**UNREVISED HANSARD**

**NATIONAL COUNCIL OF PROVINCES**

**THURSDAY, 26 NOVEMBER 2020**

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***PROCEEDING OF THE NCOP***

The Council met at 14:00.

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

The CHAIRPERSON: Thank you very much, just to remind delegates that the rules and processes apply. So, before we proceed, please be reminded that rules and processes apply. Also be reminded of the following: that announced that the virtual sitting constitutes a Sitting of the NCOP, that the place of the sitting is deemed to be Cape Town, where the sitting of NCOP is, that delegates in the virtual sitting enjoy the same powers and privileges that apply in the sitting of the NCOP, that for the purpose of the quorum all delegates who are logged on to the virtual platform shall be considered present and that delegates must always switch on their videos, that delegates should ensure that the microphones on their gadgets are muted

and must always remain muted, that all delegates should note that the interpretation facility is active and any delegate who wishes to speak must use the ‘raise your hand’ function or icon. I would then proceed and indicate that, I have been informed that there will be no notices of motion or motions without notice except the motion on the order paper in the name of the Chief Whip. I now call on the hon Chief Whip to table the motion.

The CHIEF WHIP OF THE NCOP moved: That the Council resolves that Rule 239(1), which provides inter alia that the consideration of a Bill may not commence before at least three working days have lapsed since the committee’s report was tabled, be suspended for the purposes of consideration of the Division of Revenue Second Amendment Bill [B 24 - 2020] (National Assembly – sec 76).

Question put: That the Motion be agreed to.

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

ABSTAIN: Free State, Western Cape.

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

**CONSIDERATION OF DIVISION OF REVENUE SECOND AMENDMENT BILL AND REPORT OF SELECT COMMITTEE ON APPROPRIATIONS THEREON.**

Ms D G MAHLANGU: Hon Chairperson, hon Deputy Chairperson, hon Minister, Ntate Mboweni, permanent and special delegates present in this august House, fellow South Africans, I greet you. Chairperson, I am honoured to share before this august House a report of Revenue Second Amendment Bill of 2020 on behalf of the Select committee on Appropriations. The committee anonymously adopted the report, while the DA, the FF Plus and the EFF reserved their rights.

The Minister of Finance tabled the Division of Revenue Second Amendment Bill in Parliament on 28 October 2020 during the presentation of the 2020 Medium Term Budget Policy Statement, MTBPS. The Bill was tabled in terms of section 12(4) of the Money Bills and Related Matters Act No 9 of 2009. The Act requires the Minister of Finance to table a Division of Revenue Amendment Bill with a revised fiscal framework if the adjustments budget effects changes to the Division of Revenue Act for the relevant year.

Subsequently, the Bill was referred to the NCOP and the committee on

20 November 2020. Prior to that, hon Chairperson, the committee undertook a joint hearing process with the Standing Committee on Appropriation. The committee received a briefing from the National Treasury on the Bill on 12 November 2020. Provinces were invited in all our meetings and were also briefed individually by permanent delegates on 23 November 2020, except on the issue of the Northern Cape where ... [Inaudible.] ... and considered on 24 November and final mandate on 25 November 2020, in order to facilitate public participation, in line with section 72 of the Constitution of the Republic of South Africa.

The committee published an advert on the 11 languages, and written submission were received from Cosatu, the Pay the Grant Campaign and Equal Education. In accordance with section 214(2) of the Constitution and section 10(4) of the Intergovernmental Fiscal Relation Act No 97 of 1997, the committee consulted with the Financial and Fiscal Commission, FFC, SA Local Government Association, Salga and Public Benefit Organisation, PBO. While the processing of the Bill, the committee observed the committee observed the following issues and make recommendation:

The Minister of Finance should ensure that National Treasury gazettes the corrections to the Conditional Grant Frameworks, as set out in the Bill in accordance with section 16(4) of the Division of Revenue Act, 2020 as soon as possible. The National Treasury, together with the Department of Cooperative Governance and Traditional Affairs, should conduct a service delivery impact assessment emanating from the proposed budget cuts in local and provincial government to raise R10,5 billion for the SA Airways, SAA, business rescue plan.

This should demonstrate how these cuts will affect the implementation of the National Development Plan, NDP, and the Medium-Term Strategic Framework, poor and vulnerable South Africans will definitely might be affected. This report should include measures taken by government to mitigate the possible impact on the poor and vulnerable. Furthermore, the Minister of Finance, together with Cabinet, should ensure that appropriate measures are taken to prevent the movement of funds from already distressed and dysfunctional municipalities and infrastructure programmes to bail

out mismanaged state-owned entities, SOEs, at the expense of service delivery.

The movement of funds should not infringe on the Constitutional rights of poor and vulnerable South Africans. Whilst the Committee welcomes the additional R1,5 billion in response to job losses resulting from the COVID-19 pandemic, allocated as part of the stimulus package to create job opportunities through labour intensive projects; the committee is of the view that, the culture of poor planning, the lack of clear reporting frameworks and of timeous expenditure in such initiatives should be urgently addressed by government to avoid a repeat of the challenges reported in the Jobs Fund.

The committee is of the view that lessons learned from the nine years of implementing the Jobs Fund can assist to improve the work of the Presidential Employment Initiative, PEI, to achieve better results. In order to prevent wasteful and fruitless expenditure, the Minister of Finance, together with the Minister of Basic Education, provincial departments of education and provincial treasuries, should ensure that concrete steps are taken to build and demonstrate the required capacity to spend the proposed additional of R7 billion to the PES to employ education assistants at schools and to save governing body posts, as well as the R500 million added for food relief in response to COVID-19.

These steps should include developing clear systems to monitor and evaluate such expenditure to ensure that unnecessary problems are eliminated during food parcel distribution. Hon Chairperson, with regards to the COVID-19 economic relief package, the committee is mindful that the provincial sphere has committed to reprioritise

R20 billion from its own PES to the COVID-19 response.

However, the committee strongly recommends that all healthcare and frontline services budgets should be protected and provincial

treasuries, hon Ngomane, should put in place clear monitoring and evaluation mechanisms for expenditure and performance, to ensure that mismanagement of funds is prevented at all times. Parliament,

together with provincial legislatures, should monitor progress through effective oversight and in-year monitoring.

The Minister of Finance should ensure that National Treasury approves the roll-overs for the provincial and local government grants contained in the Bill for all projects near completion timeously, in accordance with the necessary financial management prescripts. Whilst the Committee has noted the proposed reduction of R25,3 billion as part of the overall Wage Bill, reduction of

R160 billion to ensure fiscal consolidation and economic reconstruction and recovery, the committee recommends that the issue

of the Public Wage Bill should be discussed and concluded fairly and amicably in the Public Service Coordinating Bargaining Council, and that such reductions should not affect the frontline service delivery workers.

Hon Chairperson and hon members, while the allocation of

R12 million, reprioritised into the indirect component of the Water Services Infrastructure Grant, for the implementation of various water services interventions, is a step in the right direction. The committee recommends that more resources should be found for the Department of Water and Sanitation and the Department of Agriculture, Rural Development and Land Reform, to address the persistent water crisis and drought affecting some provinces, in order to protect food security.

Hon members, hon Chairperson, the finalisation of the draft Public Procurement Bill should be expedited to ensure that the majority of South Africans participate in the economic mainstream. The Minister of Finance, together with the Ministers of Economic Development; Trade, Industry and Competition and Employment and Labour, should address the economic barriers, social inequality, and societal polarisation by adopting a localised product value chain approach.

The expression of this approach should also be found in the incentive frameworks of both provincial and local conditional grants as hard conditions to permit procurement of goods only if they are made or assembled locally within the South African borders, to stimulate the domestic economy and inclusive growth and encourage local opportunities while taking international trade agreements into consideration.

The committee appeals to National Treasury, the Department of Cooperative Governance and Traditional Affairs and Salga, to continue to support municipalities to resolve the issue of Eskom and water boards debt issue, and to ensure that the matter of provincial and national departments owing municipalities are also expeditiously addressed to bolster municipal finances, instead of implementing budget cuts in local government.

They should further ensure that municipalities create credible credit control measures, debt management policies and effective revenue collection strategies. The Minister of Finance and Cabinet should take concrete steps to prevent the mismanagement of COVID-19 funds and to ensure that consequence management is enforced for corruption and malfeasance during PPE procurement processes.

National Treasury, together with the Department of Health, should

table a detailed COVID-19 expenditure and performance report in Parliament, including how the remaining funds will be appropriated, and this affects all three spheres of government.

The Minister of Finance and other Ministers should also ensure that National Treasury and other departments avail the necessary performance information when requested by oversight and government advisory bodies, such as the FFC. Hon Chairperson, the Ministers of Social Development and Basic Education, together with the Minister of Finance, should ensure that proper financial management mechanisms are put in place to prevent wastage and fruitless expenditure of the funds allocated to Early Childhood Development, ECD, that amounts to R496 million and School Sanitation programme that amounts to R475 million, and further explore ways to retain the Long-Term Unemployment Grant of R350 for unemployed individuals between the ages of 18 and 59.

