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PROCEEDINGS OF THE NATIONAL COUNCIL OF PROVINCES

The Council met at 14:06

The DEPUTY CHAIRPERSON OF THE NCOP took the Chair and requested members to observe a moment of silence for prayer or meditation.

The CHIEF WHIP OF THE NCOP: Thank you, Deputy Chair. I move without notice:

That precedence be given to Order No 1 on the Order Paper.

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

The DEPUTY CHAIRPERSON OF THE NCOP: Hon members, before we deal with any other matter, may I take this opportunity, hon members and inform you that I was informed that there was a resolution or motion put to the House and it was adopted. And I think it's only fair that I comeback and thank the House and hon members for the support that they gave me at the most time including those members who

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individually sent individual messages wishing me well for my recovery.

I just wanted to express my gratitude to this House and say thank you very much. I am doing this deliberately because this is a formal sitting of this House that was adopted in the formal sitting of the House. Thank you very much and that includes the hon Tasneem Motara as well. Thank you very much hon member - for your recovery from the accident. In so doing hon members, may I also welcome the brand new Minister of Finance ... [Interjections.] ... Deputy Minister of Finance, no don't worry I am forward looking. [Applause.]

**CONSIDERATION OF REPORT OF SELECT COMMITTEE ON FINANCE - 2018 FISCAL
FRAMEWORK AND REVENUE PROPOSALS**

Mr C J DE BEER: Chairperson, hon Deputy Minister Gungubele, welcome and congratulation on your appointment and we wish you well in your position; you can depend on the select committee on Finance and appropriation support; we also welcome our guest on the gallery, especially Mr Ebrahim Motara the father of the hon Tasneem Motara. [Applause.] Yaa! Mr Motara is doing very well; it's investment for the future.

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Hon members, it's our first sitting for this quarter of the NCOP and we are mindful of the sad news we received on the passing of the hon Ms Fezeka Loliwe, who was the Chairperson of the Portfolio Committee on Labour; our sincere condolences to the family. This comrade was a dedicated person who served South Africa with all she had - she was an expert.

Chairperson, on 18 July 2018 we as South Africans will remember the life of one of the most remarkable leaders this country, continent and the world has ever known, Nelson Mandela. We dedicate 2018 and celebrate the life and legacy of Madiba.

The Former Minister of Finance introduced the National Budget on 21 February 2018. He briefed the committees on finance on the appropriations in both Houses on 22 February; also receiving analyses on the Budget by the Financial and Fiscal Commission and the Parliamentary Budget Office on 27 February and the Public hearings on 28 February and the National Treasury replied to submissions we received on the hearings on 2 March 2018.

The committees received written and oral submissions from 31 organisations and individuals - the most in nine years. Here is the

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message in this exercise: The people want to speak to us. We will have to connect with civil society and the society at large.

The primary focus here is on observation and recommendation on the Fiscal Framework and Revenue Proposals. This is probably the difficult and challenging budget presented since the dawn of democracy. It includes the first Vat increase since 1994. The former Minister of Finance said that it's a tough but hopeful budget and that it is a platform for renewal, inclusive growth and job creation. Yes, we believe it can be that if government, Parliament, labour, business and other sections of civil society and the public more generally co-operate in making it so. We say, yes we can.

Transformation calls for more than growth alone, it requires a fundamental shift in the way the wealth is created and shared, and we fully support his view that by deconcentrating the economy, we are radically transforming the structure of our economy. The majority in the committee support radical socioeconomic transformation in the country and believe that the budget should be directed towards this.

The committee acknowledges that the budget is tabled under difficult economic conditions of low growth, revenue shortfall, fee-free

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education bill and rising debt levels and the difficult choices it has to make. Some progress has been made in implementing the 14 confidence boosting measures that the Minister of Finance stated implementing from 2017.

The committee urges National Treasury to rigorously implement the rest of the 14 boosting measures to unlock South Africa's growth potential and report progress quarterly to the committee, taking into account the President's 10-point plan announced in the state of the nation address of 2018.

The good news is that this morning we received the news that the GDP growth increased by 3,1% in the fourth quarter of 2017. so there are green shoots as well.

By National Treasury's own admission, economic growth forecasts carry with them huge economic and fiscal risks. There is an urgent need for National Treasury to quantify, in monetary terms, and consistently monitor and manage the economic and fiscal risks identified and report progress to the committee. Yes, we need economic growth to create jobs.

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We welcome the private sector's commitment to create a million internships for youth over the next three years. The funding of fee-free higher education the NHI, the increase in the social grants are pro poor. The committees welcome and acknowledge the fee-free education decisions and budget provided within the stringent deadline and tough conditions. Overall, total expenditure on basic and higher education remains significant.

National Treasury and the relevant departments must engage to address structural administrative challenges and inefficiencies at schools, institutions of higher learning including the TVET colleges to ensure value for money in human capital investments made and that they address the skills required to grow the economy.

We note that over the past decade government has spent about R2,7 trillion on economic and social infrastructure. We are very much concerned about the reductions in the infrastructure grants as part of the expenditure saving. We welcome the new Budget facility for Infrastructure that aims to improve technical assessments and budgeting for capital operational and maintenance costs of large infrastructure projects and programmes. We believe that this facility will contribute to ensuring efficiency and value for money

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for the country's infrastructure expenditure through better co-ordination and management.

A decision was taken by the National Treasury to cut capital expenditure at provinces and municipalities, the faces of service delivery. And this is a major concern for the committees because social infrastructure is needed to grow the economy and deliver services to people. The committee recommends that the National Treasury quantifies and manages the impacts of cutting capital budgets on service delivery, schools, clinics and hospitals, given the current backlog. National Treasury is urged to address the root causes of underspending

During the public hearing we were told civil society and organisations that they need more time to prepare submissions for the fiscal framework hearings. Civil society organisations, stakeholders and the public at large still have the opportunity to influence budget allocations of specific departments and provinces within the approved fiscal framework through the Appropriation committees as they process the relevant legislation and these committees meetings are open to public participation.

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We understand the concerns of stakeholders about more access to budget information and public participation. We note that South Africa has been ranked - listen to this - ranked No 1 in the 2017 Open Budget Index which includes 115 countries on the comprehensiveness and timely availability of Budget Documentation and Information. This is quite excellent.

Understandably, there is opposition to the 1% increase in Vat. In terms of the value Added Tax Act, a Vat increase comes into effect on the date announced by the Minister of Finance in the Budget Speech, In this case, 1 April this year. Parliament has 12 months within which to accept, reject or amend the increase in some other way. Parliament's decisions on the Vat increase are dealt with through the Fiscal Framework and the rates and monetary amounts and Amendment of Revenue Laws Bill.

It is the means through which various rates and monetary amounts of revenue are legally amended. The fiscal Framework deals with the Vat increase in the sense that it indicates the source of revenue. The Fiscal Framework is a policy document and not a legal instrument that determines whether or at what rate a tax will be paid. Should Parliament reject the Vat increase through the fiscal framework, we will have to propose an alternative to raise instrument R22,⁹

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billion during the 2018-19 financial year instead of the Vat increases

Even if we reject the Vat increase through the Fiscal Framework it will still be implemented on 1 April, why? In terms of the legal provision in section 7(4) of the Value Added Tax Act, it will continue to apply for a 12-month period from the date of the budget and will only lapse at the beginning of the next financial year if it is not given effect through passing of the Rates and Revenue Bill through which the Vat increase can be rejected.

The standing and select committees on finance will deal with the rates and monetary amounts amendment Bill in April. They are receiving the briefings earlier in April, the public hearings later in April and civil society and individuals can engage with us.

W strongly believes, that the lists of zero-rated items need to be expanded taking into account the needs of the poor and lo-income earners. This should not be restricted to food items, but should possibly include such necessities as school uniforms, text books, stationary, medicines, soap and sanitary towels. Other alternative measures such as linking the SASSA card to zero-rated products; expanding school feeding schemes to include high school learners;

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food stamps and vouchers need to be explored. We need a full discussion on this and look into alternative sources of revenue to make up for the loss in Vat with this extension of zero-rated items.

Consideration needs to be given over time to incrementally introducing a multi-rated Vat system in which Vat on luxury goods is higher than Vat on goods bought by the poor and low-earners.

[Interjections.]

In conclusion, we must mention the allocation of R6 billion for draught that is very important, especially in our provinces we - you and I come from the Northern Cape - but we require the more detailed breakdown of the purposes of the R6 billion. The majority in the committee recommended that the Fiscal Framework and Revenue Proposals be adopted.

Taking into account the qualifications raised in the report in particular the concerns about the Vat increase and the need for further consideration of these concerns and processing the rates and monetary Bill.

We thank the former Minister and Deputy Minister for their contributions in the past year. Chairperson, I put this Report to

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the House, the DA rejects this report. I don't think they understand the implications of their rejection. Thank you, sir.

The DEPUTY CHAIRPERSON OF THE NCOP: Thank you, before the hon Terblanche, I want to acknowledge the presence of a delegation from Ekurhuleni, the Councillors from Ekurhuleni under the leadership of Cllr Patricia Khumalo, who is the current Speaker of the - I don't know, probably it's a coincidence - I don't know what is the relation Ekurhuleni maiden speech and then they are here.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Hon members, before hon Terblanche, I want to acknowledge the presence of a delegation of councillors from Ekurhuleni under the leadership of the current Speaker, Patricia Khumalo. [Applause.] I don't know, probably it's a coincidence. I don't know what is the relationship between the Ekurhuleni council and the maiden speech. [Laughter.] They are here.

Mr O S TERBLANCHE: Hon Chairperson, Deputy Minister, fellow South Africans and members in the House, the new President Mr Cyril Ramaphosa ushered in a new era of hope when he said in the state of the nation address that a new dawn was upon us and urge us to renew our nation's promise.

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He declared that this is a year of change, renewal and hope. A message that grabbed the attention of the majority of South Africans and others interested in the wellbeing of our beloved country. Everybody was eager to be part of this long-awaited change. "The dawn of a better South Africa", he claimed! For long enough have South Africans witnessed and suffered the consequences of the systematic destruction and looting of our country under the cruel and cunning leadership of the Zuma regime. State capture was well planned and executed by Mr Zuma and his partners in crime, the Guptas and others. The impact had serious consequences on the South African economy that will be felt for a very long time to come. Chairperson, we can sing [Interjections.] Can I be protected, please.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Order! Order! Hon members, no, no, no, don't drown your own member. I'm trying to caution you, members. If you interrupt you are also contributing to the drowning. Let us not do that.

Mr O S TERBLANCHE: Chairperson, I will one day tell you what that old man is. South Africa and other sympathetic nations around the world sighed a brief relieve when Mr Zuma finally resigned and be replaced by the new charismatic Cyril Ramaphosa asa the President.

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The international business, world and markets responded favourably when this tsunami of Ramaphoria hit international shores.

This dream honeymoon period was unfortunately very short-lived. It lasted only until Wednesday, 21 February, the day that the former Minister of Finance Mr Malusi Gigaba tabled his infamous last Budget. The Minister had admitted that this is a tough but hopeful Budget.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Hon members, order! Can I listen to the member as well, please. Can I be given an opportunity to listen to the member. Don't debate with the member. No, lets not do that.

Mr O S TERBLANCHE: He was confronted by realities like economic growth potential that contracted to only 2,5%. A deficit before borrowing that hovers above 2,5% in any given tax year is a clear indication that the financial burden of the government and the taxpayers will most probably keep on growing over the longer-term.

Economic confidence had to be restored and public finances had to return to a sustainable path. This situation was further complicated by the unexpected announcement by President Zuma on his way out of

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fee-free higher education and training. Government was compelled to narrow the Budget deficit and stabilise debt.

