**UNREVISED HANSARD**

**NATIONAL COUNCIL OF PROVINCES**

**THURSDAY, 18 MARCH 2021**

***PROCEEDINGS OF THE NATIONAL COUNCIL OF PROVINCES***

The Council met at 14:03.

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

The DEPUTY CHAIRPERSON OF THE NCOP: Hon delegates, let me remind you of the following: The virtual sitting constitutes the sitting of the NCOP and the place of the sitting is deemed to be Cape Town, where the seat of the NCOP is.

Delegates in the virtual sitting enjoy the same powers and privileges that apply in the sitting of the NCOP.

For the purposes of the quorum all delegates who are logged on to the virtual platform shall be considered as present.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon delegates, I have been informed that there will be no Notices of Motion and Motions

Without Notice except the motions on the Order Paper in the name of the Chief Whip.

# SUSPENSION OF SITTING OF THE COUNCIL FOR ORAL QUESTIONS

(Draft Resolution)

The ACTING CHIEF WHIP OF THE NCOP (Ms A D Maleka) moved: That, Rule 247(1) which provides that a sitting of the Council will be dedicated for oral questions, be suspended to enable the Council to consider the motions on the Order Paper.

Question put: That the Motion be agreed to.

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

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

# ESTABLISHMENT OF AD HOC COMMITTEE ON NORTH WEST INTERVENTION

(Draft Resolution)

The ACTING CHIEF WHIP OF THE NCOP (Ms A D Maleka) moved: That the Council notes its resolution in terms of Council Rule 160 to establish the Ad hoc Committee on the North West Intervention adopted on 8 December 2020 and resolves to extend the reporting deadline of the Ad hoc Committee from 27 March 2021 to 24 June 2021.

Question put: That the Motion be agreed to.

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

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

# CONSIDERATION OF A BILL BE SUSPENDED

(Draft Resolution)

The ACTING CHIEF WHIP OF THE NCOP (Ms A D Maleka) 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 Auditing Profession Amendment Bill [B 2B - 2020] (National Assembly –sec 75).

Question put: That the Motion be agreed to.

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

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

# CONSIDERATION OF AUDITING PROFESSION AMENDMENT BILL [B 2B

**- 2020] (NATIONAL ASSEMBLY –SEC 75) AND REPORT OF SELECT COMMITTEE ON FINANCE THEREON**

Mr E Z NJANDU: Deputy Chairperson, hon Acting Chief Whip, all Ministers present, all members, good afternoon. It’s a

pleasure to present the report of the Select on Finance of the Auditing Profession Amendment Bill [B2B -2020] (National

Assembly Section 75) dated 16 March 2021. The Auditing Profession Amendment, APA, Bill seeks to strengthen governance of the Independent Regulatory Board for Auditors, IRBA, and to improve investigating and disciplinary processes.

National Treasury explained that the Bill proposes amendments to the Auditing Profession Act No. 26 of 2005 (the Act), to address challenges and limitations that the IRBA faces in discharging its regulatory and oversight responsibilities, especially in light of the recent audit failures in both

public and private institutions.

The amendments proposed in the Bill as introduced, were also

published for public comment in 2018 as part of the Financial Matters Amendment Bill.

The objective of the Act was to provide for the establishment

of the IRBA; to provide for the education, training and professional development of registered auditors and registered

candidate auditors; to provide for the accreditation of

professional bodies; to provide for the registration of auditors and candidate auditors; to regulate the conduct of

registered auditors and registered candidate auditors; to repeal an Act; and to provide for matters connected therewith.

The Standing Committee on Finance adopted the Bill, with amendments, on 18 November 2020. The National Assembly passed the Bill on 02 December 2020, the same day that the NCOP formally referred the Bill to the Select Committee on Finance,

for consideration and reporting. The select committee received a briefing on the Bill from National Treasury and IRBA on 02 February 2021.

The Committee held public hearings on 09 February 2021 and

received a written and an oral submission from the Congress of South African Trade Unions, COSATU. On the same day National

Treasury and IRBA responded to COSATU’s submission. The

Committee held a meeting on 12 and 16 February 2021 to further consider the Bill and to deliberate on the policy aspects of

the Bill.

The objective of the APA Bill is to amend the Auditing Profession Act, 2005, so as to insert a definition; to

strengthen the governance of the regulatory board; to

strengthen the investigating and the disciplinary processes; to provide for the power to enter and search premises and to

subpoena persons with information required for an investigation or disciplinary process; to provide for the

power to issue a warrant for purposes of entering and searching of premises; sanctions in admission of guilt process and following a disciplinary hearing; to provide for offences relating to investigation and disciplinary process; to provide for the protection and sharing of information; to provide for

transitional measures; and to provide for matters connected therewith.

The next section summarises the specific proposed amendments in the Bill, detailed by National treasury. The Bill proposes

changes in clauses 2 and 3, respectively, to ensure that IRBA performs its functions within a defined strategy and that IRBA

should determine, with ministerial approval, a regulatory

strategy, which will be made public and to strengthen IRBA’s

independence and address conflict of interest of board

members. Clauses 4 and 5 of the Bill are amended to increase the term of board members from two to three years.

The Committee welcomes the proposed amendments to the APA

Bill. We believe that these amendments will assist the IRBA to

prevent corruption in the sector.

The Committee notes COSATU’s submission that the existing the Mandatory Rotation of Auditing Firms, MAFR, currently forming

part of the rules of the IRBA, should be included in the legislation; and that the ten-year requirement should be reduced to five years. We have noted COSATU’s concerns, justification for its submission and the recommendations it made to both the National Treasury and IRBA and the committee.

We have also noted the IRBA and the National Treasury’s responses to COSATU’s submission, mentioned in the previous section.

The Committee considered (1) some international trends

regarding the MAFR, (2) the advantages and disadvantages of

changing IRBA’s internal rule into legislation and reduction

of the tenure thereof and (3) the process that should be

followed to make the amendments.

Internationally, there is no one-size fits all strategy on, MAFR. The mandatory rotation period ranges between five years

and ten years, which makes IRBA’s requirements somewhat comparable. COSATU’s proposal has the advantages of

contributing towards enhanced accountability in the auditing

profession, accelerating transformation and competition in the audit industry and strengthening.

Therefore, the Select Committee on Finance having considered and examined the Auditing Profession Amendment Bill

[B2B -2020] National Assembly Section 75) referred it to and classified by Joint Tagging Mechanism, JTM, as a section 75 Bill, accepts the Bill. Therefore, Report to be considered. Thank you very much.

*Declarations of vote*:

Mr D R RYDER: Deputy Chairperson, once upon a time when we spoke about auditing scandal, we had to across N1, in the United States of America. These days auditing scandals are much closer to home. With Steinhoff being the obvious example, but also with many other failures of the auditing profession, which have come to light recently, including some of the failures directly linked to state capture.

So the need for independent regulatory board for auditors is obvious. The Bill before us comes as result of several years of experience with an intention of improving the way in which the board operates. The Bill itself is sound and it carries our support. Sadly, though the boards itself is

...[Inaudible.] with the Minister having recently disbanded it and controversy about reproach.

So, while the committee agreed and saw the need to pass the Bill in order to make immediate improvements to the function of the board, there’s also an immediate need to start working on the next round of improvements.

The ANC at the behest of Congress of South African Trade Union, COSATU, has requested future talks to ensure mandatory

auditory rotation going forward. While the principle might be good and sincerely, the practical implementation of this will be expensive, complex and probably anticompetitive as well.

So, much more work is needed on the sight here before it can be brought into law.

More importantly though, the DA believes that there should Parliamentary oversight of the Minister’s appointment to the board itself. Without wanting to remove his authority, we believe that more eyes on such important appointments can only be a benefit to South Africa. We support the report and the Bill. Thank you, Deputy Chair.

Mr M S MOLETSANE: Deputy Chair, the EFF rejects the Bill, the Auditing Profession Amendment Bill, seeks to strengthen the governance on the Independent Regulatory Board [Inaudible.] for auditors as well as oversight over auditors, in order to address issues of corruption and conflicts of interest.

The Bill also seeks to provide for investigations and disciplinary processes, access to information, processes to be followed and applicable sanctions, should auditors be found guilty of any wrongdoing.

We as the EFF, believe that what the Bill seeks to achieve is indeed honourable, however it requires justice system to also start pursuing and prosecuting criminals actively in the private sector.

While we associating auditing corruption with Klynveld Peat Marwick Goerdeler, KPMG, the reality is that a lot more auditing firms are implicated in corruption, as well as covering up of corruption. *Deloitte* and *Touche, PricewaterCoopers, PWC, Bain, McKenzie and Company, Ernst and Young, Brandon Phantom and others are all involved in corruption.*

*Despite calls* [Inaudible.] in last of shareholding, *Deloitte* still operates today. Auditing Tongaat Hullet where corruption is rife, when the corruptors are replaced with other auditors who are willing to do the dirty work. Auditing firm do not want to cooperate with investigations into the conduct of their auditors, because the know, they are accomplice in the action of those auditors.

Therefore, we cannot isolate auditors and deal with them individually, we should extend accountability into the

auditing firm and embark on a complete overhaul of the auditing profession to enhance the problem.

The Auditing Profession Amendment Bill, seeks to strengthen the relationship with accredited professional bodies, as if they are different from auditing firms. Individuals who sit in these accredited bodies are the same individuals who run these firms. Matters for investigations should be referred to the police or the hawks, not to the South African Institute of Chartered Accountant, which is a law unto itself and will always prioritise profit.

We are all aware that, there is no desire from our government to deal with corruption decisively, especially corruption in the private sector ... [Interjection.] [Inaudible.]

The DEPUTY CHAIRPERSON OF THE NCOP: As you wrap up hon Moletsane.

Mr M S MOLETSANE: ...companies, this is...hello...

The DEPUTY CHAIRPERSON OF THE NCOP: ...as you wrap up...

Mr M S MOLETSANE: ...thank you, this is evident in the apartment of Andrew-Norris Jones as the Chief Executive Officer, CEO, after oversaw the Tongaat Hullet Audit Committee, where corruption was rife.

There is no way we can accept change in the Independent Regulatory Board for *Auditors*, IRBA from individuals with questionable character and business ethics. While the Bill has good intentions to strengthen the IRBA ability to deal with rogue auditors, the IRBA itself is compromised. We therefore reject the Bill. I thank you, Deputy Chair.

*Afrikaans*:

Mr S F DU TOIT: Agb Adjunkvoorsitter, Suid-Afrika het op ’n punt gekom waar enige verbetering in finansiële bestuur, ’n stap in die regte rigting is. ’n Geloofwaardige ouditprofessie is net so belangrike as ’n geloofwaardige regsbank. Die feit dat daar na ouditering van ouditfirmas gekyk word, is baie goeie nuus en ons wil nie sien dat die foute wat in die verlede gemaak is, herhaal word nie.

Een van die groot redes vir die verval van Suid-Afrika is die feit dat daar in vele industrië en entiteite nie meer hoë

standaarde gehandhaaf word nie. Die ouditprofessie toon die teendeel.

Hierdie wetgewing het ten doel om die Independent Regulatory Board for Auditors, Irba, in staat te stel om meer te doen as net praat.

*English:*

As it is in the financial world, necessary checks and balances must be in place. We believe that this Bill seeks to provide just that, and also to ensure accountability, accuracy and credibility. This Bill enables Independent Regulatory Board for Auditors, IRBA, to do investigations but we can’t stress it enough that when investigations are done there must be consequences for the transgressions.

*Afrikaans*:

Ek stem saam met agb Wessels wat genoem het dat, sonder gevolge, ons nie die geveg kan wen nie. Die VF Plus ondersteun die wetgewing en ons ondersteun die ouditprofessie, waar dit werklik ’n geloofwaardigheid is, waar daar deursigtigheid is. Ons bedank ook die ouditeurs wat hul werk doen, veral in die openbare sektor onder moeilike omstandighede.

*English:*

Thank you, Deputy Chair.

Mr Y I CARRIM: Deputy Chair of the NCOP, firstly, this Bill has been a long time in coming, but we are glad that it is here. The Standing Committee on Finance was pressing Treasury to deliver this Bill from 2017 onwards. So, we are pleased that it is here. Effectively it helps to strengthen the capacity of the IRBA to act against wrongdoers. Previously there was just tapping people lightly on the wrist for the wrongs or crimes they were committing. Now what we have is a set of functions we hope it will implement them effectively and ... [Inaudible.] ... There is still a long way to go, but at least it is a major step forward, we welcome it and thank Treasury for bringing it to Parliament.

Then on the issue of the mandatory rotational auditors, in reply to the DA, Mr Ryder knows full well that it is already a set of rules set by the IRBA in terms of the powers they are entitled to have. We had major public hearings on that. We had pleaded with IRBA to have more engagement with the stakeholders but we fully supported it. We are not naïve; we do not think that it will necessarily read to the transformation we want which is to bring into the picture

African and black-led auditor firms, and the big four will rotate amongst themselves. It is not anticompetitive; it is happening globally.

The 2008 financial crisis was, in good part, facilitated by the auditor companies and we all know that – renowned companies turning a blind eye and worse being complicit in the wrongdoings that happened, and when the consequences once again, when the collapse came, financial and other, was mostly and disproportionally borne by the poor and disadvantaged – not that others didn’t suffer.

We want to stress that it is not at the behest of Congress of South African Trade Unions, COSATU, that we asked for this new clause to go into the Bill. It is actually a view that the majority of ... in fact many of us who were there in the previous term also wanted it and COSATU merely raised it.

Chairperson, we discussed with the legal services unit and with the Chief Whip and so on. It is very interesting because we are setting a new precedent here – this is a new clause.

Now under section 75 Bill we need to think about these things of how is the ... [Inaudible.] ... and others at high level need to consider this with the Secretary of Parliament.

What can you do if you want a new clause in a section 75 Bill? Because you can have public hearings, you can delay a section

75 Bill for three months, but then if the National Assembly committee is not going to agree to it, is it worth it and so on?

Interesting debates arouse and it is something we are pursuing with the Chief Whip with an intention to bring it to your attention, Deputy Chairperson of the NCOP. On IRBO ... there is difficulty there. It is sad, once again, a world-class institution many years in a row we were regarded as having, strangely for a country of high levels of corruption and mismanagement, number one internationally best standards in accounting interestingly. I want ... [Inaudible.]. So, whatever needs to be solved now, we plead with the Minister to do that.

We were third in the world and then first in the world with our auditing standards for a while until very recently. I just don’t understand what the EFF is opposing here. I mean there are further sections of the Bill coming, not least on mandatory rotational in the next 24 months which we have enquired in terms of our report and in terms of our negotiations we had with Treasury based on a mandate given to

me to pursue as the chair of the committee. I mean I don’t

know what the EFF is saying ...

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

Mr Y I CARRIM: Fine. Yes, there are problems but there is no need for them not to vote for the Bill. They are just not voting for the Bill because that’s the way they are. In principle they vote for nothing, even the transformative aspects of this Bill are rejected by them on spurious grounds. Thank you, Deputy Chairperson.

The DEPUTY CHAIRPERSON OF THE NCOP: Thank you, hon Carrim. Yes, indeed we love to listen to you but there is a time limit to everything we do in this House. We shall now proceed to voting on the question.

Question put: That the Bill be agreed to.

Voting

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

# QUESTIONS TO MINISTERS ECONOMICS - CLUSTER 4D

Question 62:

The MINISTER OF EMPLOYMENT AND LABOUR: Deputy Chairperson, the nature of unemployment in our country is such that it is structural, deep-seated and systemic. The high unemployment rate is compounded by a lack of requisite skills as well as misalignment of them.