This could provide a safety net for the poorest of the poor, even though it will never be enough to cater for all, considering the current economic situation across South Africa. Given the current economic situation, with declining revenue collection and a rising budget deficit, the committee recommends that government should continue to make use of all legislative measures at its disposal to

fight corruption, including recovering monies which have been lost as a result of wrongdoing, whether in state capture, PPE procurement projects or government officials who contravene Public Finance Management Act and supply chain management, to root out corruption.

Hon Chairperson and hon members, whilst the committee appreciates that COVID-19 challenges led to the MTBPS being introduced in Parliament a week later, it has meant that the usual tight time frame for processing the Bill was intensified this year, and the committee and the provincial legislatures would have wanted to give more rigorous attention to the Bill, through you, hon Chairperson and hon Minister.

We urge the Minister of Finance to introduce the MTBPS timeously in future, going forward.

The committee believes that the House Chairpersons of both the National Assembly and the NCOP need to look into the possibilities of giving the NCOP more time and space to process the MTBPS in future.

While recognising the specific time constraints this year ... [Interjections.]

The CHAIRPERSON OF THE NCOP: As you conclude, hon member.

Ms D G MAHLANGU: As I conclude, hon Chair, it is unfortunate, but I wish to thank the committee members for the dedication that they have shown, the members of the portfolio committees from the

provinces, the support staff, the stakeholders, the media and the general public which have made it possible for us to make sure that within the given space of time, we were able to process the adjusted

Second Amendment Bill. The committee, therefore, hon Chairperson, recommends to the House that the Bill be adopted without any amendments. [Applause]

*IsiNdebele*:

Ngiyathokoza, Sihlalo. [Iwahlo.]

*English*:

Debate concluded.

Declaration of vote made on behalf of the Western Cape.

Question put: That the Bill be adopted.

[Take in from Minutes.]

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

The CHAIRPERSON OF THE NCOP: Thank you very much, hon Gladys Mahlangu. [Interjections.] Allow me to extend a warm hand of welcome to the Minister of Finance, Mr Tito Mboweni. Having done so, we will now proceed to hon D R Ryder. Hon Ryder!

Mr D R RYDER: Anyone expecting any good news in this second adjustment appropriation and the subordinate division of revenue is not living in the real world. Every South African should be aware by now that the country was already in deep trouble following 10 years of state capture. And yes, Mr Zuma and your legal team, state capture is a real thing.

The pillaging of the state by avaricious politicians and the politically connected deployed cadres has left state coffers empty. Not only were our resources stolen, but more money was borrowed so that more could be stolen.

Never mind ineptitude, there was malice aforethought and

criminal theft. The Zondo Commission is testimony to this

- if only we could now start seeing some convictions.

Now, we have to pay back the money borrowed, but we can’t even afford the interest, and then along came Covid-19.

What devastation was caused? The overkill of a lockdown has decimated our economy and placed more people out of work. We already had an unemployment rate that was out of control, and now the business-killing lockdown has put so many more people in the unemployment queue – 11,2 million people now sit without work. That is just the official figure!

So, the adjustment that we are busy contemplating now was bound to be a sobering, wretched and miserable update. We all expected a sharp cut in Budget to most departments, shifting funds from important projects to life-saving ones. That is what is needed. If only that was what we were considering today.

Instead, we have a confused and confusing reallocation of funds, which seems to be trying to show that our President and Finance Minister have both misled the country.

The Finance Minister was quite clear in February 2020. He told us that there was no more money for failing state- owned enterprises. So, what was the result of that statement? Well today we are considering a R10,5 billion bailout for SA Airways. Let’s not play word games, Mr Minister - even your caucus colleagues have stopped calling it a ‘capital restructuring allocation’. It’s a bailout!

So, it seems, Mr Minister, that you have lost another fight in Cabinet. First, you said you lost the fight to end the economy-killing hard lockdown, and now you have lost the fight to start our recovery. That’s two–nil, Mr Minister, and we are in injury time already!

But, sometimes one must accept losing a battle in pursuit of winning the war. So, when things don’t go the way that you expected in a political battle, you always look at the signals that have been sent, in a detail. What are the messages that have been given in those details? Well, it is terrifying to see that this is where the real confusion sets in.

President Ramaphosa said that government would be driving an infrastructure-led economic recovery. This excited me because it is both my belief and experience that infrastructure capacity leads growth: Growth creates opportunity; opportunity creates jobs; jobs create more demand; and then, puts more demand for more infrastructure capacity to be created in order to continue the cycle. So, is it good news then? Well, not really!

When one looks at the biggest losers in this Division of Revenue Second Amendment Bill, it is the infrastructure projects that suffer. The one cut that alarmed me personally is the more than 51% reduction in the Regional Bulk Infrastructure Grant in Emfuleni, Gauteng. This is money that is intended to improve the broken infrastructure causing the spillage of mega litres of sewage per day, into streets, houses and often into the Vaal River system.

This project could not have been delayed by the lockdown as the entire value chain fell under the essential services category. Imagine my disappointment and anger,

and that of the Gauteng Finance Committee, when Treasury told us that the money, which had originally been appropriated in response to the calls for funding, has been taken away since the Department of Human Settlements, Water and Sanitation had no plan. And so, supply chain processes had not even begun.

This necessitated a removal of the funds to somewhere else, where the money will be spent in the current financial year. There was no plan! There is no plan to protect our drinking water, to remove health risks and to provide the most basic of services that government is supposed to provide!

With the Emfuleni Municipality in tatters and the Gauteng Province now administering much of their affairs, this is a failure of all three spheres of government. It is also a failure of this House, as our oversight has taken us to Emfuleni, and yet, we have done nothing to assist the residents. Ironically, it is the people of the Free State who will suffer with the sewage seeping into the rivers that ultimately provide the Free State with water.

But, let us focus now on the most worrying aspect of this second adjustment - the part that makes this a Hail Mary budget. Provinces have had their budget for public wages cut by R25,3 billion. The Treasury are gambling on a favourable court decision in the wage dispute in order to make this budget work.

The cuts to provinces appear to have been done on a very simple headcount-weighted basis without scientific interrogation. There has been no assessment of efficiency rates. There has been no evaluation of frontline to administration ratios, or of management to productive staff ratio.

When queried on this, Treasury hid behind the following statement. I am quoting from their report:

It would not be appropriate for government to comment on a matter that is before the courts, or to negatively influence negotiations currently underway with labour about options for a settlement, which must go to the Public Service Co-ordinating Bargaining Council, PSCBC.

Not appropriate - to give the decision makers that you rely on to pass the Bill the fundamental information needed to make their decisions? That is not appropriate! Treasury, your arrogance is now too much to stomach! As I said, Treasury is gambling, but they are using the money of provinces to fund their bets. That is not right! There is a helpline for that type of behaviour.

The problem is that this creates a contingent liability on the balance sheet of every single province. It creates complications in terms of how these balance sheets are viewed by lenders and by investors and ratings agencies. It is not right!

Furthermore, when asked what would happen if the court decision was unfavourable, Treasury indicated that they would respond to that when the decision is made - effectively saying that they will cross that bridge when we come to it. It is my experience that when a court makes a decision in a labour dispute, they demand immediate settlement, including a correction in pay, but also a payout of back pay. Treasury’s response cannot be immediate to that.

A further adjustment appropriation would take weeks - if not months - to process, just like this one. Even though we have rushed this process to a point where it has given insufficient time for full or adequate scrutiny, it has still taken a longer time than any court will agree to.

Just to point out: In this process, Limpopo and the Free State couldn’t even get a quorum together to offer us their opinions on the division of revenue, in time to meet the deadlines.

Provincial Treasuries must therefore be given some tangible written undertaking or guarantee that an unfavourable court decision will not result in a liquidity crisis for them, and that Treasury will absorb all costs. The contingency reserve that was referred to in Treasury’s response is insufficient to cover this and has already been committed, albeit illegally, to keep SOEs afloat.

It seems, Mr Minister, that you have run out of ideas to keep funding the crazy dreams of your Cabinet colleagues, and that, unless you start winning some of those battles, this country is destined for banana republic status. I

said it at our last engagement: The developmental state has become a survivalist state.

What we need to do now is that every single cent that government has of the people’s money must be scrutinised before spending. Cut the vanity projects! Remember that local and provincial government is the coalface of service delivery. Where these spheres are functional they must be empowered; and where they are not, government - and indeed the governing party - needs to take urgent steps to ensure effective and prudent spending of public money becomes the norm.

We hear about radical economic transformation. On recent performance in local government, radical economic transformation would be to stop small groups of people from stealing the money meant to be spent on the people who need it the most. This adjustment doesn’t do that: It does not prioritise those who are reliant on government; and, it cannot therefore be supported by any member who claims to be a representative of the people. The DA rejects this Bill. [Applause.]

Mr M S MOLETSANE: Chairperson, the EFF has consistently in the past advised those in power to review the funding model which is highly indicative of lack of empathy for the poor and anti-poor sentiments and evidenced by their continued bailing out of state-owned enterprises, SOEs, at the expense of local government.

In a country where the majority of municipalities have no meaningful and sustainable economic activity, it makes absolutely no sense that only 10% of the national revenue raised is allocated is allocated to municipalities.

Communities expect and demands service delivery. That expectation and demands is directed at their local municipalities and rightfully so. After all, it is the municipalities who are mandated with ensuring efficient service delivery of housing, electricity, water and sanitation.