We know by now what measures our Minister of Finance took to raise this shortfall: an additional R36 billion mainly through an increase in the VAT rate from 14% to 15%; adjustments to personal income tax brackets; spending cuts amounting to about R85 billion; an increase in ad valorem excise duty rate on luxury goods from 7% to 9%; higher estate duty tax of 25% for estates greater than R30 million; increase in the so-called sin tax between 6% and 10%; and 52 cents per litre increase fuel levy - m22 cents per litre for fuel levy and 30 cents a litre increases in the Road Accident Fund Levy.

The public reaction was immediate, predictable and expected by the DA. On 28 February 2018, in a joint meeting of both the standing and select committees on finance, public hearings were held and 31 presentations were done by organisations, individuals, academia and organised labour. All of them expressed their concern about, and some even condemned the revenue proposals.

Organised labour in particular took a very strong stance, and the Congress of SA Trade Unions, Cosatu, even hinted about possible strike action. They are united in their stance that the financial

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situation in this country cannot only be attributed to slow economic growth and other economic factors. They are of the view that certain aspects like state capture and the financial implications of state-owned enterprises could have been avoided by good governance practices. They also made it very clear that it cannot be expected of workers and ordinary South Africans now to shoulder the burden to rectify the effect of this looting and self-enrichment of the Zuma gang.

The DA put on record that the ANC government must take full responsibility for the unfavourable financial situation prevailing in the country at the moment. It Is the ANC's former President Jacob Zuma, assisted by some others, protected by all of them, in their pursuit of lined pockets for some of them to the detriment of the rest of the country and especially the poor.

Our new State President, Mr Cyril Ramaphosa is also to blame. It was under his watch as the Deputy President Responsible for Government Business that the state-owned enterprises slipped into the current state of financial unsustainability. During question and answer sessions before this House he assured that special interventions will taken to address these shortcomings. Those issues are still not

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resolved and the President owes South Africa and this House an explanation.

The DA – thank hon De Beer as he has already done that on my behalf – does not support the 1% VAT and 52 cent per litre fuel levy increase because it has a negative consequence for the poor. Maybe next year we will be back with another 1% increase in VAT. The DA instead proposes further savings through greater efficiency and the consolidation of government departments and ministries. Thank you, Chairperson. [Applause.]

Mr M D MONAKEDI: Deputy Chairperson, our brand new Deputy Minister of Finance, hon members, ladies and gentleman, the ANC government has declared 2018 as the year in which our country, the continent and the world pay tribute to the struggle icon, Tata Nelson Mandela. It is opportune and honourable for the ANC to introduce a budget in which the highest increase goes towards education due to the phasing in of free tertiary education for students from poor families, which as you have just heard the DA does not support. This is indeed a great honour to a giant that is Nelson Mandela, who once said: "Education is the most powerful weapon which you can use to change the world."

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Hopes for an economic revival, through the acceleration of structural reform, were raised after the favourable market reaction to the 54th ANC national conference held in December 2017 and were reinforced when Treasury outlined a number of economic measures in the February 2018 budget to rekindle confidence and steer the country towards a more sustainable fiscal trajectory.

The Johannesburg Stock Exchange, JSE All-Share Index rose 1% in reaction to the budget announcement. Financial shares were sustained by the government's renewed commitment to fiscal consolidation, leading to more upbeat expectations around Moody's upcoming sovereign rating review. The 2018 budget is directed towards reducing budget deficit in the coming years while revenue growth is expected to exceed expenditure growth. [Interjections.]

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Hon member, can you take your seat? On what point are you rising on?

Mr F ESSACK: Deputy Chairperson, on a point of order. Through you, will the speaker on the podium take a question - a simple question?

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: No. Are you prepared to take a question, hon member?

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Mr M D MONAKEDI: The answer is no.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: No, he is not prepared to take a question.

Mr M D MONAKEDI: This budget charts a path towards rebuilding economic confidence and returns public finances to a sustainable path. President Cyril Ramaphosa calls this "a new dawn", where the ANC government has committed itself to effective implementation of policy, good governance and inclusive development.

Hon Deputy Chairperson, the ANC has committed to working with all stakeholders, including business, to set South Africa on a new path of economic growth, development and transformation. The governing party has already begun setting positive examples by addressing several problems facing SOEs. The positive response by the market to the shake up by the ANC government is a signal that confidence in the South African economy can and will be restored. [Applause.]

Hon Deputy Chairperson, the new dawn budget is boosted by robust growth in South Africa's key trading partners and stable commodity prices. Following a gloomy economic outlook at the time of the 2017

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MTBPS, the economy has improved in the last few months; the chairperson of our committee has indeed alluded to.

The cause of South Africa's fiscal challenges has been persistent low levels of economic growth. In the past three years, the private sector investment has been contracting and negatively impact on the country's fiscus. The ANC is determined to address the contributing factors, more especially those related to sustainability of public finances and the challenges facing the SOEs. To that end, the 2018 budget makes provision for commission of inquiry into state capture and such other related matters. Parliament also passed the Financial Intelligence Centre Amendment Act, to combat money laundering and financing of terrorism. All these are an initiative of the ANC.

The budget facility for Infrastructure, launched by the Treasury and which will also involve Presidential Infrastructure Co-ordinating Commission, PICC, and the Department of Planning, Monitoring and Evaluation, will work to improve efficiency and funding of large projects. This is an intervention that we as the ANC support.

The VAT increase as announced is not targeting or meant to impact on South Africans negatively, but is meant to help stabilise the fiscus. The NEC of the ANC already has called ... [Interjections.]

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Mr F ESSACK: Deputy Chairperson, with due respect, the member at the podium is misleading South Africans as a whole with his comments.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: No, you now are debating. That is not a point of order.

Mr M D MONAKEDI: ... on the National Treasury to increase the zero-rated basket to cushion the poor. The report of the Select and Standing Committees of Finance, which was rejected by the DA, also calls for the expansion of the basket to include school uniforms, medicine, sanitary towels, expansion of school feeding schemes to high schools, all these to benefit the poor. The budget also caters for positive and real increase - increase above inflation on social grants. Unlike some of the opposition parties that are hell-bent on playing politics and risking the lives of our people. ANC is always on the side of the poor and ready to protect them.

It is our belief that the envisaged commission of inquiry into the Sars administration will assist to restore trust in South Africa's tax authority thus encouraging taxpayers to pay their taxes. While no increase in corporate taxes was announced, we are encouraged by the government's efforts to combat base erosion and profit sharing.

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The government's recommitment to fiscal consolidation in the medium term is likely to appease the rating agencies and investors. The government recognises the need to clarify South Africa's economic policies so as to lift investor sentiment. We therefore welcome the government's commitment to finalise mining sector policies, including the Mining Charter and telecommunication reforms, ending the delay in the licensing of spectrum, as well as support to labour-intensive sectors such as tourism and agriculture, while improving competition in product markets through the lowering of barriers to entry.

The government has also approved additional six special economic zones to boost investment through tax incentives. A broader social compact is seen as essential for the successful implementation of reforms in South Africa. Greater collaboration between the government, business, labour and civil society is expected to drive the implementation of the NDP.

As the ANC, we believe now is the time to hold hands across whatever divide and ensure that all these measures and interventions are implemented so that we can have an economy that is growing and benefitting its people. In that regard, restoring economic

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confidence and stabilising public finances become an urgent priority.

As the ANC, we want to indicate, indeed, that we support the 2018 Fiscal Framework and Revenue Proposals as presented by the then Minister of Finance, hon Gigaba. I thank you. [Applause.]

Mr M M CHABANGU: Deputy Chair, Deputy Minister, the corrupt and deliberately misleading former Minister of Finance, who is now the Minister of Home Affairs, told both Houses of Parliament in the budget speech that the government had a revenue shortfall of R48,2 billion.

As the EFF, we have consistently argued that the government will always have a budget shortfall under the current fiscal framework under which you cannot properly raise revenue. There are simply not enough people working in South Africa, and too many people depend on the state to support themselves.

The state is not taking the lead in the economy, particularly the strategic sectors of the economy. The current fiscal framework is producing the revenue and economic conditions which it is designed to produce and anybody expecting anything different does not

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understand the logic of neo-liberal capitalism. Yes, I will come and explain. Even if we collect the maximum amount of tax as it is possible within the current framework, the state will not be able to address all social ills.

From housing to schools, free higher education for all, hospitals, roads, trains, teachers and sanitation, none can be delivered within this framework. The state needs to create a sovereign wealth fund to stabilise the fiscus - the funding of which we are happy to discuss with you.

In addition, the Sars needs to decisively deal with illicit financial flows, which has cost the country trillions of rands in revenue. If the Sars can recover R23 billion from one company involved in tax avoidance, imagine if the government systematically focused on all instances of tax avoidance. Instead, the government, which chooses to ignore the looting of our resources and stealing of potential revenue, decides to raise money by implementing a VAT increase.

This is the government taking from the poor to feed the poor, instead of taking from the rich to feed the poor. Until the government takes our recommendations seriously and implements them,

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it will not have the necessary revenue to provide services and the permanent state of austerity will continue. Thank you very much.

The DEPUTY CHAIRPERSON: Hon Chabangu, just hold it. I just want to establish something that you said at the beginning. Did you say the corrupt Minister?

Mr M M CHABANGU: I said the corrupt ex-Minister. [Applause.]

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: If then that is the case, can you withdraw that because I cannot remember anywhere ... [Interjections.] No.

Mr M M CHABANGU: Protection, Deputy Chair.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: No. Hon members, can you allow me to do what I am supposed to do. Hon Chabangu, the ex-Minister has never been found guilty by any court of law on corruption. Can you withdraw that?

Mr M M CHABANGU: Yes, the alleged ... [Interjections.]

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The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Can you withdraw that?

Mr M M CHABANGU: The alleged corrupt ... [Interjections.]

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: No. In the beginning you confirmed that you said it. You didn't say alleged. Can you withdraw that?

Mr M M CHABANGU: I withdraw.

Mr S C NKOSI (KWAZULU-NATAL: CHAIRPERSON - FINANCE): Hon Chairperson, a special greeting to the newly appointed Deputy Minister of Finance in South Africa and all South Africans in the gallery, we want to thank you for giving KwaZulu-Natal an opportunity to advise this House because we have got experience of living under such conditions and we do that with confidence in the year of Nelson Mandela and Albertina Sisulu as declared by the President of the Republic, His Excellency, President C M Ramaphosa on 13 January 2018 when he delivered the January 8 Statement. He did the same on 16 February 2018 when he delivered the state of the nation address. The declarations were to salute these two revolutionaries par excellence who were produced by our own

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revolutionary liberation movement over a long period of time. Had they lived they would be 100 years old on 18 July and 21 October 2018 respectively.

May I take this opportunity to tender the apology of my own MEC, hon B F Scott who had to attend Cabinet which are held on a regular basis on Wednesdays. In terms of Section 27 of the Public Finance Management Amendment Act, PFMA, MECs are compelled or required to table the Annual Budgets in the legislatures no later than two weeks after the national Budget. And we want indicate that we are of the understanding that this budgets should be presented in line with what was tabled in October by the Minister of Finance and more specifically by the Minister of Finance in February of this year. Chairperson, in reading these two documents, it is clear that the country's economy has been subdued and while a recovery is projected, the subdued growth has had an impact on the allocation of resources to all three spheres of government in particular over the current Medium-Term Expenditure Framework, MTEF.

It was in the Medium-Term Budget Policy Statement MTBPS that the statement was made by the Minister that the fiscal consolidation programme would continue to be rolled out and that government

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spending would have to be reduced by R85 billion, so this is what we experienced on the 21st.

IsiZulu:

Sihlalo ohloniphekile ...

English:

... It is a known fact that KwaZulu-Natal province is no stranger to budget cuts. In actual fact for the past six budget processes, KwaZulu-Natal has experienced that, from the 2013-2014 financial year, arising out of the census of 2011, we all know that. We do not want to talk about the two provinces that benefited out of that process.