We have slow economic growth in the country. That growth does create jobs, but not enough to absorb the large number of work seekers. This then is the cause of this high unemployment rate.

There has also been a decline in the local manufacturing sector. Currently, there is a global economic slowdown that leads to the demand because of the various factors at the international market. This, in turn, reduces the country’s competitiveness at the international level.

So, yes, hon Rayi, in quarter two of 2020, the expanded unemployment rate increased by 2,3% from 39,7% in March 2020 to 42% by the end of June 2020. However, the labour absorption

rates have declined remarkably at the high rate of 5,8% between quarters one and two of 2020.

The official youth unemployment rate in the age group of 15 to

24 was at 52,3% and, in the age group of 25 to 34, it stood at 28,9% by the end of June 2020.

So, government actions to raise employment in the country are multi-pronged. Amongst others, the Economic Reconstruction and Recovery Plan, ERRP, is about job creation. The content includes reversing the decline in local manufacturing and resuscitating tourism.

There will also be the uncharted terrain, especially when we go deeper to digital advancement. The space is alive with possibilities, particularly when it comes to youth employment. The plan will invest in our human capital.

Furthermore, the Department of Employment and Labour has undertaken a number of initiatives to devise more job, including... and prevention of loss of the current jobs. We have raised those matters in Parliament, in the media and in the various forums with different social partners and stakeholders.

So the following includes some of the measures we have implemented up to the end of February 2021. The Unemployment Insurance Fund, UIF, has disbursed more than R58 billion in COVID-19 Temporary Employer/Employee Relief Scheme, Ters, to ease the difficulty of workers during the lockdown because of the pandemic. This injection was very important for the economy and contributed toward the improvement of the lives of the workers in the country and towards sustaining their jobs.

The Commission for Conciliation, Mediation and Arbitration, CCMA, continues to deal with a range of unfair dismissal cases that occurred since the introduction of the lockdown. Their third quarterly report provides detailed statistics in this regard. By December 2020, the CCMA’s intervention yielded about 42% jobs saved from 71 000 employees likely to be retrenched.

Productivity SA, which is one of the entities, has done a lot to save companies from closure through their turnaround solutions. Thank you.

Mr M I RAYI: Deputy Chairperson, I should like to greet the Minister of Employment and Labour, the Minister of Finance, and the Deputy Minister of Employment and Labour.

Thank you for your response, hon Minister. Allow me to start by reaffirming the confidence of the ANC in the government’s ERRP as a viable trajectory to reposition the economy of South Africa after the devastation caused by the COVID-19 pandemic.

What are the key threats and opportunities towards the country’s economic reconstruction and recovery, particularly in relation to employment post-COVID-19? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Deputy Chairperson, I thank hon Rayi for the follow-up. The hon member is correct in the sense that, for everything, there are always threats and opportunities. For us, the opportunities are that the ERRP offers an opportunity to address a number of structural challenges that our economy has been experiencing over the years. Working with the private sector, we will strengthen localisation of supply chains as both a critical short to medium-term intervention. Since the plan is infrastructure- led, we will increase the opportunities for job creation. And those are very high.

We will rapidly expand energy generation capacity, thus ensuring energy security.

The risks or threats are that non-implementation of this plan has the potential to scupper the excellent objectives of this plan.

What are we doing to mitigate the threats? As you know, the plan enjoins all social partners, each having clearly defined commitments... We have been working with our social partners in Nedlac-established structures that will monitor the implementation of the key elements of the ERRP.

To that end, we have established economic work streams that are focussing on the following: localisation, small businesses, energy security, and road freight transport. Those are working on detailed implementation plans and those are being followed. We report regularly to these structures as the different social partners. Thank you.

Ms C LABUSCHAGNE: Hon Minister, it is evident that your bloated public service wage bill has contributed significantly to the crisis in which South Africa finds itself in resepct of unemployment.

Furthermore, the fact that labour supply outstrips demand means there will never be enough jobs created in the formal economy to absorb the unemployed.

The goals set out in the National Development Plan, NDP, will also require a change of mindset and a change of policy for them to be achieved.

Minister, opportunities for economic investment are prevalent in the Western Cape. Sectors such as the Green Economy, agriculture and special economic zones such as that in Atlantis are poised to create jobs and drive economic growth in the province.

Will you today commit to getting advice from the Western Cape to draw up a similar plan for implementation in the provinces where your party governs to show South Africans that you really care about their wellbeing? You cannot continue on this path of destruction to appease an elite few.

The MINISTER OF EMPLOYMENT AND LABOUR: Deputy Chairperson, I think hon Labuschagne will need to be very careful about this term of the bloated wage bill of the public service. We need to be very careful about that because, if you do a comparison

according to what the Organisation for Economic Co-operation and Development, OECD, says, what even the International Labour Organization, ILO, says, if you look at the number of the ratio of public servants to the whole what you call ... the ratio of the number of public servants to the services which they have to offer or to the population, we are still far low. We are not meeting that. That has proven scientifically. So you must be careful.

We might have an oversupply in certain areas but a shortage in certain other areas. For instance, if you were to talk about education, if you were to talk about health, if you were to talk about the police, you can’t talk about an oversupply.

That is the core of the public service. I think that is one issue we have to deal with.

When you are talking about the labour supply outstripping the demand, we don’t think so. We think that it is a mismatch that we tend to have shortages in the critical areas or in the core areas. Maybe we might have an oversupply in certain areas.

That is why we have to deal with that particular matter as government.

The other issue which you raised... The Green Economy is very central in the ERRP. Very central. We are ready to engage all the provinces. We are ready to engage the private sector to deal with that. Not just Eastern Cape; almost all the provinces, if they put the proposals. But the Green Economy is very central in our plan. Thank you.

Mr T APLENI: Hon Minister, the more than 2 million job losses suffered in the first half of 2020, from April to July, is attributed to the hard lockdown instituted during that period.

When looking at the reports regarding subsequent job losses as a result of COVID-19 and other factors, how long do you think it will take for South Africa’s formal employment to return to pre-Covid levels, despite those having been low? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Apleni, you might be correct. We might not be agreeing on the statistics but, indeed, it was a big blow.

As to how long it is going to take will depend on how fast we implement our intervention programmes which I have already mentioned. It is going to depend on the plan which we have put

forward at Nedlac as the economic recovery plan which has been adopted by all the parties.

By the way, we continue to refine that plan. We continue to deepen that particular plan as we have already started implementing.

I will not be able to say by this particular time this is what has happened.

You have requested the various economic workstreams. We are working on the different areas to be able to give us an estimate of the possible jobs that will be created.

There are those interventions which are short-term, but there are also interventions which are medium to long-term.

So, we continue to monitor and we will continue to publish the numbers as they come in.

But I can also give you a taste. One of the areas was the mass employment programmes. Already, in the schools we have employed ... and that report was given by the Minister of Basic Education ... already 300 000 young people have been

employed in the schools as teacher assistants. That was one of the programmes which were agreed on last year. There are other programmes which are happening in health. There are other programmes which are happening in the different departments.

The target was that 800 000 by the end of this financial year

... those people should have been employed but, as we are implementing all those programmes I talked about – localisation, the small businesses, energy security, freight – as we are implementing those programmes, the numbers are going to increase.

I can tell you now, together with the Department of Small Business Development, the Department of Agriculture, the Department of Communications and Digital Technologies, we have already started with our plans to do mass training.

By the way, agriculture ... we see it as an area with a potential of good jobs if we train the small-scale farmers ... we give them implements ... we give them everything ... and we are able to monitor them and, including the markets, we will be able to do that.

But maybe at some stage we will be able to give the estimates of the numbers and the timeframes which we are looking at.

Thank you.

*Afrikaans*:

Mnr A B CLOETE: Agb Voorsitter, ek moet sê dis ’n riem onder

die hart om ons voorsittende beamptes te hoor Afrikaans praat.

*English*:

It is ironic that the Minister comes here and says that we can never have enough doctors, but the same government actually imposes employment equity, affirmative action and black economic empowerment, BEE, standards and makes it difficult for a white student to study to become a doctor.

Be that as it may, the number of people who have been unemployed for a year or longer has increased by approximately 60% over the last 10 years. Unemployment was on the rise even before the pandemic. In 2018, the Presidential Summit set an objective to create 275 000 jobs - which again failed.

Unemployment keeps on skyrocketing.

The reality is that the state cannot be the biggest employer. We simply cannot afford it. The formal sector is key to

ensuring a healthy fiscus. So we need the private formal sector.

Minister, to what extent do you co-operate with the formal sector to promote job creation, seeing as that there cannot be jobs without employers?

The MINISTER OF EMPLOYMENT AND LABOUR: Deputy Chairperson, I thank hon Cloete for the follow-up.

Unfortunately, BEE is government’s policy. We are not going to shift from that. We can’t shift from addressing the injustices and the inequalities of the past. That would be positive discrimination. We are not going to shift from that. And you know, even as we speak, those who were advantaged by apartheid are still enjoying more than the others. So, we will never, ever, ever shift from BEE. If there are problems here and there, we will be able to correct those. But, as a policy which was very conscious... deliberate policy... no matter what you are saying, we are not going to shift from that.

Secondly, you are correct. The state cannot be the biggest employer. You are quite correct. That is why, hon Cloete, this economic recovery plan is a product of all the social

partners, including business. Business was able to make substantive inputs into these particular documents, especially on the short-term issues.

But we are continually engaging even on the structural issues in the medium to long-term. So we have said we must be partners. We know that government cannot just create jobs; it has to rely on the private sector. Government must create the necessary conditions.

Unfortunately, if you are talking about necessary conditions, it’s not about exploiting the workers. If you are talking about paying poor wages, exploiting desperate people who are coming from outside this country, we are not going to budge on that. Everybody must respect the labour laws. Thank you.

Question 54:

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you very much, Chairperson. Hon Boshof, what is good about our country is that as individuals, as groups and as collectives we continue to have very strong and firm views about almost everything. We advance our firm views volubly and vociferously. We do that with the aim of influencing and persuading others that they may be holding views that may be are opposed to ours. But even

ourselves we also remain open to persuasion and influence. Or is it the party that I come from? It is like that. Others only impose and dictate their views on all of us using vulgar insults and colourful language, and when they do not find their way they raise their voices instead of raising their arguments, vulgarising the freedom of speech and black mailing those they do not agree with.

Anyway, hon Boshof, whilst we advanced those views we never closed our minds. That is why the Unemployment Insurance Fund, UIF, continues to think how best can the planned activities and projects be prioritised. As the consultations continued with the social partners - by social partners I must mention I mean business, labour and community - at the National Economic Development and Labour Council, Nedlec, UIF was able to agree to extend the Temporary Employer-Employee Relief Scheme, Ters, benefit to 15 March 2021. The actuarial report of UIF is attached to the annual financial statements. These annual financial statements have not yet been certified by the Auditor-General. As soon as that is done the report will be made available. Thank you, Chairperson.

Ms H S BOSHOFF: Thank you very much, Deputy Chair. Good afternoon to you, Minister. Minister, why is it then that if

there is money available or there was money available until 15 March, you kept on encouraging employers and employees to apply for the normal UIF which has been in operation since 2008 and we both know that in doing so employees will deplete their points leaving them destitute? This money, as you know, belongs to the employers and employees who make monthly contributions and does not belong to government? Furthermore, Minister, will it be possible for qualifying employees to apply for the [Inaudible.] application period, which is from

16 October 2020 to 15 March 2021, or will there be separate application period for each sector?

Finally, will there be any possibility or scope for employees and other sectors that were also not able to work due to the lockdown restrictions to apply for Ters as you know you extended this application for three sectors? Thank you very much, Deputy Chair.

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Chairperson, I

think we must be very clear. Whatever we have done; whatever extensions we’ve done was as a result of the pressing situation for those workers to have livelihood. We couldn’t just dump them. We had to make the means. We had to tap from other sources which were meant for other programmes of the

UIF. But given this crises situation we had to go into

sources. That’s the first point.

Secondly, we had said that the reason why we wanted to quickly do away with the COVID-19 Ters because this was a special programme which covered people who did not pay. Employers had to sign the acknowledgement and we are following them. They had to sign. We had said that our numbers were too big and we can’t continue to sustain that because we were trying to say we have to give them or keep the money. We have to keep the money for those who were actually ensured – those who were paying. By the way I prefer not to say the money is for the employers, I want to say it is the money for the employees as a result of a contributions from both the employees and employers. That’s not the money for the employers.

As people who are managing we had to ensure that we do that meticulously. We continue to be guided by our own actuaries. We don’t have to be reckless about that and spend that money recklessly. Now as we speak we are facing big retrenchments and we must come to the party in terms of dealing with that. But we must also continue to collect the money from those who were not contributing so that that [Inaudible.] is not exhausted. That’s how I can respond to your question.

Mr M DANGOR: Thank you very much, Minister. Minister, welcome back from your own health challenges. We know that COVID-19 is real and it is there. In some provinces it is being portrayed or viewed as conspiracy thing that doesn’t exist. However, Minister, the outbreak of COVID-19 pandemic certainly coincided with the global economic decline even amongst the most perceived developed economies. We therefore salute the government’s roll-out of the temporary relief scheme during the COVID-19 period.

Hon Minister would agree that from the very beginning there was no expectation that there will be endless financial resources to sustain the scheme. The follow-up question is therefore, whether was there any quantification of the capacity of the state to sustain this scheme beyond the initial time frame and for how long in that case? Thank you very much, Deputy Chair and Minister.

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you, Deputy

Chairperson and hon Dangor. Indeed, there was quantification that’s why we continued to interact with our actuaries as to what was possible, what was impossible and where would we cut. One of the reasons why we were comfortable with the extension until 15 March starting from January, we were looking at the

sectors that had not opened. Those were the sectors like restaurants, hotels and the whole value chain. We were also looking at the issue of the air transport. Remember that those people who were affected had never been able to open. So, we were looking into those and when we quantified that we came to a conclusion that it’s not very heavy. The numbers have gone down now. I know that the acting UIF management were going to give us the figures. We were comfortable when we were discussing it at Nedlec - those numbers which we could be able to manage.

Just to comment on your first comment you made, I just want to say thank you very much. You are also indicating that I have been able to go through those serious challenges. It is important that all of us we take this things seriously. When we are in Level 1 we must not think that it’s gone, it’s still there. Even those who were caught it will never go. Even today I still have challenges – the after effects of that. We must not take it lightly, colleagues. Thank you very much, Chairperson.

Mr X NGWEZI: Thank you very much, hon Deputy Chair of the NCOP and colleagues. Hon Nxesi, last year in a written question you replied that between 01 April and 30 September 2020, the UIF

paid R120 million in fraudulent claims to individuals who were not entitled to the temporary employer-employee relief scheme, Ters. Do you have an indication of how much more has been fraudulently paid since September 2020?

*IsiZulu:*

Siyathokoza ngokululama kwakho, Ngqongqoshe.

UNGQONGQOSHE WEZABASEBENZI NOKUQASHWA: Ngiyabona baba uNgwezi. Sesishilo ke ukuthi siyakhala sikhala nesizwe sonke ngoBayede. Ngiyabona ukuthi angidlule ke lapho. IMbube kubuhlungu kakhulu. Siyasazi ke nesizwe samaZulu ukuthi sibambisene nathi sonke kodwa ke umsebenzi kumele uqhubeke. Lunhu elihloniphekile Ngwezi ... [Ubuwelewele.]