To allocate a mere R85 billion to municipalities out of R1,8 trillion is to not only incapacitate the municipalities, but to spit in the faces of South Africans, who desperately need and constantly protests for basic service delivery.

The reduction in funding allocation for provinces and local government conditional grants will come from essential services such health care grants for TB and HIV/Aids for community outreach programmes community programmes, the revitalisation of health facilities and agricultural economy revitalisation. All of which are vital to poor communities.

Currently, the Eastern Cape is facing the second wave of covid-19 infections and the health care system is battling and in some instances, has already collapsed under the pressure to provide necessary services to those who needs them. This failure comes on the back of an already dysfunctional healthcare infrastructure.

The schools infrastructure in rural parks of KwaZulu- Natal, Limpopo and Eastern Cape is out-dated and in some cases non-existent with many schools still using pit toilets, while schools in the suburbs are deeply engaged in technological advancement and digital learning.

The North-West province of the still faces frequent and lengthy disruptions in water and electricity supply and a

collapse in vital infrastructure while Limpopo is struggling in water shortages.

In Mpumalanga, local clinics and hospitals are dilapidated. The Free State is burdened with aging water and sewerage infrastructure and the Northern Cape is still struggling with housing, yet there is a reduction in funding to provinces and Municipal Infrastructure Grant which are meant to address these needs by putting money back into infrastructure projects.

As the EFF, we have cautioned against the use of conditional grants as provided for in the national revenue for frivolous and narrow ideological policies, when these funds could be channelled towards the revitalisation of South Africa’s local economy.

We have called on government tirelessly to amend the method in which the division of revenue is executed. We cannot support a Division of Revenue Bill that seeks to unjustifiable reduce the provisional equitable share allocated by R17,7 billion to cater for the bailing out

of South African Airways, SAA, to the tune of R10,5 billion.

Reducing budgets for provinces despite municipalities struggling to meet services delivery needs is a clear indication that this is indeed an illogical Bill.

Therefore, the EFF rejects the Bill. I thank you.

Ms M L MAMAREGANE: Hon Chairperson of the Council, hon Minister Tito Mboweni, hon members, ladies and gentlemen, the ANC supports the Division of Revenue Second Amendment Bill, B24 of 2020.

Hon Chairperson, allow me to honour the departed and the families who have lost their loved ones to the coronavirus pandemic and to honour the women and children who are the victims of violence. The world will only become a better place when the majority speak out and act courageously to protect the health and the lives of the most vulnerable in society from the virus and from the second pandemic of gender-based violence and femicide. Our forebears understood that freedom would never be complete until the women, children, the elderly and the poorest

of the poor in the country also felt included and protected from violence, extreme poverty and lack of opportunity.

COVID-19 has proved this point beyond any doubt. The centrality of women’s emancipation in order to achieve a truly national democratic society was what prompted the late Isitwalandwe/Seaparankwe, the father of the democratic South African nation, Tata Nelson Rohlihlahla Mandela, to observe: “The legacy of oppression weighs heavily on women. As long as women are bound by poverty and as long as they are looked down upon, human rights will lack substance ... As long as the nation refuses to acknowledge the equal role of more than half of itself, it is doomed to failure.”

The once-in-a-lifetime-event of COVID-19 caught everyone by surprise. This is a scourge which has challenged the health and economies of the entire world, and changed what humanity regards as normal, perhaps permanently. No statistical or economic trick or forecast could have predicted the economic situation we find ourselves in today.

The Budget presented by the Minister of Finance in February had to be adjusted in June owing to this unprecedented event, and

now a second amending Bill of the Division of Revenue is being considered. We must acknowledge that government has shown agility in the midst of the storm by mobilising all its resources to face this invisible enemy and the economic fallout it has caused.

When this Bill was formulated, it was clear that hard choices and trade-offs had to be made. What characterises this period and consequently the Bill is that is we are in a precarious economic and fiscal position.

When it comes to the work that the government has done and is doing to save lives, the Economic Reconstruction and Recovery Plan aims to transform South Africa and for future generations, and we all need to focus on this goal.

Government intervention has been massive. First and foremost, it provided safety nets for its citizens, especially the poorest of the poor, and also assisted businesses in distress. We must not forget that an unprecedented situation required unprecedented measures. Our people who would have had no income to provide food for their families have appreciated the R350 grant, which grant was provided to millions of unemployed South

Africans. The COVID-19 Temporary Employer/Employee Relief Scheme benefited over 11 million workers and 4 million companies, and R70 billion in tax relief was provided to businesses.

We agree with organised labour that the support given to businesses cannot be a blank cheque. The least we expect of businesses is to protect jobs, especially under these trying times. It would be very unfortunate if workers were retrenched as a first resort rather than the last.

We urge all those involved with the SABC to do everything possible to save the 400 jobs that are under threat. This is a time when everyone should come to the party to save as many jobs as possible, while creating new jobs. This we do with some of the concerns that we have expressed at this podium. However, we believe in the intervention that the ANC government, working together with social partners, has embarked upon to build and maintain infrastructure and create jobs.

When it comes to intervention at local government level, there is always the danger when governing people of their being reduced to passive recipients of state handouts. The ANC

understood this pitfall; hence we introduced democratic organs of self-government in the local sphere of government. This was to implement the injunction of the Freedom Charter that, “All bodies of minority rule, advisory boards, councils and authorities shall be replaced by democratic organs of self- government.”

The local sphere of government affords the people the greatest opportunity to participate and see government programmes and policies in order to support our local government.

[Inaudible.] ... are struggling ... [Inaudible.] ... enterprises and households must pay their dues to municipalities. It is unacceptable that municipalities are owed

... [Inaudible.] ...

The CHAIRPERSON OF THE NCOP: Perhaps the Table ... [Inaudible.]

... help the ... [Inaudible.] Hon Mamaregane, please try to speak into the speaker and be a bit clearer.

Ms M L MAMAREGANE: [Inaudible.] ... Okay. Thanks, Chairperson. [Inaudible.] ... into the indirect component of the water

services infrastructure grant for the implementation of various water services interventions.

As we know, water has been ... [Inaudible.] ... from the Bill that a total of R390 million is rolled over in the commitment to bulk-infrastructure-related projects in the Nelson Mandela Bay Metropolitan Municipality. This is a response to the cries of the communities in the metro for better and reliable municipal services.

The local government must act as an enabler of the national Economic Reconstruction and Recovery Plan. Municipal authorities must become more capable in performing their functions, such as with the zoning of businesses and giving out of licences, with bulk services provision and with the reliability of the basic services provided.

Local government has the potential to unleash the creativity and energies of people to partake in the work of building their communities and towns ravaged by the pandemic. This requires the reactivating of the organs of self-government, such as civic organisations, ward forums, hospital communities, police forums, sports associations and co-operatives.

I now come to the importance of financial accountability. There are many deficiencies in the supply processes of government and many of these were amplified by the introduction of the emergency procurement processes ... [Inaudible.] ... by PPE to protect people from the virus. There is always the danger in the public sector of overpricing, potential fraud and supply chains being side-stepped.

In addition, delays in the delivery of goods and issues with the quality of goods and services must be avoided through better planning and the management of supplies going forward. Public procurement can be used strategically to develop local industries and empower millions of people. For example, the incentive grant framework of work of both provincial and local conditional grants could be enhanced in order to strengthen localisation.

They should attach the condition that expenditure must support the procurement of goods only if they are made or assembled locally – within South African borders – in order to stimulate the domestic economy and encourage job growth, while taking international trade agreements into account.

I now refer to the wage bill matter and the credibility of the Medium-Term Budget Policy Statement and the Budget. We call on government and organised labour to engage continually to ...

The CHAIRPERSON OF THE NCOP: [Inaudible.] ... closing. Conclude, hon Mama Mamaregane.

Ms M L MAMAREGANE: In conclusion, we trust that this adjusted Bill will contribute to the reconstruction and recovery of our economy. I thank you, Chairperson.

Mr Y I CARRIM: Chairperson, Minister, comrades and friends. You know from Mr Dennis Ryder, it’s once again, same old, same old. So, of course I have to also reply same old, same old as I have done repeatedly, since, I think it was June last year, in response to most of what he says, which is exactly in different forms, what he has previously said.

The day Mr Ryder offers something original and new, don’t be surprised if I a fall off my chair. It will not be in the chorus, it would not be my fault, it will be Mr Ryder’s fault because he so traumatised me, that he said something new that I got so shocked that I will fall off the chair. But I thought I

should reassembly myself in a chair and continue engage with him, although I look forward to that day, which I doubt its ever going to happen in this five-year term.

Now, our province, KwaZulu-Natal has...in very difficult circumstances, as the Select Committee in Appropriations itself had also to content with, is deal with this process in a very truncated, over condensed form. Now, of course, we as the province recognise as indeed does the national select committee, that there are special circumstances here – I mean, you know Mr Ryder might not want to think about this too. I think the last...well I think...the sense I have ...there was nowhere near this global pandemic, but there was the so called Spanish flu of 1918. That, if my mathematics is correct at all, if somebody got a “E” in maths in Matric, is 102 years ago.

So, we had a special and even more challenging circumstance now, than we had in 1918. So, of course the Minister for various reasons including the complexities of negotiating a budget...you know, could not deliver the budget on time, say there’s a week later, which means we’ve got substantially challenged by the erosion space and time for us to deal with this budget. The Legislature met and finally yesterday in the

House, in KZN the Legislature met and voted four. The Division of Revenue while expressing reservations about it – which I will deal with it in the moment.