IsiZulu:

Azinamona. Asinanzondo.

English:

Following these cuts, KwaZulu-Natal had to come up with what you now call fiscal consolidation as early as the 2009-2010 financial year where we had to fit into the demanding material conditions. Indeed we managed to achieve that. [Applause.] Following fiscal consolidation cuts saw KwaZulu-Natal - I want to be specific so that

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as national government you follow suit because I believe that experience is the best teacher - losing R1,4 billion, R3,2 billion and R335,7 million over the 2015-2016 MTEF. This is what happened. We also want to declare that the 2018-2019 Budget has also encroached on the conditional grants. That is why the Minister announced that the Human Settlements Development grant and the Provincial Roads Maintenance grant are going to be cut and we even know but we will make it a point that service delivery will not be affected, as we have done before. The cuts mentioned by the Minister are going to be complicated, as it happened in the previous financial year by the so-called unfunded mandates. As KwaZulu-Natal, we have got a huge unfunded mandate arising out of the presidential proclamation which called for the payment for izinduna. R300 million is forked out annually in order to deal with that and we know that we are owing izinduna not less than R1,2 billion because we have got not less than 3 200 verified and audited izindunas in our province. We want to indicate that strict oversight was able to make us turn the corner because it would not assist us to complain. We want to indicate that, as we came up with the cost-cutting measures, service delivery, the core of it, did not get affected. That is why we are mentioned amongst the top provinces that are accelerating service delivery.

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We want to indicate that we as Kwazulu-Natal, understanding the material conditions under which the Budget was delivered, will support the budget despite the challenges and come up with mechanisms that will shield the poor. Allow me to conclude by stating that Kwazulu-Natal is going to be in line with the rest of the governments in South Africa. We are going to make sure that we do not fail the poor people of Kwazulu-Natal. We thank you very much. [Applause.]

Mr L B GAEHLER: Chairperson, welcome back. We are happy to have you back. The UDM is disturbed by the announced increase of the Value-Added Tax, VAT. Equally, the increase in the fuel and road funds levies is a major concern. This decision is an attack to the poor, the workers and the middle class. The proposed increases are taking place at a time when the poor families are still trying to cope with the unacceptable Eskom tariff hikes. The fuel and road fund levies increases will affect not only those travelling by taxi or vehicle, they will affect the cost structures of transport companies that are delivering food, clothes, appliances and other goods. This will cause an increment in the prices of goods, affecting the poor rural and urban people negatively.

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The small and emerging subsistence farmers in the villages will find it difficult to maintain and sustain their livestock. Life is going to be difficult with the announcement of increases as livestock is rural people's banks. The UDM further proposes the following:

Firstly, the government must add more items on the zero-rated items to include but not limited to white meat, books, sanitary towels, medicine, school uniforms and clothes. Secondly, provincial governments must be reduced because they represent glorified homelands and in many instances, they are used as a dumping site to the deployment of the cadres of the ruling party. We must save these wasted monies to the fiscus. Thirdly, the national executive should be drastically reduced in line with the streamlined demands of the nation and within the context of addressing the triple challenges of poverty, unemployment and inequality. Fourthly, the National Council of Provinces, district and metropolitan municipalities must be strengthened to be the face of delivering quality services to the people. Fifthly, government must take serious the challenge of small, macro and medium enterprises, SMMEs. Officials, who do not pay small businesses within 30 days, must be severely punished. This punishment may include an interest accrued on nonpayment of small business but deducted from the salary of the officials.

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Fellow South Africans, let us unite to reduce provinces and the national executive. These are unnecessary expenditures. Let us unite for monies taken by corrupt people, officials and politicians, must be returned to the fiscus.

IsiXhosa:

Bantu bakuthi sithi le nto iza kunibetha kuba kaloku nina nixhomekeke kuloo mfuyo kunganyuswa imali yerhafu yemfuyo. Kufuneka nibonelelwwe noko kwaye nala maphondo ingathi kufuneka zicuthwe. Kaloku imali eninzi iphelela kula maphondo ebantwini abarhwaphiliza imali karhulumente. Baninzi abantu abatya imali ngorhwaphilizo naphaya koomasipala. Loo nto niyayazi phaya ezilalini abantwana benu abaqashwa. Sithi abo bantu mababanjwe kuthinjwe zonke izinto zabo kuba babulala abahlali.

Sekela Mphathiswa, siyabulela ukuba ubekiwe. Ndiyambona nodade wethu utsho wasondela apho kuwe. Ngumntwana wasekhaya lowo. Siyabulela Madiba xa ubekwe ukuba ube nguSekela Mphathiswa. Siyathemba noko xa kubekwe abantu abafana nawe ubuqhophololo obu buya kuphela. Ndiyathemba ukuba awusidanisa kuba uphuma kanye phaya emakhaya. Ndiyathemba ke mkhaya ukuba awusayi kusidanisa. Enkosi.

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Mr I MEYER (WESTERN CAPE: MEC – FINANCE): Hon Deputy Chairperson, thank you for this opportunity to appear in the NCOP; and since this budget framework affects provinces deeply.

I want to firstly welcome back Minister Nene to the National Treasury because when he left the National Treasury he was not happy with the current fiscal approach that was followed and that is why he had left.

In terms of the Constitution of the Republic of South Africa and the Public Finance Management Act, PFMA, the National Treasury is the supreme fiscal authority in South Africa. That situation changed when Minister Nene left because the former President of South Africa and the former Minister of Finance produced a budget mandate paper which was stripping the National Treasury from its fiscal authority; the supreme fiscal powers that are entrusted to it in law and it had shifted it to the office of the President. We know why that was done and we know why the former Minister has left; they have captured the National Treasury through the budget mandate paper and that is the source of great unhappiness here in South Africa.

So, the first thing that we need to do – and I have worked with Minister Nene and I want to congratulate him because I think he

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understands the budget technical analysis. I have worked with him on a one on one basis and therefore, I am pleased that he is back at the National Treasury. But, there is a lot of work to do because there's some ground to cover.

Hon Deputy Chairperson, we have a clear job description for Minister Nene today in the NCOP. Firstly, he must withdraw the budget mandate paper because that is the first thing that needs to happen.

Otherwise, he is stripping himself from his constitutional and legal powers as the supreme fiscal authority; that is the first order of business.

Secondly, he must fix the National Treasury, specifically the head of the budget office. He left because he was unhappy about state capture and he went to Gauteng's Provincial Treasury. So, we need to fix the budget office within the National Treasury.

Thirdly, we have undercollected tax in this current fiscal framework to the tune of R48 billion. That was not because the economy was not growing, that is because there is a stemic management problems within the SA Revenue Services, SARS; so, Mr Nene has to fix SARS. He also has to fix state-owned enterprises, SOEs.

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There are about R500 billion in state guarantees. There's no way you can continue granting Eskom R350 billion for state guarantees; there's no way we can continue giving money through state guarantees to the SA Airways, SAA; it is clear that we need to privatise the SOEs. We also have to be very certain in this House; this House is for protecting provinces; the biggest protection that this House can do is to make sure that we scrap the nuclear permanently from the fiscal framework. [Applause.]

I am particularly happy that the current President went to Davos in Switzerland at the World Economic Forum; and he confirmed that South Africa cannot afford nuclear and I'm so happy that he mentioned that and we need to take that out of the current fiscal framework. That is very, very important to us.

We must simply privatise some of the SOEs. The current fiscal framework calls for fiscal consolidation. But a clear analysis of the fiscal framework indicates to us that there is rather fiscal expansion. What we are now seeing is that there are three items on the fiscal framework. Hon De Beer my friend, there are three items on the fiscal framework and it is: the wage bill, the debt service cost and the social security. Those three items in the current fiscal framework constitute 70% of the total government expenditure;

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you cannot run a government like this, it is absolutely madness; three items, 70% of the total budget; we are asking a deep rethink about the current wage situation.

I think all of us are agreeing that in the previous fiscal framework that the total debt was R2,2 trillion. Why is this important? Because our total tax is about R1 trillion and our total debt is R2 trillion. It is now, in this fiscal framework, jumping from R2,2 trillion to R3,4 trillion.

We need to do something dramatically and I am concerned about the debt service cost, because if the debt service cost rises means there's less money for those that represent their provinces. The debt service cost has risen from R147 billion to R166 billion to R180 billion and over the Medium-Term Expenditure Framework, MTEF, it will be over R200 billion. Which means, our debt service cost is too high; when it goes up it means there's less money for your provinces. And what is happening in our provinces? We are also very concerned because R1,4 billion has been cut from provinces in this financial year. If you vote for this, you are supporting budget cuts for your provinces and you cannot do that. The purpose of this House is to protect provinces. You cannot protect budget cuts, that's your job. [Applause.] So, your job ... [Interjection.]

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Ms G G OLIPHANT: Hon Deputy Chair, I would like to know if the MEC will be able to take a question?

Mr I MEYER (WESTERN CAPE: MEC – FINANCE): I only take questions from senior members of the party.

Hon Deputy Chairperson, this is the NCOP; you are representing provinces; so, you cannot support a R1,4 billion cut; you cannot support next year's R1,6 billion cut and you cannot support a R1,7 billion in the outer year.

What is more important is that if you support this, I will tell your provinces that you are supporting a provincial conditional grant cut of R3,7 billion, R4,8 billion cut and a R5,1 billion cut. Your job is to fight for your provinces and not let your provinces down in this very important House.

We believe that the first order of business is to restore the credibility and integrity of the fiscal framework and that starts with the National Treasury. We also believe in boosting economic growth by announcing structural reform. There are three instruments that we use to grow the economy: fiscal policy, mandatory policy – and what we propose is dramatic structural reform and that starts

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with labour reform in particular, but we also need to stabilise our public finances by announcing a package of austerity measures, but we also have to radically reform the state-owned institutions, particularly privatising many of these institutions.

I am happy that this House today, under your leadership Chair, is protecting provinces. You cannot protect a fiscal framework that put provinces down; you must put provinces up not down. You must scrap the Value Added Tax, VAT, because the 1% VAT increase is only generating R22 billion. We believe that you are now punishing the poor. Zuma stole the money and the poor are going to suffer. You must stop; this is not VAT it is ZAT, Zuma Added Tax.

We believe that it is time for this House to stand up and say no more. We are going to fight for our provinces. There is deep poverty.

Lastly, I am pleased that the National Treasury that they have declared four provinces disaster areas and they are: Eastern Cape, Northern Cape, Western Cape and the Free State. The drought is serious and I want to thank the National Treasury and the Department of Co-operative Governance and Traditional Affairs, Cogta, for declaring this a national disaster and I am looking forward to the

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R6 billion that is in the budget. And this House must also indicate how that money will be allocated, because of the fiscal framework and it quite clear.

I would also like to confirm that what we are proposing – as the President has announced during the state of the nation address that he will have a smaller Cabinet because we have a big Cabinet. Part of our fiscal recommendations is that we want fewer Ministers in the national executive so that we can truly limit expenditure.

Another point is that we are second to the United States with the biggest number of foreign missions around the world. I think part of this fiscal policy and fiscal strategy – and I hope recommendations from this House – is to cut the number of foreign missions, because one mission can sometimes service three countries in that particular area and we must radically cut many of the foreign missions; it is just wasting the tax payers' money. I thank you. [Applause.]

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Essack! Hon Essack! I don't know why you were standing up. [Interjections.] No, I thought you were rising on a point of order. Hon Khawula, please proceed.

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Mr M KHAWULA: Deputy Chairperson and Deputy Minister, in this fifth term of this Parliament, this country has had five different Ministers of Finance in the space of four years. This reflects a high level of instability in the handling of the country's finances.