Ms H S BOSHOFF: I am sorry to interrupt, hon Deputy Chair. There is no interpretation, please.

The DEPUTY CHAIRPESON OF THE NCOP: Yes, we will attend to it. [Interjections.] Hon Ngwezi, please, allow hon Nxesi, the Minister to respond. What you have done now you are so, so out of order.

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Chairperson,

through you to hon Ngwezi, this is a continuing project. To follow the money and find out how much money has been stolen is a continuing project because some of the money has been paid to companies. Remember, we were doing it directly to the companies which were supplying us with the numbers and the details. We were avoiding going to individual members. We knew that we would not be able to manage during that particular short period hence we used the companies themselves to submit. But we discovered that there was a lot of fraud. Some of the companies would claim double the amount of their employees and have a lot of fictitious employees. We have employed nine audit firms. Those audit firms are following the money and we continue to discover some of the people who were corrupt in this particular process. Some of those are also being discovered by the Special Investigating Unit, SIU. We are also continuing internally in the department.

It will be very difficult at this stage for me to give you the right numbers. I know in one of the questions we have talked about some of the people we have already taken to courts – about 80 of them. I think that response is coming in one of the questions. So, about 80 people are already there and they are from companies and even as individual. We are continuing

with them. We have discovered some of them and we continued to take them there. Even the amount which we were talking about, very interesting, after we have started with the follow the money project and the SIU had started, we recovered just slightly more than R2 billion. People were saying there was a mistake; this was paid like this; the claim was not proper; and so on. Later on I can be able to supply that in a written way because I don’t have those exact figures with me.

The DEPUTY CHAIRPESON OF THE NCOP: Thank you, hon Minister. You will supplement it in a written form

*Xitsonga:*

Man B T MATHEVULA: Ndza khensa Xandla xa Mutshamaxitulu.

*English:*

Minister, your department said they will do oversight visit to companies that claim Ters to ensure that monies are being paid out to the correct beneficiaries. Did these visits occurred, and if so, what were your findings? “Ndza khensa, Mutshamaxitulu.” {Thank you, Chair].

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Mathevula, we must be honest and say that COVID-19 and the different stages up to

Level 3 have hindered us from doing our work in full. A lot of our inspectors who were going to those companies were also affected. The numbers which they have been able to do are not as good as we had executed. Remember, when we went to Level 1 it was almost around November and December which is normally a shut down in a number of areas. It’s now that we are going on with that process. But those who we have been able to visit we were able to deal with them, exposed them, talk to them and said you must pay the money of the workers.

But in some instances it is also a misunderstanding from the side of the workers where some of them did get the money but they thought that they will get full salaries which they have been getting whereas the monies were capped at a particular level. But there are companies which were out of order and didn’t pay, and we are going to deal with them in the process. They are getting discovered on the way.

We must also acknowledged that the total number of employers in this country is somewhere close to three million and our inspectors are only less than 1 000. That’s the reality! We have just added an extra 500 and we are completing that complement now. This means that the capacity has slightly gone, but the challenge is too big in terms of the employers.

Sometimes we even rely on the organised labour from the shop floor to blow the whistle. Some of the workers have been able to tell us that and we quickly go to those companies and investigate.

Question 63:

The MINISTER OF EMPLOYMENT AND LABOUR: Deputy Chairperson, hon Mmoeiemang’s question, which, by looking at it, I feel there are many tough questions that we need to ask ourselves as a country. I responded to them when I was dealing with some of the above questions.

But your question, hon Mmoeiemang, is really, positively provocative. That’s how I think about your question. Do we really understand the peculiarities of our country? I mean, largely as a society...

Earlier, I dealt with the nature of the unemployment in the country. Your question is linked to that. But your question is also linked to the whole issue of the education system that we have as a country, that we are continually trying to improve.

Then, it is the relationship between the output of that education and training system, and the whole labour market.

What is the relationship between our output in education and training and the labour market? Are the demands of one able to be met by the other, or are we sitting with a problem of an over-supply of graduates in the universities who do not fit into the labour market at the expense of the Technical Vocational Education and Training, Tvet, colleges where you train artisans who can easily fit in the labour market.

For instance, when the labour market says to our education and training institutions, from the graduates of this year, give me 10 ... the mechatronics ... 10 boilermakers, 10 millwrights

... is that easy to happen? Or it gets to be supplied with philosophers who still want to interpret the world while we are at a stage where we must change it?

So, I guess, what I am saying is that the graduates continue to flock on the fields that are already crowded. If you are looking for people for human resources, you will find thousands of graduates of HR who cannot be employed. I do not know that the department of Higher Education ... I do know that the Department of Higher Education, Science and Innovation is occupied with the matter. But it does not start there.

*IsiXhosa*:

Kuba kaloku bagotywa bebatsha.

*English*:

We have to start them at a young age.

Let me leave that for a moment.

What are we currently doing? The President’s Employment Stimulus supports a range of programmes, from expanding public employment to protecting existing jobs and creating new jobs through market-based mechanisms. Its aim is to support livelihoods while the labour market recovers by investing in public goods and services, by enhancing skills and employability and by boosting demand in the economy at the same time.

As part of the economic stimulus, we worked with The Presidency to recruit – now, I did say this – and place

800 000 young graduates in temporary employment by the end of March 2021, so that they can obtain the necessary work-based experience.

Our entities such as Productivity SA have done a lot of work in promoting the integration and the training of young people in productivity and SMME skills.

So, a draft on the national employment policy which is a sub- theme of labour migration policy has been developed and is currently being finalised. The draft policy will be aligned to the Employment Services Amendment Bill that I intend tabling in Parliament. This policy is intended to protect our young graduates and other seekers from unfair competition with the documented and undocumented foreign nationals.

So, Nedlac continued to work with us in responding to the President’s call to rebuild our economy and create more jobs through the development of an economic recovery plan following on the Jobs Summit.

So, there are targets of the number of young people in their employment that each party that has committed to this strategy is going to have to report on. Thank you.

Mr K M MMOEIEMANG: Deputy Chair, allow me to also welcome the positive response from the hon Minister, and applaud him once more for putting to the fore various government initiatives

like internship programmes, graduate development programmes as a new development to integrate graduates into the economy, but also giving much more content at a much more strategic level to the direction that the ANC-led government is taking in terms of addressing the structural challenge of youth employment.

I suspect that also the response that the Minister has given amongst them also encapsulates the decision that you have taken as the ANC, to say, the removal of work experience requirement for young people at entry level posts especially in the public sector needs to be effected without further delay. Therefore I think we must appreciate the response.

But of course, I think my next question, hon Minister, is, given this interventions, is there an intention on the part of the ANC-led government to do an impact study, particularly around the socioeconomic impact of this initiative and its impact on young people so that ... [Inaudible.] ... of excellence from these programmes are taken forward. Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Well, indeed, there are various studies which we are doing. There are various studies

... impact studies which we are doing. We are looking at

whether our programmes are effective and sustainable. Definitely, they are helping the young graduates. They are giving experience to the young graduates.

One of the areas which we thought that we had to deal with, hon Mmoeiemang, is the process we have initiated with developing this national employment policy. This was started last year. To date, the situational analysis has been developed and extensive consultation is underway.

This national employment policy we are talking about ... Hon member, we are looking at it being an instrument to enforce government and beyond on co-ordination, on collaboration, on co-operation and convergence in all the matters concerning employment creation and retention.

So it is government’s approach to talk about policy co- ordination. It seeks to clarify that employment is everywhere

... is everyone’s businesses.

We are also looking at, as I’ve said, the national employment policy to focus on the demand-side measures. It is a policy that should be able to stimulate that demand for labour ... look at how employment retention measures can be enhanced.

That national employment policy will have sub-themes and will, as part of the target group, focus on the graduates, the youth, the women and other vulnerable groups. Thank you.

Mr A B CLOETE: Minister, thank you for the answer. There is something else we need to look at. You know, not everyone in South Africa can be graduates. South African universities can accommodate only 18% of South African matriculants. Of that 18%, nearly half ... [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Cloete, you are a bit inaudible. Can you please speak into the mic?

Mr A B CLOETE: I’ll sit closer, thank you.

If distance learning is taken into account, that figure rises to 68%. So there is a bigger problem. School dropout statistics suggest that roughly half of learners do not complete grade 12.

Now, we can argue that school dropouts are the responsibility of the Minister of Education, but they are not. They are not in the education system, and they probably won’t return to

school. Ultimately school dropouts have very little skills to get a job and improve their lives.

So government has a social responsibility towards them as well. Making school dropouts dependent upon social grants is not viable. So we need to be responsive and proactive.

Minister, has government developed a programme to teach dropout students the soft skills they need to prepare them for the unskilled labour force to be able to move on to semi- skilled and skilled labour, and how can those students access those programmes?

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Cloete, I could not agree more with the first statement you made, namely that not everyone in South Africa can be a graduate. In think that is a matter we have to deal with. How do we ensure that our Tvet colleges offer very qualitative programmes which are going to make our young people employable?

You look at other countries, for instance, one example in this case is Germany. Vocational education is key and more important than university education. Not that university education is not important, but the emphasis is on vocational

education. I know that, although we are coming from the history of discrimination, I know that the apartheid government used to emphasise this issue of vocational education. Very, very key.

But I think, with us, we must not just massify the Tvet colleges. We must also deal with the quality of what they are doing. That can be done in partnership with the private sector, because they will bring those practical skills into that training programme. I think this is a matter which we have been discussing with Minister Nzimande. Fortunately, the Germans had made some offers but, just before Covid, and everything came to a standstill. It is something we are going to revive.

I think you are also talking about the grouping we which call NEET – Not in Education, Employment, or Training. Indeed, we do have those millions. That’s why we have decided to come up with this mass training programme as Public Works, so that we can be able to train some of those young people and divert them into certain areas so that they can also be self- employed.

So, this is a matter which we are dealing with. I think you are also right, although we might not agree on the figures, that a huge percentage of young people drop out. They become a problem. It has to do with the quality. We might even have more dropouts this year because of the Covid last year. You know what happened to schooling – the serious disruptions and so on.

So it’s a matter which we are also looking at. Thank you.

Ms S A LUTHULI: Minister, considering the high unemployment rate among graduates in the country, has your department done any skills audit per sector and formulate any strategy together with the Department of Higher Education to ensure that institutions of higher learning are producing graduates with relevant qualifications and required skills to fill the gap in the South African job market?

The DEPUTY CHAIRPERSON OF THE NCOP: Are you done, hon Luthuli?

Ms S A LUTHULI: Yes, Chair. I don’t know whether I was audible.

The DEPUTY CHAIRPERSON OF THE NCOP: I think you were but, at the end, you were muted. That’s why I am asking whether you are done. Hon Minister, did you get the question?

The MINISTER OF EMPLOYMENT AND LABOUR: I think I did get the gist of it, Deputy Chair.

When we are talking about what I have just referred to, about us training more and doing an over-supply in some areas and under-supply in other areas, it’s also based on the work which has been done by higher education which has come to this particular conclusion when they were doing their own analysis and their own audit.

But, as to whether we have a comprehensive audit, I would not be able to vouch for that. But I know that there has been a study which they have been doing. I also think that Statistics SA will be able to help us about the number of qualifying graduates in the various fields and how they fit into that.

Maybe that information might be available from Statistics SA. I know that higher education has been trying to refocus their training on the areas where there are serious problems. Thank you.

Mr D R RYDER: Mr Minister, relating to your response to the original question, you do come to this House to give account. Questions must be provocative.

Now, South Africa has less than 6% of its population that has actually graduated. There really shouldn’t be an over-supply. People will study what appeals to them.

Let me quote from paragraph 22 of the Constitution: “Every citizen has the right to choose their trade, occupation or profession freely.”

So, if South Africa cannot absorb these skills, other countries certainly will. Due to the lack of opportunities locally – whether it is real or perceived – one of South Africa’s biggest exports is graduates. We have a Question later today to the Minister of Finance about the tax we are losing from these high income earners. Often, those who leave had their studies paid for by the Nsfas scheme.

The emigrations transcend all race groups, Minister.

What are we doing to retain skilled graduates, and also encourage those who emigrated to come back for the benefit of South Africa?

The MINISTER OF EMPLOYMENT AND LABOUR: Sawubona, hon Ryder. I miss Parliament now that I see you.

I think this is a very important question. There have been campaigns, especially in the skilled areas where we have a serious shortage, to try and make the public service attractive, to try and make those doctors, those teachers ... some of them with maths and science, to return to our country. Of course, it is going to depend on how successful we are in our programme to create jobs, where there will be opportunities for those young people.

But what we cannot and will not deny, no matter what the Constitution says, is that we are living in a technical world. We need more artisans than people who have been generally trained. We cannot deny that.

No matter ... Yes, we can have people studying what they want they want to study. But, remember that education has to serve a number of objectives. One, it has to socialise an individual

into society. That’s very important, the acculturalisation of

a person into his or her own ... the values of that society.

But also, education cannot neglect skills training for the job market. Because you can end up with lots of graduates who cannot be absorbed by the job market. So that’s very important. We must take that matter very seriously.

Given our history in this country it can’t be – and I always use this unfortunate example – that, when in my house, I am looking for a plumber or an electrician, that person is either an old white man who is over 55 or 60. If it happens to be a black person, it’s a person coming from either Mozambique or from Zimbabwe. There is something wrong with that. Those artisan skills ... we need them. If we train those people en masse, we can be able to absorb them.

So, I’m still arguing that we can’t produce or have an over- supply in the humanities, at the expense of the management sciences, the technical sciences, the artisans and so on. So, it is very important.

But there have been various campaigns to try and lure those technical back into the country. Indeed, we need them. Thank you.

Question 56:

The MINISTER OF EMPLOYMENT AND LABOUR: Chairperson, to Hon Boshoff, this fourth quarter report of 2020 of the Quarterly Labour Force Survey to which you refer actually could have been far worse. The reason it was not is because does not wait silently for things good or bad to happen. Government does what it is supposed to do. What would have been bad outcomes in the future are dealt with now. No one – not us, not the world – saw COVID-19 coming. When COVID-19 struck, we knew what it brought. We know the future negative impact of this pandemic.

So what I am saying is that, by the time some are alarmed by the events of the day, they must know that there are those of us who have worked hard to mitigate those bad outcomes.

So we are not silent on anything; we are working. We push the boundaries of our entities, some to the limit. We told the Unemployment Insurance Fund that we need a temporary scheme... which was not there ... which covered lots of workers. There

is no time, but they must make that happen and ensure that it is done professionally, effectively, efficiently and corruption-free. This temporary scheme must assist the workers in the midst of the disaster. Where employers would be finding it difficult to pay workers’ wages, we should be able to make a contribution. That must go a long way to assuring the employers, do not close shop and workers can still be able to breathe.

So the Unemployment Insurance Fund, the UIF, has disbursed more than R58 billion in the COVID-19 Ters to ease the difficulty of workers during lockdown because of the pandemic. This injection was very important to the economy. It contributed towards improving the lives of workers and sustaining their jobs. We have been talking about these things and we were never silent.

We also have the CCMA that continues to deal with a range of unfair dismissal cases that occurred since the introduction of the lockdown. The third quarter report provides detailed statistics in this particular regard.

Productivity SA continues to work around the clock trying to save companies from complete closure.

And maybe ... [Interjections.]

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Boshoff, do you have a follow-up? Maybe the follow-up will accommodate what the Minister wanted to say. [Laughter.]