The first thing I would like say in response to Mr Ryder, is that, you know, he makes much of the fact that this lockdown was overdone and unnecessary and so on. Now, frankly you know, right now, in the countries that he and his party admire so much the Trump of United State, US, the Johnson in the United Kingdom, UK and the rest of these rampant free marketeers, which even our Minister will shrink way from – you know, what’s going on right now there? We all aware that even their Presidents are not loyal that side [Inaudible.]

I mean, I happen to be multitasking, last night or was it this morning, I am not as good as young people. I was typing and I am not sure if all this is right but if what I saw on *Aljazeera* or British Broadcasting Corporation, BBC, I can’t recall, if what I got is correct. The UK, known as a developed country of that stature is expected to have -11,2% growth rate next year, that’s even worse than us. It was said by the journalist or the finance minister there, that this is the biggest collapse of gross domestic product, GDP, over 300 years.

It was said too - if I am correct that there is a possibility that public sector workers – not that I am supporting such a thing personally, not that my province mandated to do this either, but Mr Ryder you speaking there as a DA and I am an ANC member so I am speaking in my capacity as an ANC member. Here it is, you know, I don’t necessarily support this but all I can tell is there’s some suggestion that public workers in UK might also experience cuts in their salaries, except interestingly health carer workers and those who are in the frontline, as it were.

So, now if its own models of rampant free marketerism countries of the west, developed world are in the trouble there, he might want to ask himself why? Why? What was this fellow, Trump up to, fortunately ex-President Trump of the United States? What were they doing? Turning a blind eye to it, right. All that matters are growth never mind that people’s lives are lost and others are afflicted for the rest of their lives, by being infected even if they don’t die.

What was Boris Johnson, Prime Minister of Great Britain up to? These are the people they admire on the other hand we took up a very sensible decision and we are in a much better place right

now. In the very province that they live sadly, and the province that we live, Eastern Cape. Let’s take Western Cape which prides itself with some sort of federal, enclave on its own and managing this COVID-19 better than the national state did. Well, there are many reason why the Western Cape Province dealt with things in the way that it did, which has nothing to do with leadership, so much as...yes the leadership was good never mind that they have an opposition party, but it’s other structural and objective circumstances and the conditions of the Western Cape that provide for it.

It doesn’t have the challenges that Gauteng Province has with its over dense, intensified, especial occupation by informal settlements and by people, many of whom are migrants from outside this country. Understandably though, it means they end up Chairperson in your City of Johannesburg.

Again and again, the issue keeps on rising – why can’t we...in circumstances that are worse than 102 years ago in that major pandemic hit ...why can’t we work together despite our differences. I mean to play unnecessary political football with the way we manage the COVID-19, is neither here nor there.

Western Cape and Eastern Cape right now - a phenomenal rise. I think I saw yesterday, it’s a 52% increase in the Western Cape led by the DA, does it really matter ultimately - they love cueing about the Head of Provincial Government there in the Western Cape, as if somehow, you know, they have skills that the rest of the country doesn’t – not at least national government.

Of course, we all agree on the need for the review of the formula Minister. We know that this review has been taking place endlessly. We know that there are many problems at the local government level, at municipal level, we’ve been there consistently since 1994, we know those issues. The issue, though is not that COVID-19 has hit us the way it has and now that it’s impacting the way it is, on municipalities more especially.

The equitable share needs to be reviewed much more on a different basis. When we were reviewing the equitable share up to February this year, we had no COVID-19, so, what the committee feels and one of our provinces supports is a review of the equitable share, particularly as it applies to municipalities, because National Treasury obviously nobody not

even the most foresighted anticipated destructive impact

COVID-19. So, shouldn’t there be a review now of the equitable share Minister, given that we are where we are with COVID-19 and the fact is going to persist?

Now, on the issue of South African Airways, SAA, you know, EFF is attacking this and so is the DA. Now look, this matter has been addressed, I think people are trying to find chain offs. Many of these issues that belong to the Portfolio Committee or Select Committee on Public Enterprises. I am not sure whether we fully understand all the complexities. It doesn’t matter and the end of the day what we say, 10,5 million has been taken and the problem is Minister, Chairperson...are right say why must we bear the consequences, we are one country and another federal state, so these are issues we need to address.

The EFF makes much of the fact that it’s pro material party. Aye, I mean, let’s not enter that debate Mr Moletsane but if you are, surely you will protect that rights of workers in SAA. Actually, ultimately who is going to suffer the lost? It’s the workers really of SAA and so to some extend we have no choice that government and the parliament, we have to ensure that the workers don’t suffer the consequences for the responsibilities

of the SAA Board, the Ministers concern, government and Parliament, ourselves you and me, you know and so on.

On the issue of the Public Sector Wage Bill, we did engage extraneously on this matter with Mr Ryder, and in fact he did the same on the fiscal framework, he will on the argue [Inaudible.] revenue now. This issue came up provinces as indeed, it came from province, KZN also expressed its concern. It said that the big concern is that, R5 billion is going away from our provincial allocation and enters the Provincial Equitable Share, PES, and we feel that if the negotiating zone work out, our province should not bear the consequences and so on.

So, it’s unreasonable though while our provinces raise...it doesn’t agree with Mr Ryder’s view. [Inaudible.] [Interjection.] We respect Public Bargaining Process; we respect the very laws we pass. Parliament can [Inaudible.] the negotiating process, let that take its place we can’t [Inaudible.] court, let the courts decide if it doesn’t work in favour of government and the union amicably, they will negotiate and if they fail negotiate, yes, they will some or other form of a Special Appropriations Bills. It won’t be the

first time, it won’t be the last time, if the special circumstance [Inaudible.] it, we will understand why the [Inaudible.]. Thank you.

Mr R MACKENZIE (Western Cape): Hon Chairperson and members of this House, thank you for representing the Western Cape. The Western Cape is the best run province in the country, hon Carrim. I must say your comments are quite rich for somebody who served under the Zuma government who is responsible for giving the mess that we are in today. So, I would be the last person to speak, but I am here today to debate on the Division of Revenue Second Amendment Bill, ... [Inaudible.] ... on all the mistakes you have done, but I am not going to go there.

House Chairperson, it was evident in the first Adjustment Budget that the ANC is all talk and no walk. When they left the Western Cape and other provinces on their own to fund the COVID-19 health responses. Now with the Division of Revenue Second Amendment Bill tabled on the 28 October the response was no different to when the Western Cape Provincial Budget was cut by an additional R1,5 billion. This brings the total financial cuts by national government to R3,5 billion.

During the Medium-Term Budget Policy Statement, MTBPS, last year and in fact, for every budget address delivered since our economy was left to dry by the ANC, economists and residents alike carefully watched with hope if the ANC was able to build the ladder from the hole which the governing party dug itself and our self into

Had they done as much, hon Carrim, nearly R200 billion could have been saved instead of bailing out failing state-owned enterprises, SOEs. Instead, a year ago the President vowed to not let any SOE fail, saying it hosts great assets and skilled people. Yet recovery plans could not spare employees or SEO’s of retrenchment. The last time the national carrier, hon Carrim, made profit was in 2011 and Eskom’s debt at just over R450 billion. We are in a mess. But again, the 2020 MTBPS provides another R10,5 billion towards SA Airways, SAA.

Chairperson, I fail to understand, how there is a need for the SOEs that have become nothing but an expensive blackhole. And even when bailed out, it still fails to create employment or provide its mandated services. So, how does the hon Carrim says that KwaZulu-Natal is going to lose R5 billion, and he seems to be alright with it. I do not get it.

While many argue SOEs are not the solution, the ANC saves cadres, year-on-year, while the problem with SOEs have become synonymous with activities of state capture and corruption. And there is where the Western Cape is different. We do not steal! Our secretory general, SG, is not in front of the courts for corruption, hon Carrim.

[Interjections.]

Hon House Chairperson, I make these remarks, as it speaks to years of failures that led to yet tabling of another impossible Division of Revenue Bill. Against the backdrop of acquiring debt to the value of R3 million over R3 trillion over the last

10 years, the interest spent to service this debt equals to what is spent on their health care system.

And these are the very unfortunate implications for the provincial budget. And is quite sad that two provinces, the Free State and Limpopo which I know Minister Mboweni always tweet about Limpopo, the two of these provinces they did not bother to meet to discuss something so severe that billions of rand would be taken from their own provinces affecting health, clinic and the police service. They did not bother to meet to

discuss the Second Division of Revenue Bill. It is actually disgraceful.

House Chairperson, the net decrease of R122 million from both the 1st and 2nd adjustment sacrificed the building of new schools, roads and infrastructure. No increase of funds has been allocated to the Western Cape Education Department in the second adjustment budget for a province with a leading education department, that accommodates year-on-year growth of learners from other provinces and while maintaining its vision quality education nonetheless.

There was a further net decrease of R82 million in grants to the Western Cape local government in the second adjustment budget. This, House Chairperson, notwithstanding the grant in allocations to local governments severely will hamper service delivery.