Treasury has decided to increase value added tax, VAT, from 14% to 15% from 1 April. There has been a general outcry in the country over this increase. One would like to establish to what extent all other possible avenues were explored before arriving at this decision. National Treasury maintains and insists that raising VAT to 15% was the most viable option in dealing with the gap that exists in our revenue collection options.

The IFP is concerned that both the VAT increase to 15% and the 52c fuel levy increase will hit citizens hard, especially the poorest of the poor who coincidentally form the largest part of our constituency. Moreover, the rural provinces of KwaZulu-Natal, Limpopo, the Eastern Cape, and the other rural parts of South Africa where unemployment is high will be hardest hit by these increases. This then becomes a double-whammy burden on the already burdened sector of our society. This is raised against the background of the country's highly bloated Cabinet that consumes a significant chunk of the country's financial resources. During the state of the nation

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address, the President had promised to prioritise the issue of rationalising the executive, but when the announcement was made, we were disappointed that the downsizing of the Cabinet is not a priority to the hon President.

Whilst the IFP acknowledges the poor efforts at growing the economy at an unacceptable pace by the current government, which the President also acknowledged during the state of the nation address, the IFP is concerned about the tax collection efforts and strength of the SA Revenue Service. Whilst the country's tax base is gradually shrinking due to job losses and emigration of some sizeable investments, the capability of Sars and other relevant agencies to deal with illicit financial outflows that disadvantage the country's financial muscle is also a serious matter to be considered.

At the ministerial briefing post Budget Speech to the finance and appropriation committees of both the NCOP and the National Assembly, the IFP proposed that the list of 19 zero-rated items should be expanded in order to provide relief measures to the poorest of the poor. One would like to know, Deputy Minister, what progress has been made in this regard, as this will be crucial to the financial survival of a large sector of our community.

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After the state of the nation address and Budget Speech, the expectation of South Africans was that government would immediately implement serious and convincing measures to stave off downgrades. It is disappointing that, just last week, Eskom was subjected to yet another downgrade – fading away any prospects of a possible immediate financial recovery at our state-owned enterprises, SOEs. The state of financial viability of our SOEs continues to be a great cause for concern. It should be borne in mind that SOEs have been the major target of the state capturers.

As long as management at and operation of SOEs remain business as usual, the country is still far away from closing the leaking taps.

IsiZulu:

Isigubhu siyavuza; nameka ngodaka.

English:

It remains to be seen as to how Treasury plans to deal with mitigating the consequences and risk on the fiscus of the R13,7 billion government bailouts to SOEs during the 2017-18 financial year. So far, it simply looks like the label has changed on the bottle, but the wine inside is the same wine that

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continues to leave that same bitter taste in the mouths of many South Africans. I thank you.

Mr F ESSACK: Deputy Chairperson and fellow South Africans, we reject outright this government's plans to make up for their waste and greed by taxing the poor and the middle class even more. This VAT increase, along with the 52c increase in the fuel levy, will now put even more financial strain on ordinary citizens that are struggling to make ends meet - people like you and me.

We must remember that this country remains in financial trouble due to the failings and poor business decisions of this very ANC-led government. I ask you: How did it come about that we face a R50 billion shortfall in this financial year? This shortfall is now projected to increase to R70 billion next year - for those of you who might not understand clearly or comprehend. Then, colleagues, it even goes a step further: In the financial year 2020-21, the shortfall in the Budget is projected to be some R90 billion. These are mind-boggling figures.

Ms T WANA: Deputy Chairperson, I humbly ask that the speaker take a question.

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The DEPUTY CHAIPESON OF THE NCOP: Are you prepared to take a question?

IsiZulu:

Mnu F ESSACK: Cha Sekela Sihlalo, ilungu elihloniphekile limosa isikhathi sami. [Uhleko.]

SeSotho:

Dula fatshe Mme. Dula fatshe.

English:

Listen! Listen!

The DA has investigated and found ways to save money and prevent this VAT increase without hurting the poor and further prevent and avoid putting our country even deeper into debt. We have made these alternative proposals, but, sadly, the majority party rejects these, including the proposal to cut out the VAT increase.

As in the past, we have shown the ANC how to trim the fat off a bloated government and have guided them towards cutting spending where it is not needed, all of this whilst not hurting service delivery further. The irony of it all is that the ANC proposes

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spending cuts in areas that directly affect poor communities – and I will show you why.

I ask you today, my fellow South Africans, who will suffer most from the government's slashing the funding to provinces and municipalities for school infrastructure projects and human settlements programmes? By cutting 2 000 personnel from the Police Service, again I must ask, who will suffer even more? It is very simple. The poorest communities will pay and suffer the most, especially those in informal settlements. Colleagues, we seriously need to take stock of our state-owned entities, SOEs. Whatever is not strategic, such as the SAA that is bleeding the fiscus dry, we definitely need to sell off.

We can save a further R17 billion, hon Deputy Minister of Finance, over the medium term by withdrawing form the new development bank. Our public sector wage bill is definitely bloated. We propose a one-year wage freeze for Public Service office bearers. We need to cut out all these golden handshakes. [Interjections.] Yes, your salary and mine should be frozen for a year! We need to cut these golden handshakes and fancy cars.

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Mr A J NYAMBI: Deputy Chairperson, with the utmost respect, I find it very strange that the hon member at the podium is the one who is compromising the decorum of the House. The phone that rang is his. Here it is in the House. I request humbly that you make a ruling. What you have done, hon Essack, is totally out of order.

The DEPUTY CHAIRPERSON OF THE NCOP: Definitely, hon members, that is out of order, as it undermines the decorum of the House. I think by now we should be at a point where we know that when we come to the House, phones should be switched off. If you cannot, leave it in the office. If you can't switch it off, leave it in the office. Please respect this House.

Mr F ESSACK: Deputy Chairperson, I am losing out on time, but I say this with due respect, it was on silent. Somebody has just maybe tried to play a prank, but listen, never mind. Let it be. Let's get on with the business of concentrating on what is best for South Africa as a whole.

So, colleagues, yes, I was proposing that we begin to cut our wage sector bill, which is totally bloated. I was proposing further that we have a one-year wage freeze for Public Service office bearers, like me and you. We need to cut out all these golden handshakes and

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fancy cars that we see around every day. We can and need to cut down on our foreign missions, as the hon Meyer has pointed out very clearly to you.

Deputy Chairperson, we need to take on this patronage system that is so embedded in the ANC. We say to you that enough is enough.

Afrikaans:

Man, as julle dit nou nie in Engels verstaan nie, sê ek dit vir julle in Afrikaans. Genoeg is nou genoeg!

English:

You are forcing people who already cannot afford the basics to pay even more. Common sense must prevail. Enough with your cadre deployment! The hon Meyer clearly pointed out to you that we are here to protect the interests of the provinces.

Afrikaans:

Maar julle wil nie luister nie. Julle wil nie verstaan nie. Julle wil nie besef nie. Wanneer gaan julle begin dink?

English:

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So, I am telling you, colleagues, history and the next generation will judge you for the poor quality of your decisions. Hon De Beer, I am shocked at your comments that you do not understand our rejection of this when, under your watch, this country is where it is today – because of cadre deployment and poor quality of decisions. I thank you. Don't get your blood pressure up. Calm down. Relax.

Mr T C MOTLASHUPING: Hon Deputy Chairperson, ... [Interjections.]

Mr C J DE BEER: Hon Chairperson, I need your ruling on that.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Yes, take your seat. Hon members, order! Order! Hon Hattingh, did you say to hon De Beer that he stole money?

Mr C HATTINGH: No, I said that the Guptas stole more than they could. That is what I said and if you want to dispute that, then I will withdraw it. [Interjections.]

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Okay, hon Hattingh. Take your seat. The Guptas stole more than they could.

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By implication, it means that they stole, but the Guptas stole more than that. Can you withdraw that?

Mr C HATTINGH: Chair, I will withdraw. I don't know who stole what. I withdraw. [Interjections.]

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: No. I am quoting you. [Interjections.] I am saying ... Hon members! Hon Dlamini, order! Can you just be in order? When rulings are made, you are unable to follow them, precisely because you don't follow through. All I wanted to know ... I made a ruling on the basis of what hon Hattingh said. No, no, no. [Interjections.] I made a ruling on the basis of what you said. You confirmed that the Guptas stole more than what they stole. On the basis of that, I said that by implication, you mean that everybody here stole. Now, all I ask for ... [Interjections.] Hon Hattingh, ... Hon Hattingh, ... Hon Hattingh, all I ask you to do ... [Interjections.] May I be allowed to address hon Hattingh? Hon Hattingh, can you withdraw that?

Mr C HATTINGH: Yes, I withdraw that I said the following: ... [Interjections.] Not what he said.

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The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Hon members, can I hear what hon Hattingh is saying?

Mr C HATTINGH: I withdraw the following that I have said: The Guptas stole more than you did. I withdraw that. I don't know who stole what.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Hon Hattingh, can you withdraw that?

Mr C HATTINGH: I withdraw that I don't know who stole what. The rest I have withdrawn.

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Hon Hattingh, can you withdraw?

Mr C HATTINGH: I have withdrawn everything. What more must I withdraw?

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Okay, now I understand you. Thank you very much. [Interjections.]

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Mr J W W JULIUS: Deputy Chairperson, there were rulings made in the House by the Chairperson while you were gone. Rulings were made about two or three times. It was even said from there before this sitting, that in the next sitting, if you refer to a group, it is not interpreted as reference to a person. It refers to a group. Then she said that it is allowed. [Interjections.] Can I finish? It was said that if you refer to a group, for instance, if I say that the ANC stole money, it is not out of order. It was ruled in that sitting. Can you please check that, so that you can come back to the House later and rule on that, in order for us to have Rules that are always consistent in the House? Thank you. [Interjections.]

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Let me correct you with regard to that one. Whether I was here or not, it does not matter. If you refer to an organisation like the ANC, then it is a different matter. [Interjections.] Hon Julius, are you arguing with me now? Are you arguing with me? The minute it is said "you" then it is not about reference to a particular organisation; it is you, which are members of this House. Yes, that is wrong. No, no, no. [Interjections.] In any case, hon member, are you rising on a ruling that I have made?

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Mr G MICHALAKIS: Deputy Chairperson, I just need some clarity. The hon Hattingh was requested to withdraw his statement that the Guptas stole more than you did. Does that, by implication, mean, if he had to withdraw it as false, that you stole more than the Guptas?

[Laughter.] [Interjections.]

The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: Hon member, you are out of order. No, that is not a point of order.
[Interjections.]

Mr T C MOTLASHUPING: Hon Deputy Chairperson, hon Deputy Minister of Finance, Minister Gungubele, ...

Ms C LABUSCHAGNE: Hon Chair, I do rise on a point of order on the ruling that you have made because I am deeply concerned.

[Interjections.] No, I am concerned because convention is that whatever is being ruled from the Chair is written up and we follow those Rules. Are you saying today that whoever sat in that chair and made rulings while you were not here are not applicable to this House? If that is what you said, I want to challenge that? Thank you.

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The DEPUTY CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: No, it is a simple matter. The member started by saying that she is deeply worried, meaning that she is not happy with my ruling. She knows the procedure that she must follow, if she is not happy with my ruling. Thank you very much.

Mr T C MOTLASHUPING: Chair, hon members in the gallery, my steam is gone. However, this is the year that has been declared the year of Nelson Mandela and Albert Sisulu, the icons of our struggle for the deliberation of this country. They personally and otherwise contributed towards where we are today.

The ANC welcomes the Budget that was presented by the previous Minister, Minister Gigaba. The Budget speaks to the challenges confronting South Africa in a difficult global environment.