Ms H S BOSHOFF: Hon Minister, yes, isn’t it strange that the DA-governed Western Cape – which was also exposed to the COVID pandemic – has seen an increase of 5,5% with 121 000 more people joining the work force, and has recorded the largest employment entries in the country?

The DA Western Cape has also been proactive in drawing up significant amendments to the Labour Relations Act – which we will submit to Parliament indicating our support of the economic reform agenda to assist in creating an environment more conducive to job creation, which must be at the forefront.

Minister, today you had the opportunity to inform the people of South Africa how you plan to free businesses from the chokehold of all state regulations, especially in light of your recent extension of the collective bargaining agreement. But, alas, nada, zilch.

The DA in the Western Cape places people first. Where, Minister, do you place them? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Chairperson, I don’t want to brand the statistics of the DA here, which I don’t know where they are coming from ... about the employment figures. If we want to do that, go to Statistics SA which is going to tell us exactly what is happening. Not their own song

... [Interjections.] ... and start talking about the DA province. We are talking South Africa here. The Western Cape is part of South Africa. Unfortunately, I don’t know why, they make it as if it’s a secluded part which is outside South Africa. So, I will not get into that argument.

But the issue which has been raised about out labour laws ... and I think you must revisit your basic economic theory ... government intervention, whenever there are market failures, it’s always there. It has happened in western developed countries that, on the issue of employment, governments will intervene and come with particular policies. They do not just rely only on the private sector, because their market failures... What drives the private sector is profit, nothing else? If something is not profitable, they are going to dump it. One of the suggestions we are likely to come up with...

when companies are closing now, they say we are closing. We say, why don’t you transfer them to the workers because you only care about the profits. And we help those companies.

That’s what we are saying.

So, the issue of the strangle by our labour laws and so on is incorrect. There are reports from the OECD which are opposing what you are saying. But the only problem is that ... now, as the spokesperson of big capital ... because that’s what you are now ... as the spokesperson, all you want is the exploitation of the poor workers. Exploitation of the poor workers, nothing else, so that profits can increase. All you want is treating workers like slaves so that they do not have the basic rights.

Workers’ rights are also human rights, but you always argue that you are strangled by our labour laws. But scientific investigation doesn’t say that. It doesn’t say that. From the ILO to the OECD ... but you will have these employer groups making a lot of noise in relation to that.

Listen to the exploitation cases we are receiving from the Western Cape you are boasting about in the farms. Thank you.

*IsiZulu:*

Mnu X NGWEZI: Sekela Sihlalo, Ngqongqoshe namalungu ahloniphekile, lo mbuzo usubuzwe izikhathi eziningi lapha ePhalamende.

*English*:

Unfortunately, we hear proclamations over and over again about the good work government thinks they are doing, yet we see that we have records of high unemployment, slow turnaround strategies and blame-shifting by your office and your counterparts.

I would like to know what programmes are really in place for the frustrated youth of South Africa to go out and find employment as early as tomorrow, so that people are able to claim back their dignity through having sufficient food. What programmes are in place for the youth to be absorbed into critical infrastructure projects that addresses the failures of this and previous administrations?

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you, Deputy

Chairperson ...

*IsiZulu*:

Baba uNgwezi uma ungibiza Sekela Sihlalo bengicabanga ukuthi ukhuluma nami ngoba nginguSekela Sihlalo welinye ikomidi enilisaba kakhulu.

*English*:

Hon Ngwezi, I have talked about the various programmes which

... and we are anchoring them under the economic recovery. I’ve talked about the mass employment programmes which include... [Inaudible.] ... I don’t want to go to the public service... these 800 000... I mean the 300 000 jobs... 600 and so on... But there are a number of programmes.

But also in the department, we have ... where... [Inaudible.]

... our... [Inaudible.] ... the... those who are looking for jobs are able to register. And we are able to look at that register, try and match them with the labour market, try and refer them into the labour market.

It does not mean that the infrastructure has already delivered. Remember, we are talking about the big infrastructure spend. Some of the projects have started. Some or major projects are still going to start. Maybe it’s only after a year or two that we would be able to quantify and say, this is what is happening.

So, there will be coming these projects, not all at the same time. They have not started at the same time. Gradually they will be coming because one of the things we have learnt ... when you deal with the infrastructure, you must do thorough, thorough planning so that you don’t have stop and go, stop and go and so on.

So, all I’m trying to say is, we are going to see the results of this, maybe after a year or two or even three years. There are also long-term ones and so on. Of course, in the short term, there will be ... it doesn’t mean that the youth tomorrow will simply get a job. It is going to depend on how we are going to...

And those people have to trained... [Inaudible.] ... I talked to you about the mass training we are doing with about four or five departments - small businesses, agriculture, digital...

What is the other one? Why do I forget them? But, it’s just an

example.

We have to train that youth. We don’t want the type of training which is just quantitative training, which is not qualitative training. If we train you and then there’s this

internship, you must be able to say ... after that you must be linked to a job. Because the previous training was just training. Training for the sake of training. Thank you.

*Xitsonga:*

Man B T MATHEVULA: Ndza khenza Xandla xa Mutshamaxitulu ...

*English:*

... Minister, the country was already in crisis when it comes to unemployment and job losses. The pandemic made matters worse.

What plan does your department have to lead massive sustainable industrial development and diversification to create the million decent jobs needed between 2021 and 2025? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Mathevula, you see, I want to refer you... I want to request... and all other hon members ... to read that economic recovery plan in detail. It answers the question you asked and the questions asked by other colleagues.

It is very clear what we intend doing. It’s not just a department. The President emphasises co-ordination and working together, not working in silos.

So that is a package of government inclusive of all the departments. That is a package where the social partners, community organisations which include civics and some nongovernmental organisations, NGOs, have made observations and suggestions and have made amendments. The social partners like labour... In the short term we have all agreed on those. We are working on the medium-term to look at, structurally, what are the issues which we have to deal with. I suspect that the Minister of Finance, or even Deputy Minister Masondo can talk about... what are we talking about when we are talking about the structural restructuring. We are not talking about privatisation as far as I’m concerned. But there are areas which we have to deal with, which we have not been able to deal with.

That also talks to the issues of governance, of management in those big parastatals. Remember, those big parastatals were the job creators in the past. The National Party was very clear. At Spoorweg, it was the boere there, working there...

*IsiZulu:*

... bangayanga esikoleni.

*English*:

They will be able to be absorbed there because they were artisans.

So what we are trying to say... Unfortunately, some of our previous policies were running down instead of increasing the employment.

But all I’m trying to say is, go to that document. It is going

to give you answers about that. Thank you.

Question 64:

The MINISTER OF EMPLOYMENT AND LABOUR: Chairperson, with reference to the question that has been asked, slightly above R2 billion. I am not sure. I am also very poor with numbers. I can talk about 200 million trillion. Almost R2 33 915 986,24 have been refunded to the UIF thus far.

The Follow the Money project is also, on a daily basis, recovering money and employers are entering into

acknowledgement of the debt agreements, which I referred to earlier.

One thousand cases had been referred to SAPS for possible criminal investigation and 15 have already appeared in court on charges of fraud and corruption. No, it was 80. I think this number is wrong. The employers are 15, but those who have already appeared are about 80. That is the precise answer to the question: How much has been recouped and how many case have been forwarded.

Mr E R LANDSMAN: Hon Deputy Chair, apologies for the camera. My network is not well. Hon Minister, we welcome the swift move by your department to detect this fraud and theft. Are there still some suspects at large and employed by the department? If so, what are the department’s relevant plans and details? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Chair, hon

Landsman, hon members, I had to do what I did because when you are given a responsibility to manage irregularities pointed out and it becomes known that it happened under your watch, you have an obligation to explain. What is even more crucial is that investigation must take place without any hindrances.

I may not look at you as a suspect, but my eye may be fixed on what has happened such as the lack of controls and some dents in the system that may demand a closer and deeper look into the UIF covid-19 Temporary Employer/Employee Relief Scheme, Ters, both internally and the Special Investigating Unit, SIU, one that is still continuing.

So, in the UIF there is a chief risk officer who continues to pick up cases and they get investigated. He is also supposed to do the Follow the Money project. That is why we are able to give you the figures that you have just heard.

The SIU will hand over the report, once they conclude the investigation. Matters would need to be lifted up from it and they would be carried through to a logical conclusion.

However, I think we must understand that it takes time to deal with these investigations. It is not as easy as we think.

Sometimes, we rely on the experts to help us with the investigation.

Also, with our law, we must be able to provide evidence, as we deal with people as suspects. You can charge somebody and later find that you have made a mistake. Our law is very strict on that.

Ms S B LEHIHI: Hon Chairperson, Minister, besides the attempts to recoup the money that was fraudulently paid from the covid-

19 Ters, what other action has your department taken to ensure accountability and serious consequences for those involved? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Deputy Chair, all that we have done is to put the proper controls in place. You would remember that there were a number of witnesses that were pointed out by the Auditor-General on our own controls. We would believe that if those controls were there ... By the way that is why I suspended the top management. If those controls were there, we would not be seated in this position.

We might have had some fraud, because fraudsters are always ahead of us. We had to be very strict regarding our controls and put what the AG ... We have gone a long way in dealing with that.

Also, it became very clear that we needed to upgrade our systems. We needed to upgrade our IT systems. I remember when the Standing Committee on Public Accounts, Scopa, came for an onsite visit, looking at all our units in the UIF, they were very, very critical of our IT system. We are dealing with

that. We have requested people from Treasury and even some experts from outside, to interrogate our IT system and make recommendations on how we should change it.

Remember, when you change the IT system, you already have a contract with somebody, who is going to fight when we say that we must do away with the contract because they are not performing. We are engaging all those issues in order to improve our systems so that we are able to move forward.

Of cause, charging people is very important and you must do it in such a way that there is no repeat.

*IsiXhosa*:

Mnu M BARA: Masibulele Sekela Sihlalo, sibulise kuMphathiswa. Mphathiswa ...

*English*:

For more than a decade, the DA in Parliament has warned that the day would come when unsustainable populist wage increases would impact the fiscal survival of our Republic. Government spends over R30 billion per annum on the salaries of 29 000 millionaire managers, who are in all probability, political cadres and our civil service now exists only to further the

interests of a single political party, rather than serving the people of South Africa.

As far back as October 2019, the DA introduced a plan that would have cut the public wage bill by R168 billion and stabilise the public finance, while still granting inflation- linked increases to the people who actually deliver critical services. Minister, will you today admit that your government had no plans on the table and that it should take heed and follow the plan that the DA made available, to make a choice between millionaire managers or Mathematics and Science teachers, cadres or country and politics or people? Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Chairperson, through you, no, I reject this question. The last part of the question is wrong. There were never any populist wage increases. The situation is that our economy has gone down. We have not been able to collect the revenue, as expected. That is why we are sitting with this problem of being unable to implement the third year of the collective agreement. That is why we are calling on the unions requesting that we look at creative ways of dealing with this particular decision.

It is not a populist stance and I reject the idea that the public service is for certain cadres. If you look at how we fill the posts that are advertised with very clear requirements in the public newspapers for everybody to apply and the processes which are being followed in appointing people, you will find that Ministers do not even feature in some of the levels. They feature when you deal with the DG and DDGs. In some cases, it might even be the Chief Directors, depending on the delegations that have been given to the DGs.

Further, if you had to do your own investigation or study, I don’t think you would have chosen a particular political party as having only its cadres there. There are many civil servants from different political affiliations.

I don’t know about the Western Cape, where the DA is ruling. I know that, at some stage, there was a purge of people who were associated with a particular political party. There was literally a purge from the municipalities. Thank you.

Mr A B CLOETE: Minister, last week, the UIF stated that it has enough to cover the extension to March 15 for Ters. There have been trade unions that said that they should believe that the benefit under Ters should continue for as long as the national

state of disaster and the restriction on business activity are enforced. Are we looking at another extension or is that off the table?

The MINISTER OF EMPLOYMENT AND LABOUR: Chair, the answer is that we are not looking at extending beyond 15 March. If we want to do that, we must guarantee that we have money. At this stage, we have gone to the limits. We will not be able to do that.

By the way, remember, we are at Level 1. We might extend the state of disaster, but we have opened a lot of workplaces, for instance, you remember, not long ago, we announced the opening of some of the international airports and allowing flying in and so on. That is also going to relief some of those sectors who will be able to start operating.

There is no intention to go beyond 15 March. We must ask ourselves if we have the money to do that. Thus far, we don’t have the money, unless by miracle, we are able to collect more money.

However, we still believe that, once the economy is all open, even if we are in the state of disaster, we might not sit with a big crisis.

The major crisis that we are focusing on is the mass retrenchments, because some of the companies have not been able to come back. It will take years for them to come back. We have to pay. We now have to focus on the normal Ters. Thank you.

Question 55:

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Chair, hon members should understand that the National Minimum Wage was designed as platform to reduce inequality and huge disparities in income and in the national labour market.

It was premised on the National Minimum Wage Act and it requires that National Minimum Wage Commission to review the National Minimum Wage annually and to make recommendations to me on any adjustment on the National Minimum Wage. And I can see that the chairperson is listening very carefully on this one because that’s where he’s coming from and he wants to see if I’m implementing the mandate.

In understanding the function, the National Minimum Wage Commission which is represented by all social partners, organised business, organised labour, organised community and independent – and I want to emphasise, independent – experts who met regard to a number of factors such as evidence on the impact of the National Minimum Wage on collective bargaining and the reduction in income differentials as well as the prevailing situation in the labour market and the broader economy, and in household poverty and inequality. And based on that evidence which found no compelling evidence to suggest any negative huge impact brought about by the introduction of the National Minimum Wage, the majority of the commission recommended that the National Minimum Wage be increased by 4,5%.

My decision around the current increase, therefore, should not in any way be perceived to be indicative of any pressure from any of the social partners that make up the commission, but on evidence presented to me by the commission as well as a number of factors such the legislative requirements to align minimum wage in the cultural and domestic sectors with the general minimum wage.

The impact that the COVID-19 pandemic has had on the workers’ wages, poverty and inequality and the legal provision that permits struggling employers who cannot afford to pay the National Minimum Wage to apply for a National Minimum Wage exemption.

In as much as reaching consensus on the wages and conditions of employment of the vulnerable workers, it’s ideal for all the parties concerned that you reach that. If there is no consensus reached around these issues in the commission, the Act gives the commission the power and responsibility of making recommendations on the basis of the majority. Thank you, Chair.

Ms H S BOSHOFF: Minister, once again we have to be honest with ourselves and realise that very few sectors will be able to absorb these steep increases especially at a time of economic distress. And we have to also be honest, and you, yourself, and admit that the National Minimum Wage will only see domestic workers and farm workers being retrenched and farmers in all probabilities turning to mechanisation.

Minister, what is, however, strange is that during your government were able to [Inaudible.] honour three-year wage

agreement you entered into with public servants due to financial constraints, but you never took into consideration that employers in these two sectors will in all probability also not be able to sustain these above inflation wage increases as advised by your National Minimum Wage Commission.

Farmers and employers of domestic workers also have financial constraints in the same way that your government does. With your rigid approach I truly hope government has enough in its coffers to fork out more SA Social Security Agency, SASSA, grants to those who will become unemployment come March 2021.

As the future Minister of unemployment have you had engagements with the Minister of Social Development to warn her of the fallout from your impending actions? Thank you, Acting Chair.

The MINISTER OF EMPLOYMENT AND LABOUR: Chairperson, there’s no scientific evidence of what hon Boshoff is saying that this is going to lead to retrenchments; there is no scientific evidence.