In the provincial health sector, we have to be honest, we welcomed a net increase of R9,430 million in the HIV, TB, Malaria and community outreach grant, however in the second adjustment budget both grants for tertiary services, and training and development will be cut by a further R41 million

during a pandemic. That is just shameful. And given the state of policing in South Africa, the ANC and the Good alliance deemed it appropriate to cut the budget for SA Police Service, SAPS, despite the fact that gang murders, we see trucks burnt on a daily basis, safety in our communities and our farming communities. That we took the oath as Members of Parliament, we should be worried and have sleepless nights, that during a pandemic we cut services to these crucial frontline items in our country for a failing entity. Chairperson at this stage I am only mentioning some of the frontline and priority areas.

However, in the agriculture sector which took front stage, the reason all of us can sit here today still breath, because we can eat is that those sectors the agricultural faces cut off R522 million when combining the first and second adjustment budgets.

In the first adjustment budget the Western Cape government received Drought Relief Funding amounting to R25 million from the provincial Disaster Relief Grant; however, that amount was inadequate to address the drought in the Western Cape. So we had to use from our own provincial revenue fund to bolster the Drought Relief Funding. That is called good governance. You are

able to have the reserves because you govern well and we could use some of those funds. In the second adjustment budget the provincial government received no funding from the drought relief.

From these cuts and indecisive economic reform strategies, provincial governments and secondly, the National Treasury have to find the money for the political decisions made by the national government. And in that regard the other day and I think I printed a twit from the Minister himself where he said: Do we need SAA? Days after allocating R10 billion to SAA, suddenly the Minister realises oh my word! Do we need SAA?

Water under the breach. The axe has been broken. This practice undermines the whole budget process and place severe financial fiscal pressure on the Treasury officials and on provincial governments.

I am aware that a budget can only do so much. What we need hon House Chairperson is a capable government, serious about fixing the deep tragedy of corruption and one able to table a plan that will lead to real accelerated growth.

This is especially significant when the World Bank forecasts economic contractions of 7,1% during 2020 and a prediction by the Organisation for Economic Co-operation and Development, OECD, of 7,6% contraction under a resurgence of COVID-19. But the hard truth is that economic growth under the leadership of the ANC has been disappointing for years and we no longer afford to be both constrained and indecisive.

Indecisive economic policy has led not only to sluggish economic growth, but budgets funded by debt cannot adequately address priorities in the country. Though many experts have showed that bailing out SOEs is a wrong fit for the country, SAA will be receiving the R10,5 billion from the national government under this Bill while previously receiving

36,9 billion in bailouts in the last few years. Along with my opening remarks on micro-economic trajectory, it is immoral to allocate funds to SAA when essential provincial and local government programmes are being cut by national government.

The Western Cape government vehemently opposes the SAA bailout and requests that these funds be reallocated by National Treasury to all provinces in terms of the current provincial equitable share.

Hon House Chairperson, during the Second Division of Revenue Bill, Minister Mboweni made a crucial announcement and I think because of the SAA a lot of the people did not pick up on those important announcements he made. He said, and I quote:

Government will present legislation next year to allow for limited preretirement withdrawals under certain circumstances linked to mandatory preservation requirements.

That is something we have been fighting for in the Western Cape. I hope that the Minister will today share some of these ideas so that South Africans can start applying their minds as to how they would like this legislation to take shape. People do not have the luxury to wait until next year. People are battling. The middleclass is now the new poor. The only reason that we can get them out of the current poor situation that they are in is by allowing those individuals free retirement of their withdrawals of a fixed amount so that they can get themselves out of the hole the government has sadly dug them into.

I trust that the hon Minister Mboweni this can be finalised speedily as a proposal has already received the report from the

unions and the private sector. The middle class in many instances want to access their pension funds. The Western Cape government is in full support of this move. Minister Mboweni can find an ally in us in getting this legislation through urgently.

Chairperson, with this said, the Western Cape government cannot morally support this budget. Not only has the Bill been processed as a rubberstamp exercise, rushed through

it does not take into account the true challenges the Western Cape and the country faces. Therefore, we cannot support this Bill. I thank you. [Applause.]

Mr P S NGOMANE (Mpumalanga: MEC for Finance, Economic Development & Tourism): Chairperson, hon members, let me begin by expressing my appreciation to the Minister of Finance and all who helped in preparing this national Budget. I would like to thank all members of the NCOP and our provincial legislature for their contribution and council, which helped shape our input in this debate.

The recent global events have reminded us that our economies are interdependent. The impact of the Corona virus and the

adverse development in the global and domestic economies have resulted in unprecedented challenges to the fiscus this year.

As the Minister indicated in his Medium-Term Budget Policy Statement in October 2020, our economy woes will deepen further if we do not act and act now. We have an obligation, as prescribed in the Freedom Charter, to contribute in any way possible to make South Africa a better place for all.

As we continue to battle this invisible virus, which has limited our movement and disrupted economic activities, we must also strengthen our defence of the national fiscus to weigh off challenges of the present and the future. Despite resources constraints arising from the Budget cuts, our principle position, as the province is to support all efforts of managing the risk of the fiscal output and set the country on the path of economic recovery and growth.

As we have indicated in this House previously, the province takes note of the reduction in the equitable share but equally welcomes additional funds to various types of conditional grants, as indicated in the Bill.

The provincial government has therefore reprioritised funds to respond to the reduction in the equitable share as well as the decline in the province’s own revenue collection.

Since the beginning of the lockdown, the province has lost a sizable number of jobs. According to Stats SA, the province recorded job losses in construction, manufacturing, trade and also in the tourism sector during the second quarter of 2020.

As part of the response, the executive council has approved the provincial economic recovery and growth plan. We have also provided additional resources through our adjustment budget to respond to the adverse impact of Covid-19, related impact to the tourism industry in the province.

The allocation to funds, especially towards the Presidential Empowerment initiative is most welcomed, as it will assist us to save jobs in the education sector and expand public employment programmes for young people in the province.

The community health workers play a critical role in the continuing efforts to expand health care to our people. We believe that additional funds to the sector, as provided

through the Bill, will not only boost our continuing response to Covid-19 but make a contribution to stave off persistent challenges of joblessness.

The fiscal consolidation will be the most difficult but a necessary intervention to secure the future of the next generation, free from unsustainable ... [Inaudible.] The only choice is that resources are put are good use and that there is value for money in everything that we do.

Mpumalanga supports the economic reconstruction and recovery plan and endorses the Division of Revenue Second Amendment Bill, as tabled. I thank you.

Mr S F DU TOIT: Hon Chairperson, the name of this Bill, the Division of Revenue Second Amendment Bill, highlights the reason of one of the largest contributors to the current financial dilemma South Africa and South African municipalities, to be more specific, find ourselves in: Amendment.

Under the ANC government, there have been so many populist amendments to financial approaches and developments to win

votes instead of really improving living conditions. There have been so many temporary job creation initiatives by government, shortly before elections, whilst government itself is to blame for job losses and unemployment.

*Afrikaans*:

Suid-Afrika het op ’n punt gekom waar selfs die ANC-regeerde provinsies, soos bv die Vrystaat, buite stemming bly, met voorlegging van die Verdeling van Staatsinkomste-Wetsontwerp aan die wetgewer. Hulle voer aan dat Maandae slegs vir partypolitieke aangeleenthede gebruik moet word en daar nie oor staatskwessies gestem kan word nie! Belaglik! Eie belange word bo die belange van die provinsies en die land gestel. Die ANC se belange word weereens bo dié van Suid-Afrika gestel.

Hier word vir die soveelste keer oor fondse getwis, wat na dieselfde provinsies en munisipalitiete toe gaan wat die vorige fondse in die eerste plek geplunder, verkwis en in die baie gevalle wan aangewend het.

*English*:

It is evident from the presentations that were made to Parliament on this Bill, that the South African economic

outlook has deteriorated further since the tabling of the special adjustment budget in July 2020, and that the real GDP is now expected to contract by 7,8% in 2020 compared to 7,2%, as projected in the July 2020 budget.

Salga confirmed that the sharp downturn in the domestic economy follows a decade of economic stagnation and measures taken by the ANC government during the Covid-19 period that resulted in steep declines in consumption, investment and exports.

Funding municipalities is a problem. The small tax base of municipalities and the culture of nonpayment is a huge problem. The way funds are being spent and the people spending these funds are a mammoth concern.

*Afrikaans*:

Die land se finansiële krisis sal nie opgelos kan word, alvorens daar daadwerklike stappe geneem word om die dikgevrete roes uit die sisteem te verwyder nie.

Die ANC-finansieringsindikaat het die raamwerk van gesonde finansiële bestuur en billike dienslewering tot so mate vernietig, dat slegs die ysterwurmskilfers oorgebly het.

Hierdie begroting se addisionele befondsing aan provinsies is onvoldoende en sal nie suksesvol aangewend word nie, aangesien daar geen daadwerklike beplanning en prioritisering van noodsaaklike infrastruktuurprojekte is nie.

*English*:

Minister Mboweni was truthful when he stated that the South African Economy is in a DANGER ZONE, as any fiscal slippage could lead to debt reaching 100% of the GDP or greater! Where are we now?

*Afrikaans*:

Tans dreig Eskom om munisipale kragtoevoer na sommige munisipaliteite weens wanbetaling op te skort. Eskom het miljarde rande, wat onder andere veronderstel was om munisipale infrastruktuur te verbeter en die ekonomie te stimuleer, opgeslurp.