If people come to this podium and do not prepare thoroughly as to what a Budget is and what a framework is, it leaves a problem. Maybe things must be said in a proper context as to what a framework is. If hon Meyer comes to this podium and says that he rejects the framework, the Budget, it is so surprising because at the end of his speech, he says that he is waiting so patiently to welcome the R6 billion for the drought. [Laughter.] He does not approve it, but

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he is very worried about the drought and he welcomes the Budget and he wants to spend it. [Applause.]

As an MEC, I expect his level of understanding of the South African Constitution to be above our understanding. He comes here and says that Minister Gigaba has left because he could not implement a Budget. It is as if he does not understand that it is the prerogative of the President to appoint and even relieve them of their duties. So, he did not leave out of his own accord; it is the President's prerogative. He must understand better, if he is a senior leader, as he said to my fellow hon member.

The hon member of the DA – I don't want to quote him by the name because we have troops – comes to this podium and says that they reject this fiscal framework. He is not telling South Africans that the GDP of this country, in terms of the latest statistics, has grown. The economy of this country has grown by 3,1%. [Applause.]

Mr T C MOTLASHUPING (cont): They are shy. They are very shy to say that.

Now, when you look into ... hon Terblanche, in terms of the framework ... The only thing that hon Terblanche could say here –

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which was irrelevant to the framework – was about the Gupta. State capture. He does not tell the South African public that it is the ANC-led government that has instituted an enquiry into what has happened in terms of state capture. It is not the DA. [Applause.]

It was a demonstration of bankruptcy in terms of policy. An articulation of their own policies in the DA.

Look, hon members, hon Terblanche says, when you look at the VAT ... I want to be very, very soft here. He says, at this podium, that VAT has been increased by 7%. [Interjections.]

Now, just listen to this. I've got a young boy called Butlali. He's 11 years old. Butlali. He would understand that 15% out of 14% is one per cent. One! [Laughter.] [Applause.] [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Motlashuping, can you take your seat. Yes, hon Julius? On what point are you rising?

Mr J W W JULIUS: Chairperson, that the member is misleading the House. It's in the Rules. It's a point of order. The member misled the House. It is the Public Protector that started with state

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capture, not the ANC. They kept quiet all along. [Interjections.] He mustn't come and tell South Africans that they started it.

The DEPUTY CHAIRPERSON OF THE NCOP: Okay, don't debate. Don't debate. It's matter of process. Hon Motlashuping, please continue. [Interjections.]

Mr T C MOTLASHUPING: Chairperson, there were public hearings. When we speak about the VAT increase, the ANC-led government is saying ... [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Motlashuping, can you take your seat, please.

Mr J W W JULIUS: I'm sorry, hon member, but I'm rising on Rule 46(b). The member is misleading the House. Earlier, you also made an error to say that it is a debatable matter or what-what. If a member is misleading the House, according to Rule 46(b), you have to rule on that. You have to find out what he said, and whether he misled the House. I gave you the proof now, Chairperson. Thank you.

The DEPUTY CHAIRPERSON OF THE NCOP: That's fine. I'll do exactly that. Please continue, hon Motlashuping.

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Mr T C MOTLASHUPING: The VAT increase ... [Interjections.] The increase on VAT is from 14% to 15%. One per cent! [Interjections.]

Now, let me clarify that. Let me clarify this increase so that we understand it very clearly, hon Hattingh. [Interjections.]

What we are saying as the ANC-led government ... we are saying zero-rated food must be increased. There are 19 zero-rated foods. You know what is zero-rated food? It means the food that does not have VAT and goods ... [Applause.] And we have included ... and we are saying ... and I want to thank hon Chabangu. Hon Chabangu, I want to thank you so much. You are becoming progressive. You followed what happened in the public hearings. Hon Khawula, you must be thanked. Hon Gaehler, you must be thanked for adding on items that we have said as the ANC ... that the basket must be increased from 19 to more. [Applause.] It is the ANC that has said so. [Applause.] [Interjections.]

Hon members, other hon members come to this podium and said, as long ... from the EFF ... they say, as long as we are in government as the ANC, there will be no free education, there will be no houses, there will be no free health care.

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If you look at the Budget ... If you have read the Budget ... You know, absenteeism in committees ... and when the framework is adopted, you would have learnt more, that the majority of the Budget that we adopted goes to health, education... Who does not know that former President Zuma announced fee-free education? Everybody understands. Even a child today at university understands that there is going to be fee-free education at university. And it is the ANC-led government that has done so.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Motlashuping, can you take your seat. Yes, hon member, on what point are you rising?

Ms B A ENGELBRECHT: I'm also rising on Rule 46, Chair.

[Interjections.] The member is deliberately making a statement which is false because the allocation to provinces has reduced for education. So the member is not telling the truth. [Interjections.]

And then, I want to go back to a previous statement where he said the ... [Interjections.]

Can I be protected, please, Chair.

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The DEPUTY CHAIRPERSON OF THE NCOP: Yes, yes, you are. I can hear you. [Interjections.] Hon members, can I hear the point of order? [Interjections.] You see now, you are making it difficult also once more for me. And then I get accused that I make decisions and those decisions are wrong. Precisely because I can't hear sometimes what the member is saying! [Interjections.]

Ms B A ENGELBRECHT: Thank you, Chair. The member said the economy is growing by 3,5%. I think he's hugely confused. The economy grew by 0,6% in 2017, and grew by 2% in the last quarter of 2017. [Interjections.] So he obviously doesn't understand the maths! [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Okay! Okay! Now you are debating. You see, now you are debating. Don't debate. I heard your point.

Ms B A ENGELBRECHT: But, I'm standing on this ...

The DEPUTY CHAIRPERSON OF THE NCOP: Can I rule on that?

[Interjections.] Can I rule on that, hon member? May I satisfy myself by going to Hansard to check the correctness of what the member is saying and then rule at the next sitting? Okay.

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Mr T C MOTLASHUPING: I said and ... you listen very carefully. I said that GDP in the last quarter grew by 3,1%. [Interjections.] And, do you know, it is acceptable. The truth hurts. Because I am speaking the truth as it is. [Interjections.] We are not co-governing. We are governing this country as the ANC, and we are leading. We would not be assisted on how to lead. [Applause.] [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Yes, hon member?

[Interjections.] Hon Motlashuping, please take your seat.

Ms B A ENGELBRECHT: Mr Chair, I go back to ... [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Can I ... [Interjections.] Just hold! Just hold! Hon Motlashuping, please take your seat. Yes, hon member?

Ms B A ENGELBRECHT: Mr Chair, I go back to Rule 46 where the member is misleading the public. Because the GDP did not grow by 3,5%. [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: No, hon member! I made a ruling on that matter. [Interjections.]

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Ms B A ENGELBRECHT: But he said it again, Chair! [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: No, no, no! I said I made a ruling on the matter that I will come back and present that ruling in the House. Can you allow me to do that? Please. [Interjections.]

Ms B A ENGELBRECHT: But he mustn't mislead the public.
[Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Thank you. Don't debate! Don't debate. Okay. [Interjections.] Hon Motlashuping?

Mr T C MOTLASHUPING: Chairperson, despite the fiscal consolidation, the ANC is still determines to eliminate checks and provide infrastructure for the citizens.

The budget allocated R123,3 billion for subsidised public housing and increased the allocation for water infrastructure and services. Infrastructure development is critical to the achievement of the National Development Plan's, NDP, goals and for the attraction of investors to our country. The ANC is determined to achieve this goal.

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To mitigate transport costs and ... [Inaudible] ... the poor, the 2018 Budget has set R129,2 billion aside to support affordable public transport. The latest statistics are a thorn and people may not have read it.

As the ANC, we believe that this Budget has prioritised the most critical elements and is aimed at realising the objectives outlined by our President in his state of the nation address. This is testimony to the commitment by the ANC-led government to create an environment conducive to the creation of more jobs, sustainable livelihoods, education and health, infrastructure development, good governance and financial management.

The ANC-led government is working towards stabilising and ultimately reducing debt-servicing costs which are a precursor to further increases in social spending and reductions in poverty, inequality and unemployment in a sustainable manner. [Interjections.]

An HON MEMBER: What?

Mr T C MOTLASHUPING: Further sovereign ratings downgrades are likely to be difficult ... very difficult ... sovereign downgrades are going to be very difficult ... [Interjections.] ... because we have

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put correct systems in place. [Interjections.] And we will depend ... And this will depend ...

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Motlashuping ...

Mr T C MOTLASHUPING: ... on credible fiscal consolidation measures.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Motlashuping, your time has expired.

Mr T C MOTLASHUPING: We support the fiscal framework. [Applause.]

The DEPUTY MINISTER OF FINANCE: Hon Deputy Chairperson and hon delegates, may I take this opportunity to express my gratitude for the rare moment of addressing you on the Fiscal Framework. I think the challenge we are facing is a challenge we are responding to. I think the biggest challenge that the ANC has is to provide leadership. That responsibility belongs to the ANC. O R Tambo would have said one day that great leaders put their eyes on the ball. They transcend the incidentals because if you are given a task to lead that is the job you have. I guess that these measures that have to be taken are only the responsibility of the ANC. So the incidentals would not care about these measures because if these

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measures are not taken there are consequences for which the ANC will answer, not the incidentals. Incidentals will not be called upon to respond to those consequences.

I just want to say that the new dawn cannot be dead because the market is still excited. Prices are still going down, the market in general responded positively every day to the leadership of the President. The rand is still going down. All I am saying is that every outcome that came as a result of the President pronouncing a new dawn is still there. So if you say the new dawn has failed say that the outcomes are no longer there. Then the new dawn is gone.

The Fiscal Framework and Revenue Proposals for the Budget this year has created intense debate, but was clearly crafted in an environment where tough decisions need to be made. This could not have been a regular Budget after the dire state of public finances was laid bare in the Medium-Term Budget Policy Statement, MTBPS, at the end of last year.

The main culprit has been year after year of weak economic growth which has led to an increase in unemployment and vast shortfalls in our tax revenue, making it increasingly difficult to fund existing and new social programmes.

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Although South Africa's growth outlook has improved notably with positive surprise in the fourth quarter, with a gross domestic product, GDP, growth of 3,1%, economic growth remains too slow to have a substantial impact on unemployment and further reduce levels of poverty.

The Fiscal Framework presents a much-improved picture compared to last year but many risks remain. The finances of major state-owned companies have become precarious, and the extent of corruption and wasteful expenditure in the public sector together with governance and efficiency challenges in state-owned entities, SOEs, have adversely affected tax morality. The medium-term costs of fee free higher education and training and Public Service compensation are also uncertain.

Over the past five years, South Africa has enjoyed relatively buoyant revenue growth despite a persistently slow economy. In other words, tax revenue grew faster than the GDP. However, this trend was reversed towards the end of 2016-17. Tax revenue has continued to be under pressure with an estimated shortfall of R48,2 billion for the last fiscal year. This comes on top of a 30,7 billion shortfall in the previous years. These under collections have put immense pressure on the Fiscal Framework as government has insufficient

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revenue to pay for planned expenditure, leading to an increase in borrowing.

Further revenue underperformance is one of the key risks to the sustainability of public finances. A failure to manage these pressures could reverse the substantial gains that South Africa has made in expanding social wages in 1994.

In the recent Budget Speech the government outlined a series of measures to rebuild confidence and return public finances to a sustainable path. The proposals billed government's renewed commitment to effective policy implementation, good governance and inclusive development. In partnership with business and labour we will set South Africa on a new path of growth.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Deputy Minister, can you take a seat? On what point are you rising hon member?

Mr W F FABER: Chairperson, on a point of order: I just want to know if it's parliamentary for the deputy House Chairperson to shop for cars online while the Deputy Minister is talking. [Interjections.]

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The DEPUTY CHAIRPERSON OF THE NCOP: Huh uh, huh, uh, who must make a ruling? Who? [Interjections.] I don't even know what the hon member is saying.