All she’s been trying to do here, in a nice way, is to justify slave wages whilst they are making profits in the farms;

that’s all what she’s been trying to do, trying to justify R3, an increase of R3 per hour is not going to break anybody’s bank, it’s as simple as that. It’s not going to bank anybody’s bank account.

But I think the problem is the slave mentality that you must treat our workers like that; like it used to happen during the apartheid times. Thank you, Chair.

Ms B T MATHEVULA: Minister, more than 25 years into democracy unions and civil society failed to persuade government to introduce a National Minimum Wage despite concrete evidence from other countries where it has been implemented. It has reduced income inequality gap and poverty and also helped economies to grow.

Minister, do you think that the R20 per hour that was gazetted as The National Minimum Wage will be able to significantly reduce the income inequality gap and poverty? Thank you, Chair.

The MINISTER OF EMPLOYMENT AND LABOUR: Chair, I think the hon Mathevula must understand that we are a consensus-building country when it comes to policy issues.

We spent a lot of time in the first 25 years, I think the first 10 years was to put the proper legislation, different Acts, starting from the Labour Relations Act going to a number of others, the Basic Conditions of Employment Act, the Skills Development Act and so on, we spent a lot of time putting that; that was part of us protecting the workers. And later on we’ve had to look at some of the areas and this issue of the minimum wage; we’ve also had to entertain it. But because we wanted to build that consensus we had to do research, inside and outside the country, various international organisations, and we came with that particular research and then out of that we started proposing policies, then we had to take them to National Economic Development and Labour Council, Nedlac, to the public for everybody to comment. There were strong differing views but we tried by all means to pull everybody and had a consensus.

I know that this is not enough; it might not be able – as you say – to deal with the massive wage gap which we are facing. But at least, gradually, we are starting to deal with the lower levels, what we call the slave wages, which our people have been getting. Some have also said, this, what you’re quoting is also not enough, but they’re correct. But we must

also think that we must make the employers to also prepare themselves.

But we are very encouraged that the majority of employers do not have problems, it’s certain employers, by virtue of their history, who are screaming that this is too much. And we have said if there are those who feel that this is too much, they apply for exemption, but it also says they must open up their books so that they are properly examined.

So, it is a process, hon Mathevula, and we know that it cannot be achieved in a year or two or three; but it’s a long process which we are trying to deal with. Thank you.

Ms M L MAMAREGANE: Hon Minister, there is a narrative by some who still believe in the old apartheid mentality that the farm workers, domestic and other workers do not deserve the decent jobs and must, therefore, be subjected to slave wages. Part of their narrative is to pay farm workers and these other workers decent wages, which is what the National Minimum Wage seeks to achieve, is to destroy agricultural farming.

How far true is this narrative, hon Minister? Thank you, Chairperson.

The MINISTER OF EMPLOYMENT AND LABOUR: Hon Chair, I can see

that hon Mathevula agrees with the hon ... who has just asked this question.

Hon member should be aware of three official matters that are linked to this matter. When the basic conditions of employment was passed by this House, it established with this House approval the factors to be considered when the Minister of Labour then established a sectoral determination. These are set out in the Basic Conditions of Employment Act and for the sake of fullness in responding to this question, I will lift out two critical factors from section 54(2) of the Act: firstly, the ability of the employer to carry out their business successfully; secondly, the alleviation of poverty.

When the social partners at Nedlac negotiated the National Minimum Wage Act, the agricultural sector formed part of the organized business representation; equally in the establishment of the National Minimum Wage Commission business is adequately represented.

When this House, again, approved the National Minimum Wage Act, it firstly established one of the purposes of the Act as improving wages of the lowest paid workers and secondly, this

House agreed that the factors to be considered are carried over to the Basic Conditions of Employment Act; having due regard to the genesis of these pieces of legislation and the role that this House played in this development.

It’s ingenious for a member then to ask me whether the intent was to destroy agriculture, knowing full well what the determinants are that I have to consider when establishing a National Minimum Wage.

I want to emphasise this, the problem we are seated with, of employing foreign nationals who are illegal is done by employers in farming because they want to pay cheap labour; they know that those workers are desperate, they will take anything because of the political instability in their countries. They treat our people ... if you look into where those workers are staying, the occupational health and safety doesn’t apply when you look at where they are staying.

People are still in the old South Africa, cannot respect the black lives, cannot respect the black workers. And I think we are supposed to be angry over this and be hard to some people who are still treating our people like animals. Thank you, Chairperson.

Question 65:

The MINISTER OF FINANCE: Through you Chair, thank you very much to hon Mahalangu, much better dressed than me. I think that earlier on the Minister of Labour wanted to use the word, disingenuous, not ingenuous. I am just helping there. The question before the House says, what actions is the government taking to reverse the lack of growth despite increased government spending and secondly, to ensure that expenditure from the fiscus contributes positively towards stimulating an economic growth?

Before I answer that question Chair, I want to take the members through the principal economic theoretical requisite for growth. Over the years, economists established that the following are very important: Firstly, political stability, rule of law and anticorruption. Secondly, macroeconomic stability, meaning, low inflation, low government deficit and low external debt. Thirdly, macroeconomic ... [Inaudible.] ... meaning investment rates and openness. Fourthly, technical capabilities, particularly, how deep is the use of technology, phones and internet, and finally, human capital, meaning education, in particular, the kind of issues we were discussing with the Minister of Labour, and also, what the life expectancy is.

Now, these factors can then be further deconstructed into 13 variables. I spoke about low inflation, low government deficit, low external debt, high rates of investment, openness of the economy, which is a proxy for trade, penetration of technology, including phones, personal computers, the Information Technology, IT, internet and so on, and also, average years of good education, could reduce to our economic growth, political stability and anticorruption.

This is what the economies in general are agreed upon as factors which are key in driving growth and economic development. So, what is the case in our situation, coming back to the question? Firstly, we have to have political stability, political certainty and policy certainty. We therefore, expect the economic actors to start working with us to grow the economy. At the end of the day, the economy is not just going to grow because of the fiscus. The economy is going to grow because of some of the factors that I have mentioned above.

Nevertheless, from our side, we have allocated sufficient amount for the budget towards economic development, whether it’s about industrialisation. Agriculture and so on. These are very important, and I will come back to them later, maybe let

me mention this just now, industrialisation and exports are R110 billion, agriculture and rural development, R84 billion, job creation and labour initiatives, R82 billion, economic regulation and infrastructure, R307 billion, innovation, science and technology, R53 billion.

So, these are allocations from the fiscus, which are meant to help in the process of economic growth. But, infrastructure development is very important. Also, we need to move our mind- set towards private public partnerships, like when we have to expand the Beit bridge. It has to be the basics of the private partnerships as we go forward. But we must also bear in mind the importance that which has been built for us and we use it, as the user pay principle should apply. Thank you very much.

Ms D G MAHLANGU: Through you Chairperson, let me first thank the Minister for a very comprehensive and much informative answer to the nation. Having said that, hon Chairperson, noting that the government’s commitment to restructured reform agenda in order to stimulate the South African economy. I want to know if the department has made an assessment of the reap to this reform, and if any, how does the government intend to mitigate those reaps based on their assessment if the

assessment has been done. Thank you very much, hon Minister and Chair.

The MINISTER OF FINANCE: Through you Chairperson, let me thank hon Mahlangu. We do the assessments on the regular basis, and we know, for example, that the release of the spectrum is going to hugely benefit the economy. It falls in line with what I said earlier about the penetration of technology into the economy. Therefore, the quicker we do that, the better for everybody. We know that the risks of COVID-19 are there, for the structured reforms for Covid to get to the third or fourth wave. I am scared that the third wave is coming, but I won’t say why am I saying so, but I’m scared it’s coming.

It is maybe going to be vicious than the second one. If we do not proceed with some of the private public partnerships I was speaking about, whether it’s about the Beit bridge project, for example, as I’ve mentioned, or whether it’s about the toll road system that we have, it’s going to be a problem and a risk. There’s going to be a risk of instability in the country if we don’t resolve the Wage Bill issue, which is a very serious risk. Of course, there is unforeseen and unexpected risk such as Cyclone Eloise that we saw recently.

We really must to continue doing those things that we can do, and we should do them very well. Some of the things we need to do are very lowly huge. We must bear in mind though, that, economic growth, at the end of the day, it’s not just state dependent, it’s dependent on the animal spirits, if you want to call like that. The enthusiasm of economic actors in the economy and policy certainty is very important,

One of the issues about policy certainty, by the way, is the availability of electricity. If we don’t have a reliable supply of electricity, then our economy is going to be under severe attack, and it is going to weaken further. This is something we need to avoid at all costs. Thank you very much.

Ms C LABUSCHAGNE: Minister, government’s dogmatic pursuit of state controlled economy has failed here as it has elsewhere in the world. It has been repeatedly proven that we’re the government that creates a business friendly environment, the free market drives economic growth. The promised reductions in corporate tax is the tiny cautious state in the right direction. Minister do I understand you correctly, that you are pushing for less state control amongst your cabinet colleagues?

The MINISTER OF FINANCE: Thank you very much, hon. Labuschangne. I can see you are batting for an ideological battle today and I am not in that mood at all. I’m a technician and at the beginning of my reply to the question, I indicated to you that the technical factors on which the majority of the economies around the world agree upon has been critical for economic growth and development. I will stick to that and avoid the ideological battle for another time, I’m in a good technical mood today, not in an ideological mood. Thank you very much.

*IsiZulu*:

Ms S A LUTHULI: Ngibingelele Sihlalo, ngibingelele nakuNgqongqoshe woMnyango ...

*English:*

Realistically speaking, when does government expect that South Africa will recover from the economic decline experience during COVID-19 pandemic and start to work towards growing the economy as opposed to mainly recovering or surviving?

*IsiZulu:*

Ngiyabonga kakhulu.

The MINISTER OF FINANCE: I think if we do the right things and we proceed with our structural reformed programme, and we implement those interventions that we have agreed upon in the economic reconstruction and recovery program, we have got high hopes that we can recover, but we need to continue doing those things that we do better. Let me give you an indication of those thing that we don’t do well. I live in Magoebaskloof, next to me is a large former Tea estate that’s called Sapekoe, it used to employ about 2000 workers and during the high season probably something like 5000 workers.

It is now laying far low, it is a forest now, nobody works there. Now, these are the things that we must not do, which lead to these kind of things. We need to be doing the correct things. There are about 27 farms around Ofcolaco as well, which are laying far low as well, because we did the wrong thing*.* So, let’s avoid doing the wrong things and let’s understand that every economic activity leads gradually towards higher Gross Domestic Product, GDP, performance, for the economy.

Every little thing, every little restaurant that operates, even the car wash, the mines, the factories and so on. So we should make sure that the wheels of the economy keep moving,

and the banking sector must be there to support the economy for the wheels to keep moving. That’s how we grow an economy, there’s no other way. Avoid doing the wrong things and do the sort of things that I started off with at a technical and theoretical level, then come to the practical level. Thank you very much.

Question 59:

The MINISTER OF FINANCE: Thank you very much. For those at home who don’t know, the question in short has to do with the fact that I indicated previously that we cannot afford to make mistakes, otherwise we run the risk of further downgrades or something like that. The rating agencies will be watching our implementation of our Fiscal Framework very closely. If we are seen to be deviating from our Fiscal Framework, then we are going to be in trouble. Therefore, the Fiscal Framework, which has now been passed by the National Assembly and is on its way to the National Council of Provinces, is very key to us maintaining the sanctity of our Budget and therefore, we need to make sure of the following things:

Firstly, work on reducing the deficit, as I indicated at the beginning;

Secondly, work on reducing our debt levels which are very high and ensure that we do not move towards a sovereign debt crisis. You begin to face a sovereign debt crisis when your debt-to-GDP ratio is at 100% or more than 100%. We must avoid that at all costs; and

Thirdly, they will look at what agreements we are coming into in terms of managing our Public Service wage bill. It’s very important but there has to be an agreement on how we deal with that.

That is how they will look at the management of our public finances, to see whether we are really going in the right direction.

However, as I mentioned earlier, we have things in our favour. We have a floating exchange rate which acts as an automatic stabiliser in difficult times. We still have low and stable inflation which is good and fits in with the Growth Environment Scores that I mentioned at the beginning. We have a deep liquid and well-regulated financial market, which means that, on a weekly basis, we are able to raise bonds in the market here, and also other economic actors are able to approach the market and raise funding. However, we must be

very careful that government debt and government borrowing does not gradually crowd out the private sector’s ability to borrow from the market.

So, barring the risks which are going to come with a possible third wave of the virus, I think that we are on a good wicket and I’m at the crease with you.

Mr W A S AUCAMP: Thank you hon Chair and thank you very much for your answer and for being here today, hon Minister.

Government’s policy of cadre deployment and the implementation of broad-based black economic employment, as well as government’s proposed policy of expropriation without compensation, have in the past been criticised as factors that led to these downgrades. As you said, we cannot afford to make any more mistakes.

Bearing in mind our current financial situation, are you of the opinion that these policies and these ideologies that went into policies — because they are policies — should still be pursued? Or, do you agree that we must move away from any policies that might have a possible negative effect on our country’s finances and ... might lead to further downgrades?

The MINISTER OF FINANCE: Thank you very much Chair. You know, at times I’m very concerned about the fact that there are sections of the South African population that are oblivious to the injustices done to African people in particular and black people in general. It concerns me.

The issue about black economic empowerment is about redress. It’s about opening up space for Africans in particular and blacks in general to enter the economy and be participants in the economy. The rating agencies cannot, really it cannot, judge us wrongly for pursuing the programme of the liberation of this country. I wish to use this slot for my economics and finance debate, less for the ideological and political, and more for this technical economic and financial discussion.

The land question is at the heart of the liberation struggle. The land question is at the heart of the liberation struggle and next to it is the national question of how do we build one nation, because we are not yet ... as a nation. Even though we say we have a state of the nation address, we don’t have a nation yet. We are still trying to build it.

So, the land question is very central to it. In fact, by the way, related to the land question is the water question; the

access to water by the majority of the people because some of the dams which have been constructed in the country are on the upper end of the river and lower down the black communities don’t have water. There are many other issues we need to attend to, but let’s focus on building the economy. Let’s focus on getting the fundamentals right and let the political leadership sort out all these other political questions, with the assistance of Parliament.

However, I would really like to appeal, particularly to the DA, to join in the national effort to build this united South Africa. There are a lot of sacrifices and concessions that we have to make. For example, I’m very glad to hear that there are a number of farmers that are willing to donate some of their land. However, isn’t it incredible in South Africa ... where the black majority must wait for land to be donated to them? It’s incredible! Unbelievable! However, I don’t want to get into that. I want to stay in the finance and economics space.

Ms M L MAMAREGANE: Thanks Chairperson and thank you hon Minister for the comprehensive response. Considering that the bulk of challenges we face at this juncture are exacerbated by the COVID-19 pandemic, is it reasonable to expect an

improvement in our economic situation post-COVID-19, which might avert adverse findings by the rating agencies?

The MINISTER OF FINANCE: Thank you very much for that supplementary question. I think we should all keep our fingers crossed that the third wave doesn’t come, even though I’m afraid it’s coming. If that third wave does come, we should use the experience that we gained during the second wave on how to keep the economy going whilst still trying to protect the lives of our people. I think we have learnt a lot since we were at level five and up to ... now at level three we learnt lessons. Now that we are at level one we are learning some very bad lessons because people just think that we are out of the COVID situation and yet we are not out of the woods yet. I see gatherings and partying and the nonwearing of masks.