Provinsies moet ook opdok vir tydelike werksgeleenthede, naamlik die Presidensiële werkskeppingsinisiatief. Dit kos die Noordwes-provinsie R1, miljard.

R10,5 miljard sal vir SAL, die ANC ystervoël vol roes, tussen die nege provinsies bymekaar geskraap moet word. Noordwes, een van die swak presterende provinsies in die land, moes R1,3 miljard hiervoor afstaan. Nou sê Minister Gordhan dat die vlieënierskorps na swart getransformeer moet word, in plaas daarvan om na meriete en kundigheid te kyk!

Selfs gemeenskapsbiblioteke en titelakte finansiële toedelings is ook nie gespaar nie. Die roesvoël moet vlieg, hulle toedelelings is ook in die slag.

*English*:

We need functional municipalities to ensure economic growth. Without functional municipalities, we will never have economic growth and job creation. We are on the edge of the fiscal cliff. This Bill will not solve South Africa’s problems!

Your children and their children will bear the brunt of the ANC’s corrosive governance. The decaying statues of dismay and poverty will crouch over the ruins of local government. That will be your legacy! That is your legacy! The FF Plus rejects this Bill. Thank you.

The DEPUTY CHAIRPERSON OF THE NCOP: Before we continue, all of us agree that this is a sitting of the House of the NCOP. So, according to the powers and privileges that we enjoy, can we request hon Cloete to withdraw his comment that he made in the chatroom? Hon Cloete, it is not allowed. What you have said is not parliamentary. We don’t know on what basis you have said it. So, can you withdraw?

The DEPUTY CHAIRPERSON OF THE NCOP (Ms S E Lucas): Am I

audible? Can you hear me?

Cllr S MONDLANE (Salga): Yes ... [Inaudible.] [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP (Ms S E Lucas): The next

speaker will be Cllr Mondlane from Salga. Is the speaker on the platform?

Cllr S MONDLANE (Salga): Can you hear me, Chair?

The DEPUTY CHAIRPERSON OF THE NCOP (Ms S E Lucas): Yes, we can

hear you now. Continue.

Cllr S MONDLANE (Salga): Thank you very much, Chair. My apologies; I thought you said that you are requesting the hon member to first withdraw what he said and I’ll come after that.

The DEPUTY CHAIRPERSON OF THE NCOP (Ms S E Lucas): He put it on the chatroom; let him withdraw it from the chatroom.

Cllr S MONDLANE (Salga): Okay. Thank you, hon Deputy Chairperson. Let me send my greetings to you, to the Minister and Deputy Ministers in the House, hon members, ladies and gentlemen.

As the SA Local Government Association, Salga, we are aware of the gloomy economic and fiscal outlook, and acknowledge the significant negative impact that COVID-19 has had on the economy. Salga supports the active management of debt so that the debt burden does not spiral out of control. The difficult decision of budget or spending cuts needs consideration, even though there are vast challenges on the ground around poverty, basic service delivery, health and education.

However, as a country we ought to take some tough decisions, taking into account the sustainability of the country in the

long term. These have to be considered, as long as it is done in a manner that is fair and equitable across the entire public sector and has the most minimal impact possible on local government as it is the closest sphere providing service delivery to people on the ground. The state’s capacity to provide social assistance and free basic services needs to be adjusted in order to fall within the constraints of the current economic and operating environment.

The debt that is owed to local government was around

R191,5 billion as at 30 June 2020, and the current prevailing operating environment is leading to even more difficulty for municipalities to collect debts that are owed to them.

South Africa’s economic outlook has deteriorated further since the tabling of the Special Adjustments Budget in July 2020. The potential impact of the 2020 Medium-Term Budget Policy Statement, MTBPS, on local government’s finances is that it is likely to cause further deterioration due to the reduction of local government’s conditional grants totalling R613 million in order to contribute towards funding the 10,5 billion rescue plan for the SA Airways, SAA. This is something that Salga strongly disagrees with because of its bearing on the poor and

the already ailing financial health of municipalities. Should government want to bail out the SAA, then the funds need to be found from the national sphere of government, and more specifically, from the national state-owned entity, SOE, space; not the local government space. Local government should not be expected to contribute to this, given the funding gap challenges that are already confronting local government.

Furthermore, with local government in this financial distress that it is in, there has not been any bailouts, even though it is the sphere closest to the people, providing basic service delivery to the economy as well as the citizens.

In addition, the MTBPS seems to be silent on matters to provide relief to local government for the impact of

COVID-19 in relation to revenue recovery. It must be noted that unfunded mandates are further ... [Inaudible.] ... due to cuts to the conditional grants because the responsibility to fulfil the function still remains but the funding, which was insufficient to begin with, is now being cut further.

While Salga continues to support local government through its involvement in several intergovernmental structures and

initiatives, Salga is calling for the creation of a parliamentary working group to critically review the current architecture and funding model for local government, based on the current fiscal reality of local government.

Mr W A S AUCAMP: Hon Chairperson, hon Minister, members of this House, people of South Africa, a well-known song goes as follows:

Catch a falling star and put it in your pocket Never let it fade away;

Catch a falling star and put it in your pocket Save it for a rainy day.

Not only did this ANC government neglect to save some money for a rainy day; they also allowed all our money to fade away. This Division of Revenue Second Amendment Bill again shines the spotlight on the fact that the ANC completely destroyed this country financially. Everyone in the ANC sat in silence and watched how corruption and mismanagement thrived over the years, especially during the Zuma era, yet they did nothing.

Now it is again the people of South Africa who have to bear the brunt of the ANC’s failures.

The hon Carrim said that my colleague, hon Ryder did not come up with something new. Well hon Carrim, maybe, if you think about it, this might be due to the fact that the ANC is repeating and making the same mistakes over and over again. We cannot come up with something new because you make the same

mistakes. The DA has to continuously show you the way of good governance. Hon Carrim, I will fall off my chair the day that this ANC government starts to govern our finances properly.

Hon Chairperson, the timeline of this process that our committee was subjected to was very, very rushed. To give one day for provinces to move from negotiating mandates to final mandates shows us that this process was not taken seriously. Provincial legislatures should be able to make an impact on decisions and not only be a rubber-stamp in order to get processes finalised. The Northern Cape provincial legislature did not even bother to invite me as their permanent member to the NCOP on the Appropriations Committee to address them on this Bill. Even after I asked them to allow me to address them, it still did not happen. The Free State decided to abstain from giving a mandate on this Bill and as an excuse — as it was said

— they said that they could not convene their committee due to the fact that Mondays are there for political work. What a

shame! We are talking about the finances of our country and they want to go and do party-political work. What a shame! The Limpopo province could not even get a quorum in order for them to deliberate on their mandate to us. This just goes to show the disdain with which the ANC is handling the finances of our provinces as well as our country.

A further worrying factor in these processes is the fact that the inputs that provinces do make are to no avail. As an example of this ignorance towards the requests of our provinces, we just have to look at the numerous times that provinces had unsuccessfully raised concerns on their frustrations with the drawn-out review of the provincial equitable share formula. Various provinces have in the past frequently requested that the rural nature of certain provinces be taken into consideration in a new provincial equitable share formula; yet, Treasury is dragging its feet with this.

In the final mandate of the Northern Cape, where you and I both come from hon Deputy Chair, as well as in the final mandates of several other provinces, the need for drought relief was emphasised. During the process of the first Division of Revenue Amendment Bill earlier this year, the Select Committee on

Appropriations was united in our sentiments that more needed to be done in order for provinces to obtain additional funding to minimise the effects that the prolonged drought had on our country; yet, to date absolutely nothing has been done in this regard. This is therefore just another indication that what is discussed and agreed upon in this House falls on deaf ears.

*Afrikaans:*

Agb Adjunkvoorsitter, gedurende Januarie hierdie jaar, is die Noord-Kaap tot ‘n droogterampgebied verklaar, en gedurende Februarie is die res van die land ook as ’n rampgebied verklaar wat droogte aanbetref. Daar is egter groot gedeeltes van ons land wat sedert hierdie rampverklarings steeds laer as die gemiddelde reënval gehad het en steeds gebuk gaan onder die langste droogte in ons geskiedenis. Die droogterampstatus het egter gedurende Mei hierdie jaar verval, en ondanks verskeie versoeke van die DA af dat die Noord-Kaap en ander areas in ons land wat steeds gebuk gaan onder die knellende droogte weer as droogterampgebiede verklaar moet word, is dit steeds nie gedoen nie. Daar het absoluut geen verbetering gekom vir daardie boere nie. Trouens, hul omstandighede het verder agteruitgegaan. Ons land se voedselsekerheid word hierdeur bedreig en verskeie mense gaan by ons land se steeds groeiende werkloosheidsyfer

gevoeg word indien daar nie spoedig hulp aan ons droogtegeteisterde landbousektor verleen word nie. Agb Minister, die DA is uiters teleurgesteld dat ons land se boere in nood weereens oor die hoof gesien word. Nie net word daar nie aan provinsies addisionele befondsing gegee om die landbousektor by te staan nie, maar die befondsing wat vroeër aan die provinsies gegee is om die landbousektor by te staan, word nou besnoei.