Mr W F FABER: Chairperson, I asked if it's parliamentary for the deputy House Chairperson to do online shopping for cars while the Deputy Minister is talking. I want to know if it's parliamentary. [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: No, that's not a point of order hon member. [Interjections.] Hon members, that's not a point of order. Can we allow the debate to continue? You know why? [Interjections.] Let me just continue with this. You know, I observed something. Earlier on, hon member Meyer was seated there taking photographs of you. I looked at him but I didn't want to embarrass him because I respect him as an MEC. He knew that what he was doing was wrong but I left it at that. Hon members, you know this ruling is like this thing of conversing amongst yourselves and then you rise and expect me to make a ruling on a matter that I had not seen and heard.

Hon Nyambi, if you are doing that can you please refrain from doing it. It speaks about the House Chairperson. [Interjections.] No,

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don't argue. Don't argue hon Nyambi. All I'm saying is that it is not a point of order, and if that is happening can it not happen, please.

Ms C LABUSCHAGNE: Hon Chair, I really don't understand what is going on now. As the Chairperson sitting in that chair it's your job to rule. If you notice something that you know is against Parliament you can rule on it. You cannot use your discretion that you are using and try to say that when somebody else stands up in the House who notices something that's unparliamentary ... because you didn't rule on the first thing because it's your choice ... you're not going to rule on the second thing. Then it means that nobody can stand up and say these things are unparliamentary. We cannot continue on that basis because when it's the ANC doing something wrong you ... [Interjections.] ... and we stand up you're not going to rule, and the other way round. [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: No, no, can I listen to hon Labuschagne?

Ms C LABUSCHAGNE: We cannot ... If you have to rule, you have to rule.

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The DEPUTY CHAIRPERSON OF THE NCOP: Hon Mampuru! In actual fact hon Labuschagne agrees with me. There's nothing wrong or contrary in what she is saying to what I said. I can't make a ruling on a matter that I have not had an opportunity to see or hear; which is fair.

Thank you very much for supporting what I said earlier on.

[Laughter.] Hon Deputy Minister, can you continue with the debate?

The DEPUTY MINISTER OF FINANCE: Thank you hon Chairperson. Together we need to narrow the Budget deficit and stabilise debt, laying the foundation for faster growth in the years ahead. As a result of the difficult tradeoffs we face, the Budget sought to bolster public finances by raising taxes and adjusting expenditure.

Major steps include a one percentage point increase in the VAT rate for 2018-19 and a large-scale spending reallocation over the medium term. The fiscal proposals will involve hard adjustments that are needed to protect the integrity of public finances. By taking steps now to strengthen the fiscal position we will widen the path for new investment and inclusive job-creating growth in the years ahead. At the same time we will create the space to meet new spending commitments.

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The fiscal proposals will involve hard adjustments that are needed to protect the integrity of public finances. By taking steps now to strengthen the fiscal position we will widen the path, as I've already said. In combination with the improved growth outlook the 2018 Budget proposals will result in a considerably narrower Budget deficit than was presented in October 2017 and a clear path to debt stabilisation.

At the time of last year's MTBPS, gross national debt was projected to breach 60% of GDP in 2020-21 and 2021-22, and continue rising thereafter. This projection reflected major revenue shortfalls, slow economic growth and a limited policy response. The outlook also represented a major departure from the 2017 Budget figures which showed the debt to GDP ratio declining from 2018-19 onwards.

In the Budget, the combination of higher GDP growth, a narrower deficit, a stronger currency and lower borrowing rates result in an improved debt to GDP outlook with debt stabilising at 56,2% of GDP in 2022-23. Therefore I find the projections of 90 ... 70 billion to be an unblushing alarmism. I want to repeat this. I find the projections of 70 billion ... 90 billion to be an unblushing alarmism, by proportion. I don't know where that comes from.

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We have received numerous comments, suggestions and criticisms since the Budget Speech but almost every input has agreed that this is the path we need to take as a country. Debt needs to be reduced and should stop increasing as a proportion of GDP to avoid future tax increases or public expenditure cuts, and to reduce the ever-increasing proportion of the Budget that goes to servicing that debt. The main contention is on how that debt has been reduced.

On the expenditure front, the Budget saw a significant reallocation of public expenditure through implementing an 85 billion reduction in expenditure over the next three years but allowing for an addition of 56 billion in expenditure for free higher education over the same period.

Given the risks I mentioned earlier, on top of the risks such as costs related to the current drought, the contingency reserve has been increased. There were also increases in provisional allocations for drought management and public infrastructure.

Expenditure cuts fall mainly on large programmes and transfers to government entities. Civil society organisations are concerned that these cuts may impact on service delivery and infrastructure projects. Although it may cause delays in the completion of some

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infrastructure projects, we believe there will be a minimal impact on frontline services. The impact of these changes will be carefully monitored to ensure that there are no unintended consequences due to these actions.

The tax proposals are expected to raise 36 billion in additional revenue for the state, contributing a large degree in reducing our debt and funding fee free higher education. The vast majority of comments and concerns have focussed on these tax proposals and specifically on the decision to increase the VAT rate to 15%.

With regard to tax policy, we have been pleased with the active citizenry on display since the Budget Speech. I want to thank each and every one of you who submitted comments and presented your views and concerns on these issues to the joint committees on Finance. We have had robust discussions in which I am sure all parties have learnt something from those who have different views to their own. Furthermore, I am sure we can all agree that having debates of this nature are what contribute to a healthy and functioning democracy.

Our President spoke about a new dawn and improved accountability in government. This is certainly happening and we welcome it. We understand that for most people paying tax is not particularly

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enjoyable. We are also acutely aware that the majority of our people are struggling every day to feed their families. So, asking them to pay more for some of their foods and other expenses is certainly not a decision that was taken lightly considering that the VAT rate has not been changed in the past 25 years.

At Shoprite in Alexandra you can currently buy a loaf of sliced white bread for R10,79. At the same shop you can buy a slightly smaller loaf of brown bread for R4,99. While the price of the brown bread will remain unchanged with the VAT increase because it is zero-rated, the price of this white loaf of bread will increase by nine per cent. You have an alternative with regard to the brown bread, which is healthier by the way. We understand that many moms make sandwiches for their children with zero-rated brown bread but that the fillings they use, like peanut butter, are not zero-rated and the price of these will increase from 1 April.

We have listened to all these concerns; that VAT is regressive and along with fuel levy increases will hurt the poor the most. This means that the poor spend more on tax as a percentage of their income than do high income households.

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The most recent research suggests that VAT was mildly progressive and without the current zero-rated food items it would have been regressive. We have also heard that the poor consume many other products that are not currently zero-rated and therefore they are not provided with the cushioning from the rate increase as envisaged.

We are therefore seriously considering options for mitigating the impact on the poor. Our Minister will be leading a team assisted by officials and a panel of experts that will reconsider the current list of zero-rated items, and assess whether we can improve those targeted and better align the list of zero-rated foods with the spending priorities of our poorest households. There are also a few food items on the current list that can be removed as they are poorly targeted and predominantly benefit richer households. Our focus should be on the poor.

I also want to emphasise how progressive our tax system already is. In the 2018 Budget we also announced measures that enhance this important principle. For example, the top four personal income brackets were not adjusted for the effects of inflation while lower brackets received some relief through a 3,1% increase. These changes should bring in around 6,8 billion.

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Ad Valorem excise duties which are an additional tax on products as it is imported into the country or as it leaves the factory are charged on a number of luxury goods. The duty rate on these products was increased from 7% to 9% to ensure that wealthier households pay proportionately more. Those who can afford to buy more expensive cars will also be paying more from 1 April. The estate duty tax rate for large assets was also increased from 20% to 25%.

The DEPUTY CHAIRPERSON OF THE NCOP: As you conclude hon Deputy Minister.

The DEPUTY MINISTER OF FINANCE: As I conclude, if I was to do nothing, our revenue shortfalls pose a risk to the sustainability of our expenditure system and therefore our main tool to address inequality. Whilst the tax and transfer system is endangered, the poor will be worse off due to pressure on social wages. For this reason we propose that we act decisively now. Delaying any action to curb our increase in debt would have meant that without a large surge in growth, even larger expenditure cuts and tax increases would need to have taken place at some point.

We have been transparent about the likely impacts and incidents of our proposals and we are open to discuss these matters and find

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solutions that aim to protect the most vulnerable. This is our public duty. While the immediate impacts have received much attention, I feel I have a duty to ensure that we do not lose sight of the larger trajectory of our country's fiscal and economic path. Thank you. [Applause.]

Debate concluded.

Question put: That the Report be adopted.

IN FAVOUR: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West.

AGAINST: Western Cape.

Report accordingly adopted in accordance with section 65 of the Constitution.

REVIEW OF SECTION 25 OF THE CONSTITUTION AND OTHER SECTIONS FOR THE

STATE TO EXPROPRIATE LAND WITHOUT COMPENSATION

(Draft Resolution)

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The CHIEF WHIP OF THE NCOP: Thank you Deputy Chairperson. There are four motions. I will deal with the first one on the draft resolution.

THE DEPUTY CHAIRPERSON OF THE NCOP, I move without notice:

That the Council -

(1) notes that -

(a) the resolution adopted by the National Assembly on Tuesday, 27 February 2018; concur with the National Assembly to instruct the Constitutional Review Committee to -

(b) review section 25 of the Constitution and other sections where necessary, to make it possible for the state to expropriate land in the public interest without compensation, and

(c) in the process conduct public hearings to get the views of ordinary South Africans, policy-makers, civil society organisations and academics, about the

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necessity of, and mechanisms for expropriating land without compensation;

- (d) propose the necessary constitutional amendments where applicable with regards to the kind of future land tenure regime needed; and
- (e) report to the Council by no later than 30 August 2018.

The DEPUTY CHAIRPERSON OF THE NCOP: In accordance with Rule 71, I shall first allow provinces an opportunity to make their declarations of vote if they so wish.

Declaration(s) of vote:

Ms C LABUSCHAGNE: Thank you Chairperson. Hon Chairperson, land reform in South Africa is non-negotiable. Land disposition was the original apartheid sin destroying black people's ability to own productive assets and build into generational wealth.

In the past 24 years of the ANC government only 8% to 10% of commercial farm land has been redistributed or restored to black people. It is misguided to blame failures in land reform and land redistribution on section 25 of the Constitution.

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Expropriation without compensation cannot be a part of the solution.

By taking land away from black people in favour of the state and leasing it back to them means the poor South Africans will never own the property they live on.

There was a high level report commission held by Parliament. I quote:

The need to pay compensation has not been the most hysterias constraint on land reform in South Africa; other constraints include corruption by officials; the diversion of the land reform budget to elitist; lack of political will, and lack of training and capacity have proved more serious stumbling blocks to land reform.

At the current rate it will take thirty five years to finalise restitution claims lodged before 1998. This is the ANC legacy. The Western Cape through partnerships with some community organisations has accelerate land reform leading to the success of 62% of all land reform farms in the province, compared to the 90% failure rate of land reform programmes in the rest of the country.

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Land reform - you must sort it out in your caucus don't bring it here. Land reform must serve as a tool of economic freedom by giving title deeds to far much, but it is national governance policy to withhold title deeds from black farmers.

Go to the mining towns and you will find the evidence there. Here in the Western Cape the DA has delivered 82 830 title deeds since 2009. Hon Prins, you know about the farmings. Don't comment you know, it will boomerang on you.

With the looming national election, the ANC is resorting to gimmicks offering black South Africans no hope, and no real justice. The Western Cape does not support this resolution.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Prins, hon Prins, hon Prins and hon Hattingh! Can you stop what you are doing? Can you stop what you are doing? I'm supposed to protect you. If you feel attacked by her, you need to bring that to my attention. Please, don't do that.