People have forgotten about sanitisers, and if you go into the

... [Inaudible.] ... flying from Johannesburg to Cape Town, it looks like it’s overnormalised. There’s no social distancing and so on. So, if we do all these wrong things we are going to get a huge attack of the third wave. I wish we could all co- operate to ensure that we avoid the third wave. If that third wave comes it has to be managed in a manner that still keeps economic activity going whilst protecting lives.

I’m due to have a conversation with one of the rating agencies and one of the points I’m going to make is that the last time they were incorrect in downgrading us during the middle of a pandemic. It was unfair. We are not the only country that’s affected by the pandemic. I know they reviewed a number of other countries but I felt it was unfair. I made it clear to them and when I have a discussion with them very soon I’ll still make it clear that they should handle the situation with a lot of care. However, all of us can avoid this situation if we proceed on these two things:

Firstly, the nonpharmaceutical prevention methods — washing of hands, sanitisers, social distancing, wearing of masks and things like that. If we can continue doing that it will help; and

Secondly, the speed with which we roll out the vaccine will also be of assistance in helping to mitigate against the third wave. However, before all of us are vaccinated — at least 60% to 67% of us are vaccinated — let’s stick to the nonpharmaceutical ways of doing things.

These aeroplane people really have to be forced to adhere to COVID-related passenger management thing. What they are doing

at the moment is wrong and I’ll make it very clear to them. What they are doing is wrong. They are packing the aeroplanes. They are not adhering to the standards and its not helpful at all.

So, we are going to see these waves coming from time to time and this needs to be avoided. However, I’m saying that if we are able to manage the COVID thing, we speak to the rating agencies, we do the correct things for economic growth and development, we keep our financial system working and so on, then we should be on a good wicket.

An HON MEMBER: Chairperson?

The ACTING CHAIRPERSON OF THE NCOP (Mr M I Rayi): Can I check

if hon Lehihi is available?

Ms S B LEHIHI: Yes, I’m back.

The ACTING CHAIRPERSON OF THE NCOP (Mr M I Rayi): Okay, you

can take the floor and ask your question.

Ms S B LEHIHI: Thank you. Minister, it is really an injustice to ordinary South Africans when we concern ourselves with the

opinions of foreigners in the form of these rating agencies. As the EFF, we believe that they are ... [Inaudible.] ... indeed ... [Inaudible.] ... to catalyse economic growth and not implement our services that deny our people access to the most basic of services. How can we move away from being a government of austerity to a government of economic growth and prosperity?

The MINISTER OF FINANCE: Two things; first of all, we are not a government of austerity. I don’t know where this notion comes from. Maybe it’s what these academics are teaching our people at school. It’s incorrect. I think we need to do a capability audit on some of our professors at university that are teaching our people the wrong things. There is no austerity. How can you have an austerity Budget of

R2,02 trillion? How possible is that? How? Technically speaking? How do you describe a Budget of R2,02 trillion as an austerity Budget? I made a joke in the National Assembly, whether members knew how many zeros are in a trillion. This is R2,02 trillion. Not billion; trillion! Of that, about

R1,2 trillion goes to social services, which is 56% of the Budget ... that goes to social services. How can you refer to that, for God’s sake, as an austerity Budget? Honestly ...

honestly speaking! I don’t know. Maybe I read the wrong

textbooks. You can’t! It’s impossible!

Austerity happens when you begin to cut social services; when you can’t pay patients; when you can’t fund education; when you can’t do all of these things. So you can’t say we are in an austerity situation when we are still providing child grants, old age grants and so on ... and you say austerity ...

So, I want to park that austerity thing. It doesn’t exist. It’s an urban legend. It doesn’t exist. Theoretically and practically it doesn’t exist. I know that the EFF likes to do it because hon Shivambu ... he has written a note to the EFF members saying they must keep repeating this thing ... maybe it will come true. It’s not true. You can repeat it as many times as possible; it’s not true. Let me leave that ... [Inaudible.] [Interjections.] Okay.

Secondly, on the issue of the rating agencies, the fact of the matter is that for as long as we raise bonds internationally, we cannot avoid the issue of the rating agencies because when we approach the market, the market wants to know that you have been rated and we do approach international markets to raise bonds as well. So it’s unavoidable. Also, the domestic

financial markets react to what the ratings are, and in a sense the ratings are very good as they act as a discipline mechanism because you must implement that which you said you are going to implement.

The third response to the member is that I think we should avoid this statist way of thinking and bear in mind the things I spoke about earlier when I began my replies; about what are the necessary and maybe sufficient structural policy requirements which will then encourage economic agents to participate in the economy, because the economy is not only going to grow through government investment alone. It requires private enterprise to be in the investment drive ... in the employment drive, and together be able to grow the economy.

It’s not an issue about privatisation or nationalisation, or this or that. It’s not ideological. These are time-tested economic principles upon which we can grow our economy. Thank you very much, sir.

Mr T APLENI: Thank you very much, sir. Chairperson, I think the Minister has done something very wrong here. He’s accusing the deputy president of the EFF ... [Inaudible.]

An HON MEMBER: Not a point of order hon ... [Interjections.]

An HON MEMBER: Can the member leave the issues for a debate? This is not a debate. [Interjections.] No, don’t allow him! No!

An HON MEMBER: No, allow him Chairperson. Allow him. [Interjections.]

An HON MEMBER: Motsamai ... Ask your questions. [Interjections.]

The ACTING CHAIRPERSON OF THE NCOP (Mr M I Rayi): Okay, can we

have order please? Hon Du Toit, the next question.

Mr S F DU TOIT: Thank you Acting Chair. Hon Minister, the initial question speaks to the rating agency downgrades. Now, we all know that the South African Budget is balanced on needles at this stage. *News24* calls the public wage bill the war elephant that might trample Minister Mboweni’s hopes, with reference to the Budget, and the National Treasury says that the negotiations with unions will be done in line with prevailing economic conditions. Minister, you yourself said that government will negotiate on the basis of fairness,

equity and affordability, and a pact that exceeds the budgeted amount would present a risk to the Fiscal Framework.

Hon Minister, what percentage of success do you think will government have in the wage negotiations and will South Africa, according to you, be downgraded if the wage negotiations fail, which might result in a disastrous situation for the economy and the Budget as a whole?

The MINISTER OF FINANCE: Thank you very much hon Du Toit. Yes, Du Toit is French. I think the answer is that we should try by all means to ensure that the negotiations at the public sector bargaining council ... the Public Service Co-ordinating Bargaining Council ... are successful. I think that’s the best hope. And, that all of us will understand that we are in a difficult situation and therefore we need to pull together.

I think I joined the government in 2018. I’ve not had a salary increase since then, unlike hon members who ... Ja, so the ... I haven’t had a salary increase. But, I decided to come here for Public Service, understanding the difficulty which we are in. I’m going to send the secretary of the NCOP a table that indicates where our civil service is, relative to other countries in terms of a percentage of the Budget. It’s fairly

high. It’s not about the number of people but it’s the quantum that is received. We need a discussion around that because you can’t reduce the number of police. We need more policemen. You can’t reduce the number of nurses and doctors. However, I’m sure we can do something to moderate the wages, such that they are affordable ... we can keep as many police, nurses and doctors as possible and still be able to function. We must also think about other benefits that could accrue to civil servants, either later on in life or ... but, because once you join the civil service and you’re an honest, hardworking civil servant, you basically have a job for life. I think we should talk about how we ... job security, depending on behaviour, work ethic and so on. There are many other things ... [Inaudible.] ... talk about.

However, I’m not the Minister of the Department of Public Service and Administration. That job is left to Minister Mchunu to deal with. I just know some of these negotiation things because previously I was Minister of Labour.

By the way, it’s interesting today that you put the former Minister of Labour and the current Minister of Labour together in this discussion. I enjoyed the debate around the basic conditions of employment because I brought that Bill into

action and also created the committee that determines the minimum wage. Sorry, that was just by the way.

So, I think the negotiations have to take place but, yes, electricity, the wage bill negotiations, coronavirus and nonimplementation of structural reforms do pose a threat to our standing, and the rating agencies will look at that. In particular, they will look into whether whatever we do is within or outside our Fiscal Framework. That’s very important. So, for us, whatever we do, we have to protect the sanctity of the Fiscal Framework.

Question 66:

The MINISTER OF FINANCE: Hon Chairperson, yes, Question 66 is asking: Why is the South African economy not projected to rebound as strongly as those of other developing countries such as China, India and some in the Southern African Development Community region?

So, we can start with China, it is rebounding far more strongly than other countries. Then India is performing much better. Brazil’s outlook not good and the others are struggling along as well. Particularly those countries who were depending a lot on tourism such as Botswana, Mauritius

and the Seychelles. They are all struggling very much because of the crisis.

The answer to the question really is that we must remember that before the crisis hit we were already in a technical recession. The reasons I have explained from time to time; have to do with the fact that we have been very slow in the implementation of our structural reforms. Now we need to work through our structural reform programme

During COVID-19 level five or level one or whichever level, even though it seems to me we have been stuck at some level other for most of the year given the way in which we are behaving, but we must still wrestle with those structural reforms. COVID-19 cannot stop us expanding the Durban harbour and port. It cannot stop us from expanding the Beitbridge border post. It can also not stop us from issuing the spectrum. It cannot stop us from improving the e-tolling or the tollgate system through the road network. It cannot stop us from reducing concentration and monopoly. It cannot stop us from doing all these things that need to be done within the economic reconstruction and the recovery programme. That is what we need to do in order to answer this question about the low rebound of our economy.

We can easily reach 3% of the gross domestic product, GDP, growth according to the models of the National Treasury if we implement all of these reforms which are clearly stated in our document towards an economic strategy for South Africa which members are familiar with. However, I do recommend a second reading of it. It will help a lot. Thank you very much.

Mr E J NJANDU: Hon Chair and hon Minister, I think in a further Supplementary Question, I would want to use this opportunity to commend the Minister in the manner he is answering the questions in the way of simplifying them for the ordinary South African to be able to understand how these matters are unpacking. Thank you very much.

Ms H S BOSHOFF: Hon Chair and hon Minister, the real reason we have to admit for our poor growth outlook is a lack of trust. The trust relationship with citizens and the investors has been broken by a decade of corruption and abuse by the political elite. That is why we have been downgraded by the rating agencies and that is why foreign investors have become so scares. A total reset of how the government spends money is needed.

Therefore, Minister, my question to you today is: What is the progress on zero-based budgeting? Thank you, hon Chair.

The MINISTER OF FINANCE: Hon Chair, I will leave the ideological things aside and come to the zero-based budgeting. I think the so-called zero-based budgeting, ZBB, is an important tool which we are still committed to implementing.

We are using the National Treasury and the Department of Public Enterprises as the guinee-pigs as it were to see how this is going to work throughout the government system. So, yes, there is progress and there is commitment. We should try it.

I am not quite sure how this is going to help us how many boots the police need and how many boots the soldiers need and so on. However, the National Treasury and the Department of Public Enterprises have been selected as the guinee-pigs and as the experimental departments, yes, as it were. So, there is progress and commitment, “ja”. Thank you.

Mr A ARNOLDS: Hon Chairperson and hon Minister, China has been decisive in implementation of its trade and economic policies. They have state directed forum investment and have managed to attract foreign direct investment by investing heavily in

special economic or exporting processing zones. They have upgraded and modernised manufacturing in key sectors and invested in the infrastructure development.

Now, hon Minister with the continuing power outages, high unemployment rate, slow economic growth, lack of clear policy supporting economic growth, lack of political will, fiscal credibility and corruption. Do you really think that South Africa’s economy grow while the government continue to let the wheels of the economy moving in the opposite direction? Thank you.

The MINISTER OF FINANCE: Hon Chair, wow! I see that hon members were gearing for a fight today, yet I am not in the fighting mood, I am in a peaceful mood. It reminded me of when President Yasser Arafat appeared before the UN he said to them and I quote:

I come here on one hand I am carrying flowers of peace on the other I am carrying freedom fighters gun. Please let the flowers fall from my hand, because “izasuka impi khona manje.” [War will start right now.]

So, I want to keep my flowers in my hand and I want to stay there.

So, the government has an economic policy framework. When we speak about Special Economic Zones, support for agriculture and support for innovation, I am sure hon members are aware that the other day that South African scientists launched a rocket which is a product of innovation, science and technology. The economic and the reconstruction recovery programme is in place towards an economic recovery for South Africa is in place. The Department of Trade, Industry and Competition has a plan of action. So we have all these things in place and they are moving.

I think, sometimes it will be appreciated by the hon members to have a look at what we are doing. If I might make a recommendation to the administrators of the Question and answer session, if next time we could have a few questions for the Ministries of Finance, Trade, Industry and Competition, Employment and Labour, Agriculture, Land Reform and Rural Development and Higher Education, Science and Innovation, so that you could get a sense of how is all joined up together and then ask only one or two questions we can have a broad

conversation which shows all these different ... [Interjections.]

Mr A ARNOLDS: On a point of order, please.

The ACTING CHAIRPERSON OF THE NCOP (Mr M R Rayi): What is the

point of order, hon Arnolds?

Mr A ARNOLDS: My point of order is: We are here to hold the Minister accountable in terms of where the country is going and the economy. The Minister is now giving us a lecture about other departments and what they must do in terms of their structures.

Can the Minister just respond to the question?

The ACTING CHAIRPERSON OF THE NCOP (Mr M R Rayi): That is not

the point of order. The Minister is responding to the questions.

Ms D G MAHLANGU: It cannot be sustained.

The ACTING CHAIRPERSON OF THE NCOP (Mr M R Rayi): We cannot

dictate how the Minister answers the questions. Hon Minister can you continue please.

The MINISTER OF FINANCE: Hon Chair, thank you very much. I am sorry if it comes across as a lecture. I thought I was being helpful. For if you wanted to be technical really, I am not the Minister of Trade, Industry and Competition. I am the Minister of Finance.

However, I did not want to be ... you must ask me things maybe hon Arnolds that are relevant to the Minister of Finance if you think I am not answering the questions properly. Thank you very much.

Question 53:

The MINISTER OF FINANCE: Yes, I don’t know what Mr Du Toit wants me to do, I have suspicion that He used to be an accountant or an auditor somewhere. It’s a suspicion. It’s a very technical question. Is it within the rules ... it’s a huge technical answer. Is it acceptable that I submit it as a written question or should I read out all? It’s very technical, many people are going to get bored about this.

The ACTING CHAIRPERSON OF THE NCOP (Mr M I Rayi): I think just read for five minutes, Minister. Respond to the question, but then if you ... you can then send the rest of the response in writing to all members. Just try within five minutes to summarise.

The MINISTER OF FINANCE: Hon Du Toit knows that this is really typical accounting question. So, I suspect that his focus is on the personal income tax, PIT, where the so-called budget creep comes in and if not, we can discuss this. I should also indicate that we have annual tax statistics which are published by Statistics South Africa, Stats SA, but which we have tried to indicate that you can read them together with

... [Interjections.] ... it’s not me, is it? It’s Boitumelo

Moloi, who is that?

The ACTING CHAIRPERSON OF THE NCOP (Mr M I Rayi): Is the

Deputy Minister of the Department of Employment and Labour.