*English:*

Hon Minister, all this is happening whilst our people are again witnessing how 10,5 billion rand of their money is once again spent on a failed state-owned enterprise, SOE, like the SAA. The DA has on many occasions in the past warned that the continuous bailing out of failing SOEs like SAA, Eskom, Denel and the SA Broadcasting Corporation, SABC — we can go on — will have a negative effect on service delivery in our country. This concern from the DA was again confirmed in this Bill when funding to municipalities was cut in order to pay for the mismanagement of SAA. This government continues to throw money in the bottomless pit of SOEs, rather than spend that money on the delivery of services to our people. Even Salga — the

previous speaker — is now agreeing with us that that should stop.

Hon Chairperson, one of the biggest votes of no confidence in this government’s ability to manage our finances properly was done when credit rating agencies once again downgraded our economic outlook. Investment confidence is hampered by government’s plans of expropriation without compensation, corruption, the National Health Insurance and a total lack of consequence management. This government’s spending remains too high for the tax base and expenditure is skewed towards compensation rather than investment. These downgrades will again have the effect that our country pays more towards debt servicing costs, which will again reduce the money that must go towards service delivery to our people in need. This is a vicious circle that must be stopped. These downgrades will not just go away in time, hon Minister. Stabilising our debt in order to avoid these downgrades will involve significant expenditure reductions across government. Concrete steps need to be taken in order to create an environment that is going to attract investment in our country, rather than chase it away.

When I last addressed this House on the previous adjustment budget, I said that this budget could be compared to my golfing skills. Nothing is on target; it is always in the rough; and never on par. Just like my golfing skills have not improved at all since I last spoke to this House, this budget is not showing any improvements either. The DA does not support this Bill. I thank you.

*IsiXhosa*:

Mnu Z MKIVA: Mandithathe eli thuba ndibulise kuwe Mbhexeshi weBhunga leSizwe lamaPhondo, ndibulise kuMphathiswa weSebe lezeZimali kunye nobutyebi belizwe lethu ubawo uTito Mboweni, amaLungu ahloniphekileyo ale Ndlu ewonke, ndandule ndibulise kubantu belizwe lethu esizincayo ngalo, uMzantsi Afrika.

*English*:

In his opening address to the national dialogue to mark the 16 Days of Activism for No Violence Against Women and Children yesterday, the President of the Republic of South Africa, His Excellency Matamela Cyril Ramaphosa reminded the country that:

The fight to end gender-based violence is both simple and complex. It is simple because violence against women and children can be brought to an immediate end if every man makes a conscious decision never to harm a woman or a child - and lives by that decision.

Reality is also complex because we have entrenched societal attitudes and practises that are hard to root out.

We also have poverty and unemployment amongst many young men and women. An unemployed man who suffers from an inferiority complex feels excluded from society and is often angry and violent at times. Of course, violence against women and children is not an exclusive act of poor people, the rich too are violent behind the closed doors and high walls of their residences. While nothing can justify any act of violence against a fellow human being, the ANC believes that, a just society will better address the root causes of many of the social ills we have today.

In this moment of national reconstruction and recovery, we must stay focussed on the actions we need to take to transform South Africa into a nation that affords equal and fair opportunities for all citizens. This moment of recovery from the COVID-19 pandemic, is similar to an aftermath of a war. It is a period in which true patriots always put their differences aside and agree to focus on the broad national goals.

*IsiXhosa*:

Akwenzeki le nto yenziwa ngala malungu amele la maqela aphikisayo, asoloko ekhonkotha, enkonkotha nokuba ilizwe lintyumpa-ntyumpeka engxakini imeko yezezimali yelizwe iwe thaxa phantsi, ngoku siyimilisela ngokutsha ukuze siqinisekise ukuba siyabakhonza abantu bethu ngendlela efanelekileyo.

Bathetha ngokungathi abayazi into eyehlele eli lizwe nehlabathi liphela. Iyaxaka into yabantu abanjalo kuba babonakala bengabantu abalithiyileyo ilizwe labo, asinakho ukutsho ukuba ngamathandazwe.

*English*:

History teaches us that post war moments, also create opportunities as well as opportunists whose narrow firth interest is elevated above national interest. They blow their horns and seek to promote themselves as the messiahs who hold all the wisdom, if only the masses could entrust them with political powers.

*IsiXhosa*:

Yile nto yenziwa ngoobawo uRyder apha, ooAucamp nooDu Toit. Bazenza ingathi bangoongqondo-ngqondo abanezisombululo zento yonke ekufuneka yenziwe eMzantsi Afrika, ekubeni bengenawo amava nezinto abakhe bazenza sazibona.

Uyakuyazi ukuba ukususela ngowe-1994, yi-ANC kuphela etha yaxhuzula imikhala apha, isebenzela abantu bonke kwaye nobutyebi belizwe kunye nezimali eziqokelelwa eluntwini zisiya eluntwini lonke, kungekho mkhethe. Ingxaki yabo bona bathelekisa iapile nepayinapile. Ngexesha ekwakulawula ngalo abamhlophe kweli lizwe, babethatha imali yesizwe bondle ngayo abamhlophe kuphela, abantu abamnyama babekelwe ecaleni xa kusabiwa izithebe.

Umahluko ke ngoku kukuba izinto zitshintshile, singurhulumente wabantu bonke kwaye xa sisenza izabelo, sabela wonke umntu waseMzantsi Afrika ngendlela elinganayo.

*English*:

Post war periods have given the world the narcissists in Germany and the fascists in Italy the economic downturn and the deepening poverty of the working class in the United States of America gave rise to Donald Trump, who promised like some of the political parties in this House which I have just mentioned that, he alone could solve the complex problems of that country.

Within four years of running a country like a TV show and more than a quarter of a million dead from COVID-19, the majority of the American people woke up and voted him out of office as one of only four one-term Presidents in the United States of America.

Hon Chair, I believe that despite the challenges we have, the majority of South Africans remain steadfast in the face of adversity mainly because our people trust the

ANC. There is steady leadership at the steering wheel that will sail this ship to safer waters, out of a raging economic storm, we are in. Our people will never be misled by some ...

*IsiXhosa*:

... oomafik’izolo

*English*:

... who have never tasted the challenges of winning and then using political power to transform and colonised a racially divided society

Considering the Division of the Revenue Second Amendment Bill, we hear the propaganda out there, that the ANC government has indiscriminately cut funding to key service delivery programmes in order to bail our SA Airways, SAA. This totally untrue and they know it. We do not even need to explain ourselves. We have done these cuts and these adjustments in order to be able to ensure that we fix our economy, we take it into the right trajectory in so far as the recovery plans, as tabulated by the Minister of Finance.

However, the truth is that, in spite of the tight physical space which objectively all the nations in the world are dealing with, the ANC government has shown the wisdom to allocate funds to programmes that have greater potential to stimulate the economy and create jobs as part and parcel of the reconstruction and recovery effort.

To name just a few, South Africans should be aware that the seven billion has been allocated to education for school assistance. This is unprecedented and historic. This initiative will create 300 000 opportunities for young people to be engaged as education and school assistance throughout the country, to help teachers with basic and routine work. This will allow educators more time to focus to teaching.

Government has allocated a further R475 million for school infrastructure backlog grants under the sanitation appropriate for education initiative. The ANC calls on the Department of Basic Education to strengthen the planning, monitoring and delivery of the safe project in all provinces equally.

We must welcome the commitment of the R630 million for the creation of more than 60 000 jobs for labour intensive maintenance and construction of municipal infrastructure and rural roads.

*IsiXhosa*:

Siyayivuyela le nto. Lo rhulumente uyaqalisa ukungena ngamandla ezilalini esenza iindlela ezisemgamgathweni zetela, ezizakuqinisekisa ukuba uyavaleka umsantsa phakathi kweelali needolophu.

*English*:

True to the ANC government’s forward looking character, an amount of R496 million is allocated to early childhood development. As it has been proven through empirical research, investment in Eastern Cape Development Corporation, ECDC is critical to breaking the generational poverty trap to which the majority of South Africans were relegated by colonialism and apartheid.

Equally important, the Bill dedicates R213 million to HIV and Aids interventions to preserve the lives of our people again indiscriminately.

The role of the provinces in the Economic Reconstruction and Recovery Plan, ERRP: The provinces and the municipalities have to play a massive role in terms of the implementation of the Economic Reconstruction and Recovery Plan at a local level.

The District Development Model will allow the different spheres of government to work in a more dynamic and efficient way. We call on government to consider institutionalising the practise of real time audits to consequence management for wrong doing. This was a revolutionary reform and will remain a lasting legacy of the late Auditor-General Kimi Makwethu.

In our tribute to the late Auditor-General, we must enact legislation as Parliament to the effect that, private companies found guilty of defrauding the state should be stopped from doing business with the state. They must also be named and shamed.

You know what, during the apartheid era, the apartheid regime did not criminalise corruption. It is the ANC government that has made it a point that we criminalise

corruption. It is us that has set up the Zondo Commission. Do not pretend as though it was you who came up with the idea of the commission. The ANC is vehemently committed in its fight against corruption in this country.

The DA and FF Plus will obviously oppose ... [Interjections.] The DA and the FF Plus will obviously oppose this legislation because it is the crooked members of their constituency who have been defrauding the state all the time, from the beginning of time.