Ms E PRINS: [Inaudible.] ...the woman.

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The DEPUTY CHAIRPERSON OF THE NCOP: Hon Prins, hon Prins, hon Prins! Can you behave yourself? Please! Hon Prins, just behave yourself. That's a declaration made by a province. Can I check whether if there are other provinces? Are you making a declaration on behalf of the province? Okay, let me first take the point of order then I will come to you KwaZulu-Natal.

Ms L C DLAMINI: Thank you very much hon Chair. I just want to check if it is parliamentary for hon Hattingh to call hon Prins, "I have been attacked by this woman."

The DEPUTY CHAIRPERSON OF THE NCOP: Come again?

Ms L C DLAMINI: He said, I have been attacked by this woman.

The DEPUTY CHAIRPERSON OF THE NCOP: It is on Hansard. Hon Hattingh, did you say that? Did you refer to hon Prins as this woman?

Mr C HATTINGH: I said I feel attacked by the woman as you requested me to do; the hon woman.

The DEPUTY CHAIRPERSON OF THE NCOP: Okay, now again you are confirming that you did say this woman.

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Mr C HATTINGH: Chair, I referred - I should have said hon woman.

The DEPUTY CHAIRPERSON OF THE NCOP: Okay, thank you. Just hold it there you have apologised that's fine, alright.

IsiZulu:

Mnu J M MTHETHWA: Mphathi Sihlalo iKwaZulu-Natali iyavumelana nokuthi kubuyiselwe umhlabo ngaphandle kwenkokhelo unikezwe abanikazi bomhlabo. Esikhathini esiningi futhi eside esedlule izinto ezenzekile lapha eWestern Cape, kunoMnumzane esikhulumna nje icala lakhe lisenkantolo. Ubhidlizelwe umuzi wakhe ngoba akhe epulazini, ebhidlizelwa umnikazi wepulazi nge-bulldozer. Ngiyafuna ke la ukuthi abantu bakithi bakwazi ukuthi lo mthetho ulungiselelwe khona ukuthi abantu abanjengalo mnumzane ngalezi zinto ezenzeka la eWestern Cape kulungiswe ukuthi lo mhlabo abuyiselwe kubanikazi bawo. Ngakho-ke thina kwaZulu-Natali siyakweseka ukuthi umhlabo awubuyele kubanikazi bawo abantu bokuzalwa kulelizwe. Ngiyabonga.

Ms T MOTARA: Thank you Deputy Chair. Chair, the issue of land in this country is a very emotive one. It can even be displayed or witnessing the display that has taken place between the two hon members; and if you have seen what has happened between the two hon members, you can just imagine to those that are ordinary South

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Africans who still suffer because of the land restitution programme, which has not worked.

I think the reality is... [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Hon members, Gauteng is making a declaration. It is a declaration of Gauteng. Can you allow Gauteng to conclude with their declaration? Please!

Ms T MOTARA: First, it is a fallacy to conclude that land redistribution and restitution will take place just for the process of farming. Secondly, it may take the ANC 35 years to address the backlog but we think that we need to do it quicker; at least it is not going to take 200 years.

I think we need to read correctly that the expropriation of land without compensation must be done in the public interest. It is not to issue title deeds because title deeds are not – that's exactly what the motion says.

However, I think the greatest mistake that the ANC made was to wait 24 years hoping on the goodwill of South Africans who stole land to give it back to those who originally owned it. That was the biggest

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mistake of the ANC. [Applause.] And, we can no longer wait on the goodwill, which we see doesn't exist and will not take place.

Therefore, as Gauteng we support the resolution as presented by the Chief Whip. Thank you. [Applause.]

Mr B G NTHEBE: Chair, as the North West I'm fully empowered to agree with the resolution; but we are not surprised that the silent narrative inwards the declaration by the Western Cape seek to purport is that we sympathise with the dispossession of the black people but they don't want it reversed; and this is the process that their argument should be forwarded to the process – agree to the process so that you can argue there.

In our case, we want to agree with the resolution; but we also alive hon Chair that this is the very same party that rejected the Constitution. By the way, so are not surprised. Thank you Chair.
[Applause.]

Mr M RAYI: Thank you hon House Chair. First of all the issue is about concurring with the national assemble on the establishment of the constitutional review committee. As the Eastern Cape, we agree

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with that, that we concur as the Eastern Cape with that particular resolution by the Chief Whip of the NCOP.

The ANC was established precisely because people of South Africa were disposed brutally, violently. So this proposal that is now going to the constitutional review committee is to exactly address the reason why the ANC was established in the first place.

The issue of section 25 currently as it stand, the reason why it also took so long it is because you also have to discuss issues of prices; but now if we are going to expropriate it without compensation, they won't be – we were only discussing about compensation and therefore it is going to be quicker. As such we support this particular resolution as the Eastern Cape. [Applause.]

Mr A J NYAMBI: Chair, let me indicate that from the word go as Mpumalanga we support the resolution that instruct – it is the resolution that instruct because some don't understand what we are doing; the resolution that instruct the constitutional review committee to look at section 25 of the Constitution.

We agree that the issue of land is a very emotive one. If you are a South African and you want to talk about the original sin and you

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don't talk about the issue of the land, then that discussion won't be complete; and

If you drive in South Africa, after 24 years of democracy you can see that this is the place where blacks are staying. Now, in this NCOP we have got a resolution from the legislature about farm dwellers of Umbhaba struggling because of this very emotive issue.

We have farm workers that can't even bury their beloved ones because of this problem of land question, and if as South Africans we want our children and our grandchildren to suffer yet we are here, we have an opportunity to address this injustice of the past; then we will be failing as Members of this august House.

That is why we are saying, any South African that's has got a view, the necessary committee will be ready to deal with the modalities. Then, before the 30th of August this year, we are going to finalise that process as the House. We are going to be able to apply our mind and deal with it appropriately. Thank you. [Applause.]

Mr D STOCK: Thank you very much hon Deputy Chairperson.

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The DEPUTY CHAIRPERSON OF THE NCOP: Can we listen to the Northern Cape?

Mr D STOCK: Ja, as the Northern Cape province we are in full support of the motion on the Order Paper presented by the hon Chief Whip of the NCOP nstate Mohai. We understand and we are fully aware of the fact that indeed the issue of the land is an emotive issue.

We are quite conversant of that fact; and we are also indirect victims of the land dispossession, coming from our forefathers and then moving forward to when Jan Van Riebeeck and the Drommedaris, Reijger and Goede Hoop landed and disposed our forefathers their land.

We are also conversant of the fact that as the Northern Cape we have got a very small population in terms of numbers, but in terms of landscape, we have got big pieces of land in our province. For an example when you drive from one point to the other: You drive from Kimberly to Port Nolloth in the Springbok Namaqualand region, it is approximately almost a 1000 km from one point to the other; and then in between, when you are driving, there is a big pieces of land. When you look and when you go into details of what is happening, you will realise it is only one or two people that owns the land.

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So we are quite of the view that, it is actually unfair and that piece of land must be redistributed and it must be shared amongst the poorest of the poor. As we move forward with the programme of the ANC of the radical socio-economic transformation.

By the way, I'm also a member serving in the constitutional review committee. I'm not only supporting it here, in the committee again when it sits. When we embark on the public participation, I'm also going to support it. I thank you very much hon Chair. [Applause.]

Sepedi:

Ms T K MAMPURU: Modulasetulo, ga re na manganga; re badiri ba melao. Moo re beilego molao gomme ra bona o sa re sware gabotse, ke tokelo ya rena gore re o fetoše. Ga go yo a sa tsebego mo gore seipone le pere di re senyeditše lefase. Naga ya rena ba e amogile borakgolokhukhu ba rena, ba ipha yona. Ge o ka tla gagešo Limpopo - ga ke nyake go bolela ka Tubatse le Lephala - ke dimaene fela tše di sa re holego ka selo. Go a epiwa naga ye ka moka ga yona ga re tsebe gore na go direga eng. Re palelwa ke go ya mašemong. Bana ba rena ga ba sa tseba le gore ntsho ke eng. Bana ba rena ga ba sa tseba le gore leraka ke eng. Ke ka lebaka la gore ba iphile naga ya rena ka moka ga yona. Bjale, a re kgalemeleng seipone le pere re

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boelele mo re tšwago gona; re tšee mabu a rena re kgone go hola badudi ba Limpopo le Afrika-Borwa ka bophara. [Legofsi.]

Sesotho:

Mme M L MOSHODI: Ha ke o lebohe Modulasetulo. Re le Foreisetata le rona re re, re tshehetsa qeto e tekuweng ke Sephadi se seholo sa rona; mme re rata hore taba ena ya lefatshe re e tshehetsa haholo hobane re a bona hore ka yona, seriti sa rona le bana ba rona se ileng sa nkuwa kgale se tlo kgutla, hobane batswadi ba rona ba ile ba rekwa ka diipone le dipere.

Re le Foreisetata re re, taba ena ya lefatshe etlo etsa hore mmusong ho be bobebbe hore batjha ba fumane mesebetsi e siyo. E tlo etsa hore setjhaba sa rona sa bathobatsho re tle re tsebe ho itjalla meroho dirapeng tsa rona; mme e tla boela e etsa hore setjhaba sa rona se kgutlele moo se neng se le teng pele. Re iketsetse dijo ka matsoho a rona, re tlohellle ho batla ntho enngwe le enngwe mmusong.

Kahona, re le Foreisetata re dumellana le qeto ena hobane e tlo tlisa phetoho e kgolokgolo kahara setjhaba sa rona na ha ka bophara le kahara Foreisetata; mme re re, re a e tshehetsa, hanngwe, habedi, hararo! Re a leboha. [Mahofi.]

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[TAKEN FROM THE MINUTES.]

Question put: That the motion be agreed to.

IN FAVOUR: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West.

AGAINST: Western Cape.

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

The CHIEF WHIP OF THE NATIONAL COUNCIL OF PROVINCES: Deputy Chairperson, I move:

That the Council –

- (1) notes that the Parliamentary and Provincial Medical Aid Scheme Act, 1975 (No 28 of 1975) Parmed, is the compulsory medical aid for retired and current members of Parliament and Judges;

- (2) further notes that members of Parmed are paying high tariffs;

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- (3) acknowledges the need to enquire into the statutory requirement regarding compulsory membership for members of Parliament; and
- (4) with the concurrence of the National Assembly, establishes an Ad Hoc Joint Committee to –
- (a) enquire into and make recommendations on:
- (i) the tariffs of members of the Parmed medical aid scheme;
- (ii) the need for, and possible options with regard to Parmed and other competitive medical aids for members of Parliament;
- (iii) the necessity of introducing amending legislation; and
- (iv) the impact on retired members of Parmed;
- (b) consult with the Judges and provincial legislatures;

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- (c) this committee should consist of 11 members of the National Assembly, as follows: ANC 6, DA 2, EFF 1 and other parties 2 and 9 members of the National Council of Provinces;
- (d) exercise those powers as set out in Joint Rule 32 that may assist it in carrying out its task; and
- (5) report to the Council upon completion of its work.

Question put: That the motion be agreed to.

IN FAVOUR: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West, Western Cape.

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

Mr M M CHABANGU: The motion has been accepted with overwhelming majority.

The HOUSE CHAIRPERSON (Ms M C Dikgale): Okay, I thought maybe there is a point of order.

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The CHIEF WHIP OF THE NATIONAL COUNCIL OF PROVINCES: Deputy Chairperson, I move:

That the Council amend the motion regarding the designation of members to the Pan - African Parliament adopted by the Council on 24 October 2017, by making following replacement:

- (1) Mr Nyiko Floyd Shivambu replaced by Mr Julius Sello Malema.

Question put: That the motion be agreed to.

VOTING

IN FAVOUR: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West, Western Cape.