The MINISTER OF FINANCE: She probably needs to manage her gadget. Some of the information that the hon member is asking me on the PIT is contained in the 2020 tax statistics publication, page 33 onwards, that information is available. However, I think for simplicity and maybe for the other House

members to follow, what we are talking about here is ... you remember in the budget I indicated that people earning below a certain amount will not be paying tax and, therefore, they will get a tax benefit. That’s very important. Now, if you go to table A211 of the 2020 tax statistics you’re going to see there how the arrangement comes about. Let me give you an example, by the time that the tax statistics were published, the number of individuals that were assessed for the 2019 tax year, was 4,3 million below the previous year’s tally of

5,3 million.

However, the number of individuals assessed with the taxable income above R500 000 which is close to the start of the top of the three tax brackets increased by R31 700 from R57 000 to R808 000. This is important and I think that is point the member wanted to know about. The combined value of the pay-as- you-earn provisional taxes and assessed tax payments from the top three tax brackets amounted to R255 billion in 2017-18, and R261 billion in 2018-19. This represented a growth of

R6 billion or 2% and the contribution of 68% and 73% respectively out of the total tax take. So, based on this, you see in the budget review, particularly on Chapter 1, we go into detail about public expenditure, tax system and so on, which I think that the hon member wants to know about. I’m

sorry if that was boring, but that was the nature of the technical question. Sorry about that. Thank you.

Mr S F DU TOIT: Yes, Sir. Thank you, hon House Chair. I think, hon Minister, could you please provide a comprehensive answer in writing, it will be appreciated since the initial question spoke about point number one, the decrease in a number of taxpayers in the top three tax brackets in the 2019-20 year, as indicated by the fiscal study group on the presentations that we received two or three weeks ago. However, hon Minister, my follow-up question is with regard to the unbundling of the Post Bank if it will improve the tax situation in the country and what risks might be involved to allocate more taxpayers money to the fund, to support and subsidised the Post Bank. Thank you, hon Minister.

The MINISTER OF FINANCE: It’s a vast question and slightly goes out of the original question, but it’s fine. I think at the heart of the question is how are we going to, in general, approach the request from state-owned enterprises for support. The Post Office Bank is one of them and there are others. The Post Office I understand that is still very important for many citizens, particularly the elderly citizens who still send postcards and do all of those things, whilst most of us have

migrated more towards the technology side. The other day I heard about a conference that is being arranged somewhere for stamp collectors to get together and I was only surprised about this that we still have stamp collectors in this day and age, but they are there. And the Post Office Bank still play an important role for some section of our population.

Now, the current thinking within the governing party is that the Post Office should be given a banking license so that it operates as a bank and it can take deposits and operate like a bank like that. I think they’re correct because that bank can afford certain services to a section of our population which still needs those services. However, I may of a strong view that we should move more towards the creation of a state bank, so bring together all these kwazi state bank entities into one state bank and be governed by legislation in particular to avoid looting by those who might want to loot, and prevent certain activities and certain individuals from accessing financing in the state bank. That’s what I believe in and I’ve got theoretical and practical evidence to demonstrate that it can be successful.

One member raised earlier the issue of China, those state bank are very successful in China. Therefore, if you are a public

official and you are found to be abusing that state bank the consequences are quite dire. So, yes, we should support the Post Bank and the Post office. The new leadership should be put in place and new ethical leadership to be put in place so we can get the Post Bank and the Post Office successful. Thank you very much.

Mr D R RYDER: Thank you very much, House Chairperson. Minister

... [Inaudible.] ... a new look and you are trying to emulate

... [Inaudible.] ... Minister, I see my connection is ... [Inaudible.] ... Thank you. Minister, the original question portrays to tax collection and it should be noted that Mr Kieswetter has done a remarkable job in a short time at a helm of SA Revenue Service, Sars, and he’s continuing in the committed work marking ... [Inaudible.] ... this House ... [Inaudible.] ... in terms of tax collection of the years in Sars after Commissioner Gordhan left. The burning question at the forefront of our minds is, therefore, why is Tom Moyane not in jail and who in your government is helping him to stay out from jail. Thank you.

The MINISTER OF FINANCE: I can assure the hon Ryder that I have no intention of emulating his facial hair at all. It is just that I was unable to go to the shops to purchase the

necessary equipment to clean up. So, I apologise for seeming like him and I have no desire nor wish or ideological inclination to look like him at all. So, you forgive me for that.

Yes, I agree that Mark Kingon and now the current commissioner has done and are doing a fantastic job in rebuilding what was a broken institution. If anything about State Capture was so painful was a near distraction of Sars. Now, if you destroy Sars, basically you are destroying the state because Sars must collect the revenue that would be able to fund the state. You destroy Sars, you destroy the state. That is basically what it was. I think the previous commissioner has appeared before the Commission on State Capture. I think the relevant authorities are studying whatever he said and what happened. He was also in the Nugent Commissioner of Inquiry which made a set of recommendations.

I’m afraid, hon members, I cannot be Minister of Finance, Minister of Police, Minister of Justice, Minister of the Department of Trade, Industry and Competition, and Minister of everything, I can only do what I can do and the rest must do their jobs. Thank you very much.

Mr M S MOLETSANE: Thank you, Acting House Chair. Minister, the big companies have not been performing well over the last year due to the coronavirus disease 2019, Covid-19, pandemic.

Therefore, this has affected their tax contribution. What are some of the lessons learned from the first and second waves of the Covid-19? How it has affected big businesses and how we can mitigate these losses should there be a third wave as expected? Thank you, Acting House Chair.

The MINISTER OF FINANCE: Thank you very much, hon House Chair and hon Moletsane. It’s a very, very pertinent question and the very serious question as that. My observations are that if you look into the mining sector, the manufacturing sector, both heavy manufacturing and light manufacturing and the value chain ... let me just be ... [Inaudible.] ... let’s take SA Breweries, it’s a very large company, employs lots of people and has the value chain is quite long from those who grow ... [Inaudible.] ... the farmers and then those harvest and transport and so on. And then after the point where they make the beer, well I hope I won’t offend any religious people by talking about beer, I’m just indicating a case of a company.

After the point where they make the beer and employ lot of people, but for them to make that beer, they have to bottle it

or put it in cans. That means they must source those cans from Consol or from Nampak Glass. And then they source the cans from Nampak Glass can making and others and then to be able to fill in the beer and so on. Then there is transportation, then off to the wholesalers, off to the restaurants and off to the shebeens. It’s a huge company.

Now, one of the lessons we learned during, particularly the first hard lockdown, is that we completely banned the sale of alcohol. That meant that a company like SA Breweries had to stop operations and all the others like the restaurants and all that whole value chain suffer from the process. So, we’ve learned our lessons. I think in future we are going to be able to better manage how you don’t disrupt the production, but also the value chain. However, also it means that at the point of the restaurants and shebeens and other, I think that we must also learn to behave appropriately so that we don’t provoke a sense of prohibitionism to creep in.

The other lessons we have learned is a ... you know an economy is very complicated. For example, curfew from 9:00 it means that the delivery van movements are also affected which then affect the economy and the value chain and so on. There are many lessons, hon member, which have been learned, and also we

have learned that in order to manage the epidemic, particularly in the mining sector. The mines have got clinics, health officials, occupational health and safety officers and so on. We must take all that into account as we fight a possible third wave. But, I like the question you asked and I would like to continue even offside discussing that with you, maybe you have also made some observations that we can learn from.

From a tax point of view, we need to keep the wheels of the economy going so that we can be able to collect tax which is then needed for all these investments economic development in a social services education and so on. However, thank you very much for that question and I would like to continue talking about it with you after this. I appreciate it very much. Thank you.

Mr Y I CARRIM: Thank you, House Chairperson. Minister, part of the question, the second part of it, raises the need for National Treasury, asked what is National Treasury doing about ensuring that the economic and socioeconomic ... [Inaudible.]

... more conducive to the private sector ... [Inaudible.] ... to that, what would be your response to the view that while the ... [Inaudible.] ... for the private sector. For example,

as low corporate income tax increase for personal income tax. So, obviously also affect the higher income earners.

So, the issue really is would you agree that this budget was

... [Inaudible.] ... warmly received and welcomed by the private sector than many previous budgets ... [Inaudible.] ... that the private sector responded positively ... [Inaudible.]

... implying that, you know, National Treasury has at least met some of their concerns and needs ... [Inaudible.] ... respond to that. Thank you very much.

The MINISTER OF FINANCE: Thank you very much for that. I think my assessment and the assessment of the strategy team is that the budget was widely accepted even by those who in public made the disparaging statements, but privately they accepted it. There is a difficult balancing act and we will still be going to come to the committees of the National Council of Provinces to discuss any further issues there. Again, I want to emphasise that 56% of the budget was towards social services. That is not an insignificant amount. That is about R1,2 trillion of the budget. So, I think those particular in our movement who have talked about austerity really have missed the point completely.

However, we have to be careful because, in fact, you know, we should make sure that these other components as well, the economic development components of the budget, actually also rises and not just the social services part rising, but I must be fair that part of the social services component is learning and culture which includes the National Student Financial Aid Scheme, NSFAS, and other things which is very important for our future generation.

Therefore, coming straight to the hon member’s question, the two parts that maybe the corporate sector might have been happy about, the first one is that we gave a commitment that we are going to reduce corporate income tax, CIT, in the next budget to come down. I think they appreciated that very much. The other one which I’m not in a position to go into detail about was about some of the positions we took on exchange controls which they felt were better and making it much easier for them to do business

Now, I came a bit under flat, but I had to explain this to the ANC about why are you reducing CIT, shouldn’t you be increasing it? I said no, you need to reduce it further actually because you want to be competitive internationally.

You don’t want to be an outlier in terms of CIT. Secondly, the

higher CIT is actually a burden on the workers and the consumers. Why? For the workers is a struggle for them to get high increases in wages. But, we can discuss this again in the study groups or in subcommittees of Parliament. So, a lower CIT is actually good in my theoretical construct for a generating confidence and economic growth. That’s why they also were very excited about this, and it should help as well hopefully, if the tax red is lower hopefully we can get the employers to employ more people because they can afford a larger number of people to pay a wages too.

However, also very important theoretical and political question to discuss for which I thank the member. Thank you very much.

Question 57:

The MINISTER OF FINANCE: The question for those who don’t have it at home is: Why the big increase in this year’s budget allocation to the National Treasury compared to other departments? The answer is very simple, hon member and I am sure there was just a technical misunderstanding. The budget of the National Treasury was also reduced downwards in line with the other departments.

The technical thing that makes you think that the National Treasury budget has been increased is because, the budget for the National Treasury includes additions to the budget of SA Revenue Service, the Land Bank, the BRICS Development Bank contributions. This means, although it says National Treasury, from the budget of National Treasury you must take out the allocations of these institutions. The National Treasury then remains like a poor church mouse. Thank you very much.

Mr D R RYDER: Thank you very much Chair. Yes, Minister there are many components that make up the Treasury budget and the State Security Agency budget falls directly under the Treasury budget as well. The State Security Agency has recently been exposed in the Zondo Commission, for amazing abuses that actually made my mind spin.

Noting the massive decreases to other security cluster departments, in spite of the heavy reliance that has been placed on the police and the defence force in the past months, how can you justify the 6,8% increase in allocation to state security after they have proven themselves to be so unreliable? Why were they allowed to get away with this grand theft under your very nose?

The MINISTER OF FINANCE: Thank you very much for that. For heaven’s sake, I do not understand why the budget of the State Security Agency falls under the budget of National Treasury.

It should really fall under the Presidency or somewhere. It shouldn’t be here, honestly, it shouldn’t be here.

The direct answer to your question is: We don’t know the activities of the State Security Agency. I have to go by what the Minister says. Remember, the Minister of State Security Agency would say, we require so much. By the way, this is a very difficult entity to handle because if I say no, I get a call from the President, he didn’t call me this time but, he would have called to say, hey this is State Security. So, I don’t know, they don’t give me the ... I don’t know. I don’t want to sound like the Minister of Police, but I really don’t know the detail of their operations. They are an intelligence agency, I don’t know. They might even have some agents amongst yourselves, I don’t know, angazi (I don’t know).

What I know is that, there is an allegation that 50 million dollars was stolen from their safe. I said to the Minister, even though you are going to receive this allocation, if you don’t bring back that 50 million dollars, I am going to cut

your budget by 50 million dollars. You have to return it, I want it back. That I know. The rest of the things, ...

*IsiXhosa*:

... andazi, bendingekho andazi nto tu. Enkosi.

*English*:

Mr K MOTSAMAI: Thank you House Chair, Minister ...

*Setswana*:

Lefapheng la Matlotlo le tlile go tshameka karolo efe go lwantsha tiriso e e botlhashwa ya madi a puso?

Gape, dikgato tse le tlileng go di tsaya di tlile go ama jang thebolelo ya ditirelo ya mafapha a mangwe go setšhaba? Ke a leboga, Modulasetilo.

*English*:

The MINISTER OF FINANCE: Thank you very much hon Motsamai. The primary duty of the National Treasury in this regard, is to negotiate with departments about their budget requests. It is a toing and froing negotiations and analysis of previous performance of proper use or misuse of state funds and so on. Eventually, we come to a number, which is the budget number

for the Budget Vote. With respect to crime prevention and crime fighting, we allocate the funds to the relevant departments, the SA Police Service, State Security Agency, indeed they are supposed to be pre-emptive, and fighting crime, Department of Justice and Correctional Services. So, that Justice Crime Prevention and Security Cluster, are then the ones responsible for the implementation of our fight against crime and corruption.

Whether their budgets are adequate or not, it’s a different matter. We allocate the budgets to them to pursue their functions. Of course all departments always want a huge amounts of money, but we are in a constraint fiscal environment and people can only get what is possible and within reason, within our fiscal framework, I emphasize again. Thank you very much.

Mr Y I CARRIM: Thank you Chair. Minister, the second part of Mr Ryder’s question falls away. He asked obviously whether the increase in the ...[Inaudible] ... department’s budget is related to its more effective oversight role of procurement and spending. You explained why you got more money, which is disbursed to Land Bank and so on. So, I presume that the second part of the question falls away. But in case Mr Ryder

decides to bring it up again, I perhaps want to facilitate the expeditious reply. Perhaps you want to respond to the view that, it is not just the responsibility of Treasury alone to ensure effective, productive spending and procurement, but also other departments at national, provincial and of course the local government sphere and not least, Parliament. If we were more effective on our oversight role, the wastage would be considerably reduced, your response to that.

Secondly, related to that subsidiary question Chair ... Minister you said earlier that Dikeledi Mahlangu, a good friend and Member of Parliament, is looking very smart. The question that I want to put to you, as low as the vies in my case, don’t you think that I’m also dressed smarter than you. Before you answer, perhaps give a commitment that you won’t drop the flowers, and stick to them in your response. Thank you very much.

The MINISTER OF FINANCE: Well, I think ... [Laughter] ... I am beginning to warm up for this session now. Maybe, it’s the encouragement from hon Mahlangu, who is absolutely so well dressed. I promise that, next time I will go and look for my special suites which I have downstairs and make sure that, I

remove the facial hair even though I know hon Ryder likes the look.

I think that the Office of Chief Procurement, is an urgent matter that it be filled by the substantive chief procurement officer. We have gone on the manhunt for it. We advertised, we have interviewed. We did not find the appropriate candidate.

In the same way as for the Chief State Accountant, we couldn’t find appropriate people. We did find the appropriate candidate for the Budget Office who will be appointed by the Cabinet very soon.

I am mentioning these three departments in particular divisions because they are key in our fight against corruption and managing the whole procurement system. I think hon Carrim is right, because if all of us worked very well in our constituencies, together with our colleagues from parties in the local municipalities and in our provincial legislatures and so on, we could fight this corruption easily together. It can’t be fought form Pretoria; it will be fought from the local.

