is assigned to run the process. In addition there will be four directors in the office. Provincial coordinating committee is also in place meeting monthly to look at broader issues and all partners are represented. There are flaws in the process caused by business people who are not united and a need to lobby big businesses for building facilities was noted. A stadium with a capacity for 40 000 will be built in Umtata and tenders will be advertised. The World Cup should be run in an African style in promoting heritage as well.

The issue of boxing was taken seriously by the MEC as alluded by the delegation and she further pointed out that managers are getting richer while boxers poorer by the day. The proposed Bill will make a big difference. She was not aware of parallel activities by the department and local government because that concept was never brought to the department.

OBSERVATIONS BY THE COMMITTEE:

The delegation observed the situation in the province on different issues and gathered the following issues:

- The transfer of Building for Sport and Recreation funds to Municipal Infrastructure Grant is a big challenge and the impact of building facilities is frustrating.
- Lack of blueprint for sport in the country.
- Federations are in favour of legislation on transformation of sport to bridge the current gaps.
- Lack of indoor facilities that make it difficult for boxers to gym or practise. Illiteracy amongst the boxers. Boxing managers are rich while boxers

are extremely poor, although they are the ones who are performing.

- The sport councils are battling to organise games due to poor communication between sport councils and local government. As a result KWANALOGA Games are running parallel with SA Games.
- The tension between two sport councils in Port Elizabeth that is paralysing development of sport and causing confusion to sport codes.
- Vandalism of facilities due to lack of facility managers in the country.
- Accessibility of Eastern Cape Academy of sport is a big problem. The province is vast with rural areas that cannot reach the academy with talents in their areas.

RECOMMENDATIONS

The Committee has recommended that:

- 5% from MIG conditional grants for maintenance of facilities must be exhausted and Department of Provincial and Local Government must inform other municipalities about this 5%.
- Communities better use indoor facilities so that the government must carry on with the programme of building them. An investigation must be done to determine which department build them.
- Nelson Mandela Metro Municipality must be assisted to resolve the tension between the two sport councils because it is a question of power.
- All caretakers looking after the facilities must be trained to take care and manage the facility. Black managers must be employed in big cities to gain experience and skill to manage the facility, not to only taking care of the grounds, especially those provinces that are going to build new stadiums and host 2010 World Cup games. Caretaker and facility manager have two different responsibilities.
- Sport and Recreation South Africa must provide the Committee with audit of all sport academies with clear guidelines, eg what makes a sports academy? What are the basics that make an academy or a satellite with requirements or functions?
- Legislation on transformation of sport must be in place as soon as possible.

Report to be considered.