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

The CHIEF WHIP OF THE NATIONAL COUNCIL OF PROVINCES: House Chair, I move:

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That the Council amend the resolution regarding the designation of members to the Magistrate Commission adopted by the Council on 30 October 2014, by making following replacements:

- (1) Mr Simphiwe George Mthimunye replaced by Mr Boingotlo Gerard Nthebe as permanent member; and
- (2) Ms Galerekwe Mase Manopole replaced by Ms Tabiso Wana as alternate member.

Question put: That the motion be agreed to

VOTING.

IN FAVOUR: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West, Western Cape.

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

NOTICES OF MOTION

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Mr G MICHALAKIS: Chairperson, I am ugly but I am not that ugly.

[Laughter.] With respect I withdraw. On behalf of the DA, I hereby wish to move that at its next sitting of the House, the Council debates the positive effect increased powers to provincial governments can play in effective policing. I so move.

Mr C F B SMIT: Hon House Chair, on behalf of the DA I hereby move a notice of motion that at its next sitting of this House that the Council debates the current state of soil erosion in South Africa and the long-term impact it has on agriculture and natural habitats. I so move. Thank you.

The HOUSE CHAIRPERSON (Ms. M C Dikgale): Can I check with the hon members because I have been given the list from the Table. We have hon Smit, who has just done his job now, hon Machalakis is done and now is hon Hattingh. Do we have any other member?

Mr C HATTINGH: Hon Chair, on behalf of the DA I hereby wish to move a notice of motion that at its next sitting of the House:

That the Council -

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- (1) notes the use of Buthelezi Emergency Medical Service in quite a number of provinces, and notably in the Free State and North West province, in preference to provincial ambulances, especially on lucrative pre-plan inter facility transfers; and
- (2) debates these practices, the cost thereof, and implications of providing a quality health service to people in desperate need thereof. I so move.

THE VALUE PLAYED BY MALUTI-A-PHOFONG IN THE COUNTRY

(Draft Resolution)

Ms M L MOSHODI: House Chairperson, I moved without notice:

That the Council –

- (1) notes that Maluti-A-Phofong is one of the geographically designated areas in the country set aside for specifically targeted economic activities to promote economic growth;

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- (2) further notes that the special economic zone is scheduled to begin with the contract this month and it is expected to promote 255 direct permanent and 429 indirect jobs in the year 2018-19 financial year;
- (3) acknowledges that further 1700 temporary work opportunities are also expected to be created during the contract phase of the structures, and therefore;
- (4) congratulates the ANC-led government on its focus on growing the economy and creating jobs; and believe that Maluti-A-Phofong will go a long in improving the employment rate in the province. I so move.

The HOUSE CHAIRPERSON (Ms M C Dikgale): Thank you. Are there any objections to the motion? Yes. In light of the objection, the motion may not be proceeded with. The motion without notice will now become notice of a motion.

MOTION OF CONDOLENCES

(The late Amos Gerard Matila)

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Ms T MOTARA: Chairperson: Ms T Motara moved without notice:

That the Council –

- (1) notes with profound sadness the death of Amos Gerard Matila in January this year;
- (2) further notes that Mr Matila was a former member of the National Council of Provinces and a delegate of the Gauteng Province in the fourth term of Parliament;
- (3) appreciates that he served in various committees of the NCOP including the Select Committee on Security and Justice, Petitions and the Ad hoc Committee on the Protection of State Information;
- (4) conveys its heartfelt condolences to the Matila family.

The HOUSE CHAIRPERSON (Ms M C Dikgale): Is there any objection to the motion? None.

The motion is agreed to in terms section 65 of the Constitution.

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**NEW PAEDIATRIC AND NEONATAL UNIT AT NELSON MANDELA CHILDREN'S
HOSPITAL**

(Draft Resolution)

Ms L C DLAMINI: House Chairperson, I hereby move without notice:

That the Council –

- (1) notes that the Paediatric and Neonatal ICU unit in Nelson Mandela Children's Hospital was officially opened on 28 February 2018;
- (2) further notes that the opening of the Paediatric ICU is very significant in that the hospital's critical care unit will add 48 beds to the system to accommodate children from South Africa and the Southern African countries;
- (3) admits that the opening of this unit will assist a great deal with reducing waiting times for Magnetic Resonance Imaging, RMI, scans and Computed Tomography, CT, scans and it will assist other hospitals in reducing the waiting list.

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and the waiting time for children in dire need of these resources;

- (4) appreciates the opening of this Unit, which marks another milestone in the hospital journey to fully operationalise its intended services in accordance with the dream of the late former President, Nelson Mandela. I so move.

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

MOTION OF CONDOLENCES

(The late Fezeka Loliwe)

The CHIEF WHIP OF THE NCOP: House Chair, I hereby move without notice:

That the Council -

- (1) notes with utmost sadness and profound grief the untimely death of hon Fezeka Loliwe, who tragically lost her life in a motor vehicle accident while on her way from her

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Parliamentary Constituency Office in Port Elizabeth in the Eastern Cape on Monday, 5 March 2018;

- (2) further notes that hon Loliwe has served the mass democratic movement with utmost diligence and great sense of commitment in various structures including serving in the leadership of the ANC and its alliance partners such as Sadtu and SACP;
- (3) acknowledges that hon Loliwe who was the Chairperson of the Portfolio Committee on Labour was one of the most exemplary Members of Parliament, a dedicated and hardworking servant who derived immense joy from making a difference in lives of the people; and
- (4) conveys its profound condolences to the family of hon Loliwe and wishes them strength in these difficult times. I so move.

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

ANNOUNCEMENT OF THE VOTER REGISTRATION DATES

(Draft Resolution)

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IsiZulu:

Mnu M KHAWULA: Ngiyathokoza Sihlalo ohloniphekile, egameni leqembu leNkatha Yenkululeko ngethula lesi siphakamiso esingena sixwayiso:

Ukuthi leNdlu -

- (1) yamukele ukuthi u-IEC ubeke usuku lwangomhlaka-10 mhlaka-11 kuMashi 2018 njengezinsuku lapho izakamuzi zaseNingizimu Afrika eziselungelweni lokuvota ngokweminyaka kanye nalabo abekade bengabaliselanga ukuvota ukuba sonke siye ezikhungweni zethu zokuvota ngalezi zinsuku zombili ngomhlaka-10 no-11 kuMashi, uNdasa 2018;
- (2) yazi ukuthi izikhungo zokuvota ziyobe zivuliwe ilizwe lonke;
- (3) inxuse bonke abantu ikakhulukazi ezindaweni zasemakhaya, emalokishini kanye nasemijondolo ukuba siye ukuyonikezela ngamakheli ezindawo esihlala kuzona;
- (4) yazi futhi ukuthi uma singakwenzi lokhu sisengcupheni yokuphucwa ilungelo lokuvota;

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- (5) yanxuse futhi ukuthi noma kungaba uyazazi ukuthi ubhalisile, unguvoti omdala kade wawuvota, hambela isikhungo sakho sokuvota ngalo mgqibelo esiya kuwona nangesonto ukuze uqinisekise ukuphepha kwelungelo lakho lokuvota; futhi
- (6) siyobakhipha abantshontshayo okhethweni ngonyaka ozayo sifake i-IFP ezandla zayo zimhlophe qhwa uma siqinisekisa ukubhalisa kwethu kule mpelasonto.

The HOUSE CHAIRPERSON (Ms M C Dikgale): Thank you. Are there any objections to the motion? Yes. In light of the objection, the motion may not be proceeded with. The motion without notice will now become notice of a motion.

MOTION OF CONDOLENCE

(The late Beatrice Thembekile Ngcobo)

Ms L L ZWANE: House Chairperson, I hereby move without notice:

That the Council -

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- (1) notes with profound sadness the death of Honourable Beatrice Thembekile Ngcobo on Sunday, 18 February 2018;
- (2) further notes that Mama Ngcobo as she was affectionately known, served Parliament for over 13 years in various capacities, including as the Chairperson of the Portfolio Committee on Tourism at the time of her death;
- (3) agrees that Mama Ngcobo served as a Commissioner for Gender Equality from 1997 to 2004 where she worked tirelessly to see to it that an African woman and child are free from abject poverty, unemployment, inequalities and oppression; and
- (4) takes this opportunity to convey its profound condolences to the Ngcobo family.

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

ANC'S ECONOMIC FAILURE TO STIMULATE ECONOMIC GROWTH

(Draft Resolution)

Mr F ESSACK: Hon House Chair, I move without notice:

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That the Council:

- (1) welcomes Statistics SA findings that the GDP growth in the fourth quarter of 2017 reached some 3,1%; [Interjections.]

The HOUSE CHAIRPERSON (Ms M C Dikgale): You are protected hon Essack. Hon members from the DA, please.

Mr J W W JULIUS: (Inaudible.)

The HOUSE CHAIRPERSON (Ms M C Dikgale): Hon Julius no.

Mr F ESSACK: Ouch, Chairperson, it is tough.

- (2) the strengthening in economic activities was driven by agriculture industry, bouncing back from one of the worst droughts in recent history;
- (3) while the economy has grown in the fourth quarter, the South African economy still faces harsh realities of even further downgrades if interests on borrowing is continuing to escalate and increased taxes are imposed on the poorest and the middle class families;

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- (4) this will results in continued job losses with little or even no prospects for students that are now graduating and entering the jobs market;
- (5) notes that although the mining sector has grown and increased for 2017, generally the industry experienced a quarter on quarter decline in the fourth quarter, largely due to a fall in the production of gold and platinum group metals;
- (6) notes that the ANC-led government has dismally failed to stimulate the economy as you can see from the points that I have made;
- (7) notes that it continues to fail the embattled poor of South Africa; and
- (8) further notes that the ANC's actions have now put our country's sovereignty at stake.

I so move.

The motion objected.

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Mr W F FABER: Thank you hon Chair, hon Khawula has already asked the public to go and register to replace the ANC. Thank you Chair, so I might not move that.

Mr C HATTINGH: Hon House Chair, I move without notice:

That the Council:

- (1) notes with great concern the increase of sexual cases where educators are implicated in abusing learners;
- (2) further notes that in Klerksdorp in the Province of North West, an educator was suspended for allegedly abusing 30 learners;
- (3) condemns the continued abuse of learners by these implicated educators; and
- (4) calls on the responsible authorities to decisively deal with the abuse wherever and whenever it occurs.

I so move.

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Motion agreed to in accordance with section 65 of the Constitution

Mr M M CHABANGU: Hon House Chair, I move without notice:

That the Council:

- (1) notes that EFF and the citizens of Qwaqwa, Molodia Phofong in particular has done well in forcing the corrupt mayor of Malodia Phofong, Vusi Chabalala to be put under the Section 139(b);
- (2) further moves that a motion of no confidence is under way that she be removed

I so move.

The motion objected.

Ms T K MAMPURU: Hon Chair, I move without notice:

That the Council:

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- (1) notes that on Saturday, 24 February 2018, Eskom has signed an agreement with Technology Research Activity Centre South Africa (TRA SA) to extend the coverage of the Eskom Science Enhancement Institute support programme, which aims to assist with science, mathematics and technology education in the Eastern Cape;
- (2) further notes that Eskom in partnership with the Eastern Cape Department of Education signed the first agreement with TRAC SA in March 2016 covering five schools;
- (3) also notes that TRAC SA 2 is now being implemented in additional 25 selected schools for grade 10 to 12;
- (4) further notes that the TRAC SA programme has shown remarkable results within the first year of its inception with over 2 000 learners and 30 educators from 30 schools to benefit from the new agreement; and
- (5) congratulates Eskom and the department on this programme that will not only assist in improving the pass rate of Maths and Science in the province but also open doors for learners to

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pursue various careers, thus instilling a sense of hope for a brighter future.

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

16.

The Council adjourned at 16:52.