We know who is responsible for the botched up Giyani Water Project, we know it, we know the people and we can all fight

together. Talking about the Giyani water project, I drove along one of the roads that are there, we still have water pipes on the side of the road. It’s a scandal of unbelievable proportions. Anyway, I think we can work together to fight corruption, but the major part of the work at national and provincial level is that, the National Treasury that provides these allocations to the crime prevention authorities to do their job. I promise you, they are doing their job and I am happy that they are beginning to move very swiftly on that VBS Mutual Bank looting that took place. Thank you very much.

Question 67:

The MINISTER OF FINANCE: Thank you very much hon Mkiva. I think the best way to handle this is to regret that it comes at a point where we have actually answered the most part of the question already - that’s a pity about it. Let me just reiterate that you recall that I spoke about the way we have structured the budget and that about 56% of the budget really goes into social services – that is also supposed to help in the fight against poverty, hunger and destitution. Our people are poor, and we must admit this. Our people are poor!

So, we have made interventions in terms of the social relief of distress grants, which, as you know, has been extended,

even though for a short period. These little things they do help people. We can take it for granted but they do help people. If you see the queues at the centres where these small grants are being distributed and dispersed – it’s very painful. But I think we need to move more towards focusing on employment type initiatives so that we can help many people.

Let me give an example, if you are in your constituency, if you could work together with the local youth to work on rural road paving system – where the youth make the bricks and you start laying them and do the paving for rural roads, I ma quite sure that the infrastructure fund should available for that purpose because I normally ask myself but where are these funds going. We allocate them but where do they go? But if as a Member of Parliament you deliberately identify the number of roads that need paving, I know it because here, where I live, from the off ramp, I did the brick paving. I asked six youngsters to come and work with me and we did brick paying. I could pay them something and that would help rather than them going to queue for the social relief of distress grant. At least they have done something. I think if we can identify such things it would be good.

Members would know that on the highways where there is no fencing or may be the fencing was there but has been removed,

you can identify that in your constituency, you work with the local community and the youth, there is funding for that purpose in the budget – for fencing to avoid animals crossing and killing people. I think we just need to be more active. It is easy for me to allocate funds for that purpose but if they are not taken up and they are not monitored locally as the hon Carrim was saying, that does not help. But our people are poor out there.

The other thing as I indicated is that the main Budget really supports the social wage. Table one you will see on the part where we talk about social services indicates in detail the kinds of things that I have been talking about. But we really have to get our people into productive economic activity and there are so many little things that we can do to encourage people to be self-sufficient and to stop relying on government. Here in Nkowankowa Township, not far from where I am now, there is a young man who outside this house he has created a roadside restaurant, it is called Munyi Restaurant, and I go and eat there from time to time. He has not asked for a loan from anybody, maybe from his parents. He started this little restaurant. His grandmother occasionally comes to cook “pap” [mielie porridge] and “umleqwa” [free range chicken] when I ask for them. They cook that for me and I go and eat it

there – and he is a businessman who started from nowhere. Another fellow is called Moss Malatji, who is also a local fellow. All he does is take a bakkie in the morning and go to the fresh produce market and picks up items, buys them in bulk so that he can sell them to the local traders - and everyday he does that. So, he is in economic activity and he is not waiting for a handout from anybody. So, I think we should encourage those sorts of economic activities, whether is cutting the grass or doing whatever, cleaning the roads, and so on. But thank you very much. I thought this was a wonderful question session.

Mr E Z NJANDU (On behalf of Zolani Mkiva): Thank you very much, Acting Chair. Hon Minister, the economic reconstruction and recovery plan - the ERRP, announced by the President in two Joint Sitting of the two Houses of Parliament in October last year deals on the common ground established by the social partners, government, labour, business and community organisations through consultation. Now the follow-up question is, “What is the impact of the plan this far towards focusing on key sectors of the economy on the growth targets and job creation?” Given the scale of the challenge of unemployment, are there any further measures under consideration to ensure

that we reach the NDP target of having unemployment reduced by 2030. Thank you very much Acting Chair and Minister.

The MINISTER OF FINANCE: Thank you very much, House Chair. I come back again to where I started. At the beginning of this process I spoke about some of the necessary and sufficient conditions for growth and therefore you can add. Part of that I said policy certainty is very important. It is very important for us not to place the budget or the fiscus as the only mechanism that is going to grow the economy. Let us not do that; it is a big mistake.

The fiscus is part of the whole set of factors to be taken into account, like I mentioned the release of spectrum. It is an important component of the reconstruction and recovery programme. We must not depend on how much was budgeted for because it is a policy issue of releasing the spectrum that gets the growth going like the partnership between the private sector and the public sector in the expansion of the Durban Harbour. It is working together. It is not just a question of how many billions are used. For example, someone saying it is supposed to be R10 billion or another saying it is supposed to be R5 billion. No, it is not like that. We should create an environment to unlock this huge and liquid financial bond

market that we have to unleash the resources in order for economic activity to grow.

Let me give you a simple example – very simple – the economic reconstruction and recovery plan identifies tourism as one of the factors that we must focus on. For me, what it means living in Magoebaskloof is what support are we giving to the Magoebaskloof Hotel, the Mountain Café, the Iron Crown, the Bramasole, Magoebaskloof Canopy Tours, the Debegeni Waterfalls. Those are places which are tourist attractions, and therefore it is not government that is going to give them money, but government must make it possible for them to function.

By changing the curfew hours to be from 12 at midnight to 4am, you are making it possible for Iron Crown, Mountain Café, Magoebaskloof Hotel and Bramasole to operate. And therefore to be able to bring back those jobs that people have lost. It is a policy decision that gets the economy going. It is not how much money government gave them. I think it is a very important philosophical point I made at the beginning. And I wish we can all work together. The other thing that we have to fix is the state-owned enterprises because these can become huge vehicles for economic development. But at the moment they

are cashguzzlers - they are not positive factors in economic growth, and yet they can be.

It takes an institution like Denel which is leading in science and research in the military-industrial complex to do that. It is very important. They are working on a number of projects including the African bakkie. Just for the reconfiguration of some of the technology from the construction of military vehicles not that they can take it to civilian use. It is a huge thing that should find support from us. That reconstruction and recovery programme is a multifaceted infrastructure; it is all of this – policy certainty, and so on. I mean, I could talk on and on about some of the other factors. Thank you very much.

Mr S F DU TOIT: Thank you hon Acting Chair. Hon Minister, South Africa is a welfare state and what it needs is employment to enable people to earn more than a mere social grant. Minister, you know that wealth is created for all based on equal opportunities. And this can only take place for the economy growth through stimulation of the private sector and a condusive restriction-free economic environment without expropriation and compensation. Minister, how does government plan to find the envisaged basic income grant to alleviate

poverty, hunger and unemployment without further burdening the already overtaxed taxpayers? If this is implemented, when will this happen? Thank you, Minister.

The MINISTER OF FINANCE: Thank you very much hon Du Toit for you question. I am a little bit compassionate today because I am still carrying my flowers in my hand. I think if we understand the destitute conditions in which some of our people live in, we would be open to any conversation that seeks to help them. Really, we truly have to understand the destitute conditions in which some of our people live - truly speaking. I drive around the Mopani District quite a lot because that is where I am the district champion. You need to drive during the week – during working hours, to get a sense of why are there so many people in the streets when it’s working hours. It gives you a sense of the poverty, unemployment and destitute situation which our people find themselves in. I am not saying that by that very thing, we must then turn into an overburdened social development state – I am not saying that. But I am saying that there is a section for our population which needs the support and compassion of those who can afford.

Now, what does this mean? It means that when the time comes for us to have an open conversation about the basic income grants, we should approach such a conversation with the necessary compassionate level. I am not saying it is going to be a basic income grant – I don’t know what the outcome is going to be, but that conversation needs to be heard.

We must have the conversation about a comprehensive social security system. We can’t avoid that in our country. A comprehensive social security system that doesn’t overburden the fiscus but it is compassionate and responds to the needs of our people. For those of us who are technical economists are also going to say that we should induce an employment creation element in that programme – that is very important. Let’s not be ideological about it. Let’s be technically solution-oriented towards it. That’s my answer, sir. Thank you very much.

*IsiXhosa*:

Mnu T APLENI: Ndiyabulela Sihlalo Obambeleyo, siyakufanela esi situlo, sowusibamba Sihlalo.

*English*:

Minister, all the solutions that you need to address the extreme levels of poverty, hunger and distribution in this country are contained in the EFF manifesto. We have outlined for you in black and white and said it here many times before that we need to move towards rapid industrialisation and the promotion of manufacturing activities to create jobs, double social grants and provide free water and electricity to the poor – just to name a few. Why is government not considering some of these proposals, Minister?

*IsiXhosa*:

UMPHATHISWA WEZEZIMALI: U-Apleni uyamosha namhlanje.

*English*:

Thank you very much Acting Chair. I think the hon Apleni knows already that a certain amount of free water and electricity is available to the poor – he knows that. It was introduced during the time of President Mbeki – so it is available. The point that I’ll agree with is that we need to identify some special employment programme in local municipalities, provinces, national departments, as I said earlier. As now is the time to upscale the Working for Water programme. It is there but it is not visible. There is a Working for Water

programme and there is budget item for it that is supposed to absorb young people into this thing.

There is a programme for firebreaks – for young people to go around and do firebreaks. When there is veld fire on one side it doesn’t spread to the other side. I don’t see them but the budgets are there. So, I think as Members of Parliament again as the hon Carrim was saying, you need to monitor these programmes. Where are these things happening? Things like roadside fencing and Working for Water programme.

With regard to industrialisation, I agree with you – but you cannot talk about industrialisation as if South Africa is not industrialised at all. Take for example Ekurhuleni - Ekurhuleni is the most industrialised zone in the whole of Africa. Don’t talk about industrialisation as if we are starting from a village. We are already an industrialised country. The key issue is to avoid deindustrialisation and start new programmes. I told you earlier on that our scientists launched a rocket – I think last week which could reach an altitude of about 18 kilometres but Minister Nzimande would explain more about this. This is science which can also lead to industrialisation.

I spoke about the construction of the African bakkie which is also part of industrialisation - and the furniture industry and so on. Unless you have a particular notion about industrialisation, but it is very strange that on one hand we want the private sector to invest in industrialisation and on another hand when we are angry we talk about white monopoly capital and “siyabathuka” [we scold them.]. So, sometimes we don’t know what we want. If there is a black industrialist, we make a fuss about being black capitalist and that and so on.

What exactly do we want? “Sifunani?” [What do we want?]

*Xitsonga*:

Xana hi lava yini?

*English*:

So, we must be very clear about what we want and pursue it in a very clear manner. Don’t attack the industrialists whether they are black or white. Work together with them. Unless if you think industrialisation is going to be done through government, which I think is a bad idea. Thank you very much, sir.

Mr M BARA: Thank you Acting Chair. Minister, I think I

understand what you’ve just said when you said at times it

seems we don’t know what we want or what is =going to work for us as a country. But I want to say this Minister, the handouts by government - while they are necessary and appreciated in terms of what people are getting for COVID-19 pandemic, it is something that is needed now. However, if you give a man a fish, he eats for a day but teach him how to fish and give him the means to do so and he will be fed forever. Yet we see the Department of Higher Education losing a sizable R1,2 billion in this budget. We see the Department of Trade and Industry losing R1,3 billion. Cuts to spending were needed, but are we not stealing from our future to fund for today? Thank you, Chairperson and thank you Minister.

The MINISTER OF FINANCE: Thank you very much hon Baca and thank you Chair. The way in which you made me work today is like I need a bonus. I must go to the President and ask for a bonus, honestly.

The DEPUTY CHAIRPERSON OF THE NCOP: They will not approve it.

The MINISTER OF FINANCE: They will not be approving a bonus? Okay. I think the key issue is that we have faced a number of spending pressures and as a result we had to realign the budget as we did – you remember during the supplementary

budget in June when we had to find money for SA Airways, SAA, the R10,5 billion and then we had to readjust for all departments. It is a Cabinet decision to support SAA, therefore all governments departments had to make their sacrifice to implement that decision.

You will recall that we also had a revenue shortfall. So, when we have a revenue shortfall, you must also then ensure that your spending envelope is within what you can afford.

Education is important for our children’s future. In fact, education is part of preparing for their own future because we won’t be here for along time anyway, and they must remain behind managing their country, running their economy and running their society.

Therefore, education is important. I leave the matter regarding the kind of education and bursary programme that should be available to the Minister of Higher Education. It seems to me that what he is saying is that it is inevitable to review the National Student Financial Aid Scheme, NSFAS, and the whole post-matric funding system – which I think we should

- if he speaks to me for example, regarding my university education I received in Lesotho. Most of the students from Lesotho who passed matric and apply to university,

simultaneously apply to what they then called the Department of manpower for a bursary. Depending on the amount in the budget of the Department of Manpower that can support students, a certain number of bursaries were given. But they also wanted to guide students in which studies will they be funded and which they will not be funded. You cannot fund everything. Also, there was a policy in Lesotho where you are only allowed to repeat once so that you don’t become a “professional student” and so on. If you fail for the second time, you have to go out because you should create space for other students and also a bursary for other students. If the Minister of Higher Education wants to speak to me about my experience, both in Lesotho and in the United Kingdom about how this is done, I am more than willing to speak to him. I think that we can be able to deal with the education issue.

Otherwise, thank you very much Acting Chair for a robust conversation. It is very much appreciated. I can promise that I kept my flowers and kept my gun behind me - I didn’t take it out. Thank you very much.

The ACTING CHAIRPERSON (Mr M I Rayi): At this stage I would ask the hon Deputy Chairperson to thank the Minister of Labour and the Deputy Minister and close the meeting. Over to you, hon Deputy Chairperson

The DEPUTY CHAIRPERSON OF THE NCOP: Thank you very much hon Rayi and thank you for jumping in at that specific moment although we had already requested that you must assist today. Let me first and foremost begin to thank the Minister and the Deputy Minister of Employment and Labour for attending the sitting today. I then also thank the Minister of Finance. In the NCOP, every time when you come as a Minister we ask you six questions.

Each of the six questions have follow-up questions. So, ordinarily, when you attended all the time, you would have been responding in that fashion. It’s just unfortunate today that the hon Rayi allowed you not to keep time and that is why you were so exhausted. In future we will make sure that we keep time so that you are not fatigued like you are today.

Thank you very much for attending and also for the elaborate way in which you responded to the questions. Sometimes we need to be together and we really need to understand what the policies and the position is all about. So, thank you very much.

I also want to thank all the permanent and special delegates who have been attending today. Hon Rayi, a special thank you to you for the way you have been chairing the meeting; we want

to thank you very much. Before we adjourn the meeting, I just want us to really observe a moment of silence for President John Magufuli from one of the countries on our continent - someone that I think the hon member Minister Mboweni can relate to because of his stance against corruption and also his stance against any irresponsible spending – let me put it like that – of government resources. Can we just for one moment observe a moment of silence. May his dear soul and the souls of all the departed rest in eternal peace. Thank you very much, hon members.

I also want to wish all of you well for the constituency period. I really hope that we will use this time very fruitful. I know there are some committees that will still be meeting even in the constituency period. I want to wish you well and also wish you a blessed and safe Easter because within this period we will also be celebrating and commemorating Easter. So, let me wish you well and thank you very much.

The Council adjourned at 18:23.