We are talking about the long-term contacts which they signed on the eve of the liberation of this country in order to meek the state, in order to bleed our resources and they continued to do that. Now when we are trying our level best to transform and turnaround our state owned entities... [Interjections] ... they are screaming because they know that, we are stopping the step.

Yes, the government has taken a decision to build a new SAA and we will do that. That will become a profitable

and payback over a period of time all the monies that has been invested in this by SA taxpayers. [Interjections]

The new airline will have a board management and staff who knows the aviation sector as well as the strategic partner that will bring capital, technology and expertise. You need to be ...[Interjections.] Stop making noise, you need to be sensitive to the fact that SAA is one of the biggest employers in this country. We cannot shed the jobs there. We know that you are standing on the other side so that SAA must collapse, then you go and buy it on the other side to go and purchase it, for your informed personal benefits, we will not allow that. [Interjections]

You continue to want to isolate Minister Tito Mboweni when he is making contributions in the discourse, discussions and the deliberations about the future of SAA. You quote him out of context. Minister Tito Mboweni is part of the collective. He does not have super powers beyond that Cabinet. [Interjections] He is a one of the members of the Cabinet. [Interjections] he is an

...[Inaudible]... to other members. Allow him to tease

the nation, allow him to tease the sector so that the discussion can deepened, so that the discussion can be enriched. That is what hon Minister Tito Mboweni wants. [Interjections.]

He is not opposed to the revival of SAA as you want to accuse. That is totally misrepresentation. We know that the reason that the DA in particular is so upset about this plan is that, these sharks who are waiting to cash on the anticipation of the sale of SAA is what I have just articulated.

Hon Chair, I want to make it clear that, Minister Tito Mboweni ...

*IsiXhosa*:

... yinjoli yelizwe. Nguye owaba izithebe zeli lizwe. Lo msebenzi uwunikwe ngurhulumente we-ANC. Akasebenzeli siqu sakhe phaya, uyawazi umyalezo nento amele ukuyenza.

Mphathiswa, iinkokeli eziphefumleyo apha zonke ezimele amaphondo ziyibeka icace gca ukuba, ewe kufanelekile ukuba kubekho uhlenga-hlengiso, kujongwe ubume bephondo

nephondo kungalinganiswa amaphondo kuba iimeko zamaphondo ziyohuka. Ze nithi ke xa nisenza kumathuba azayo, niqinisekise ukuba niyalumamela niluve uluvo lwamaphondo, kwaye lube sesizikithini lwendlela ekumele ukuba naba ngalo izitya. Thina siyi-ANC ...

*English*:

... Minister Mboweni, through the Chair, we support this Budget Vote 100% and whole heartedly because, we believe that it is going help us to turn the corner in terms of the challenge that we are faced with. We do not have a doubt in our minds that you have absolute capability to assist the nation to find the way forward with what you have presented to us.

We are not endorsing this blindly, of course we are saying you must take all the interventions, all the contributions and the messages that come from all our sectors of society as well as all the spheres of government and take them into account as we move forward.

*IsiXhosa*:

Sifuna ukuba xa nisakha ngokutsha obu butyebi beli lizwe, niqinisekise ukuba imisebenzi iyavela kwaye uqoqosho luyomelela. Loo nto thina siyixhasa ngokupheleleyo sithi, qhuba Mboweni, qhuba! Qhuba ANC, qhuba! Eli lizwe sizakulithatha silise kwikamva eliqaqambileyo.

Ndiyabulela. [Uwele-wele.]

The MINISTER OF FINANCE: Hon Deputy Chairperson of the NCOP, hon representatives of the provinces of our country, members of SA Local Government Association, Salga, and all other hon members, thank you very much for affording me this opportunity to make a few remarks as we close this debate of the Division of Revenue Second Amendment Bill.

In the first instance, let me thank the Appropriations Committee, which is ably led by the hon Mahlangu, for the hard work that they have done in going through all the documentation within such a short space of time. I truly appreciate that and fully understand that indeed you did not have sufficient time. However, nevertheless appreciate your sacrifice which has got us to the point where we are. I want to thank all members who have participated in the debate albeit a bit noisy sometimes and shouting, but I appreciate your contributions and I will

come to that in a few moments. I really thank all of you for that.

I have picked up a few issues which require some response. The first one which the DA seems to like very much and to my surprise the EFF has joined the DA which sometimes confirms that altraleft organisations at times tend to join up with the right organisations. The EFF has proven that today by agreeing with the DA on the issue of the South African Revenue. [Applause.]

Let me indicate that why the R10,5 billion to SA Airways, SAA, is not a bailout.

[Interjections.]

It is not a bailout. For the allocation is made for the Business Rescue Practitioner’s plan. It is not for the old SAA.

[Laughter.]

The DEPUTY CHAIRPERSON OF THE NCOP: May we have order please!

It is not a bailout and if you check carefully the sub allocations within the R10,5 billion for an example you will see that it is provisioned for things like unflown tickets, retrenchment costs commitments which have been made with the airline companies that have provided the aircraft to us and so on and so forth. So, it is not a bailout. If you insist on that that was the Cabinet decision by the way and therefore the responsibility of the Minister of Finance is to implement the Cabinet decision. It is not my own private decision.

The second I picked up and which I really truly sympathise with is on local government. All of us as we say, we live in local government. It therefore makes sense for local government to have sufficient capacity and capability to perform its functions. But also local govern should also take their responsibilities, for example by paying for bulk water supply that it is coming from the water boards and so on; whether is Lepelle Water Board, Umgeni Water Board run, Magalies Water Board and so on. So, they have that responsibility it is where we might face another demand from the water boards because they are not paid by municipalities.

However, I am very sympathetic to the local government issue and to that extent I do agree that we should speed up the process of the review of the division of revenue formula. I agree with that. However, that does not mean that local government should not collect its own revenue. Obviously, they must collect their own revenue, which I am sure they do.

Therefore, as we review the formula we should take that into account.

Thirdly, I have picked up a point that colleagues and hon members would like to see the National Treasury and probably the Financial and Fiscal Commission, FFC, performing impact studies which will indicate whether we are succeeding or not in doing what we are doing.

However, I have been a little bit disappointed to be honest, in that I think we have not in the debate and I know in the committees it happens, but in this debate we did not thoroughly locate the Division of Revenue Second Amendment Bill within the scientific concrete economic and financial situation of the country. As reminder hon members, we are going through a massive global economic slowdown, major contraction of gross domestic product, GDP globally.

Here in South Africa, we are also going through a huge contraction in the GDP performance to the tune of some 7,8 or up to 8% if you take the focus of the Reserve Bank recently. Of course inflation is very low which is a benefit to us. Although there is a huge amount of fluctuations in the exchange rate the standard deviation can smooth out the fluctuations.

Here is the crux of the matter as the result of the decline and the contraction in the economic performance our revenue collection has also gone down. So, our revenue focus in February is radically different to what it is now. A decline of some R322 billion.

Now given that there is low economic growth and there is decrease revenue collection it means our projections that we had in February of the revenue we are going to have and therefore what was the funding gap and that we would go and borrow from the markets in order to fund the gap is now totally different.

So, we cannot go on in the same way. As I have indicated before we are no longer as rich as we thought we are. In fact, there are a number of things that we must consider scaling down

because we cannot afford them anymore. We cannot continue as if is business as usual.

Therefore, I really appeal to the members to walk with me on this journey when we try and put the finances on a better footing. We need to bring down the debt to the GDP ratio. Of course part of that process is growing the economy so that the denominator is much stronger. We need to ensure that we implement these structural reforms that we have been talking about which are being implemented as we go along the way.

However, hon members and hon Deputy Chairperson, let us bear in mind that the situation has radically changed. As John Maynard Keynes would have said, “When the facts change, I change my mind.” Don’t you? In fact, when situations change, we change our mind.

However, those few issues which I have picked up, I think are sufficient for us to be able to move ahead and pass this Bill so that once the Appropriations Bill as well comes through money can start flowing. We can start doing what needs to be done.

Deputy Chairperson, well once again I have no intention to be long. I thank you very much for your contributions. As I have said I have noted quite a number of them, and very much appreciate your commitment to getting our democracy moving in a vibrant way. I normally ignore the polemics that members bring to the table. That is part of a political boxing thing and I am not very good at it. I am sure you will be surprised if I was to shout a bit. I am not of that pedigree at all. However, thank you very much indeed and much appreciated. Thank you very much indeed. [Applause.]

*Declaration of vote*:

Ms C LABUSCHAGNE: Chairperson, this Division of Revenue Second Amendment Bill does not meet the needs of the people of our province. The unscientific slashing of the wage bill presupposes a court outcome and any prudent province will need to record a contingent liability to safeguard against a negative outcome, especially since the ANC and the Public Service and Administration Committee appear opposed to the cuts.

The cuts to the equitable share to fund the SA Airways bail-out are unconscionable. Taking money from health

care, education and crime fighting in the current environment in order to fund a failed state-owned enterprise goes against everything that is right.

The procedures followed in the processing of this Bill were rushed and flawed.

The Western Cape does not support the Bill.

Question put: That the Bill be adopted.

[TAKE IN FROM MINUTES.]

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

The DEPUTY CHAIRPERSON OF THE NCOP: Hon members, allow me to thank all the delegates and special delegates to the NCOP for availing themselves to attend this debate.

The Council adjourned at 16:09.