**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 1**

***WEDNESDAY 18 MAY 2022***

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***PROCEEDINGS OF EXTENDED PUBLIC COMMITTEE – NATIONAL ASSEMBLY***

***CHAMBER***

\_\_\_\_

Members of the Extended Public Committee met in the Chamber of

the National Assembly at 14:01

The Deputy Speaker, as the Chairperson, took the Chair and

requested members to observe a moment of silence for prayers

and meditation.

**ANNOUNCEMENTS**

The DEPUTY SPEAKER: Good afternoon hon members, ladies and

gentlemen, I was locked in the wrong plenary session, but I’m

back now. Welcome to all of you, members and the Minister, I

notice that you are already here, that’s good. Hon members, I

would like to remind you that this virtual mini-plenary is

deemed to be in the precinct of Parliament and constitute a

meeting of the Assembly debating purposes only. In addition to



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 2**

the Rules, the rules of virtual sitting, the rules of the

National Assembly, including the Rules of the national debate

apply.

Members enjoy the same powers and privileges that apply in the

sitting of the National Assembly, and members should equally

know that anything said in the virtual platform is deemed to

have been said in the House and may be ruled upon. Hon members

who have locked in shall be considered to be present and are

requested to mute their microphones and only unmute when they

are recognised to speak. This is because the mics are

sensitive and will pick up noise which might disturb the

attention of other members. When recognised to speak, please

unmute your microphone and connect your video, if that’s what

you are able to do.

Members may make use of the icons on the bar at the bottom and

or at the top, depending on what gadget you are using for an

indication to put up your hand or to raise a point of order if

that’s what you wanted. The Secretariat will assist in

alerting us for members who are requesting to speak. So, we

really plead with you members not to raise unnecessary point

of orders or interjections, they are disruptive when we are



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 3**

operating on a virtual platform. We shall now proceed to the

order, which is debate on Vote No 8, National Treasury

Appropriation Bill.

**APPROPRIATION BILL**

Debate on Vote No 8 - National Treasury:

The MINISTER OF FINANCE: Thank you, hon Deputy Speaker, hon

members of the House, thank you for this National Assembly

mini-plenary sitting on Budget Vote No 8 of National Treasury.

It is an honour to stand before you and before the country to

deliver this year’s Budget Vote for National Treasury. Hon

Deputy Speaker, it is evident that this year will demand of us

to face enormous obstacles, some old and many new. As the

pandemic continues to create global uncertainty and

devastating economic impact locally, we will need to show

great resilience and tenacity in harnessing our efforts to

resolutely and consistently overcome the systemic challenges

of inequality, poverty and unemployment exacerbated by chronic

low growth, rapid climate change and intensification of

conflicts, contestations and ambiguity.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 4**

For National Treasury, this will require a determined effort

in pursuing our ongoing endeavours to accelerate a growth

economy including tackling structural constraints, applying

measures to restore investor confidence and public trust,

safeguarding the fiscal framework, reducing policy uncertainty

and lowering the cost of doing business. We have many hard

choices to make. Many more difficult decisions lie ahead of

us. We are not out of the woods yet. We cannot afford to be

complacent. Our policy interventions must reflect the

seriousness of the challenges we face and our constitutional

responsibility to forge a better today and a prosperous

tomorrow for our people.

We must meet doubt and uncertainty with decisiveness. There

are risks and there are opportunities on the path ahead. We

must be prepared for both. The unprecedented crises that the

country has found ourselves in have called on National

Treasury and its wide-spanning programmes, to develop unique

responses and this year’s ambitious plan will build on the

positive results achieved, as we deliver along with our

government and all other stakeholders on the national

reconstruction and recovery plan, supporting economic reform

and realising transformation and inclusion. National Treasury



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 5**

will continue to support government’s ability to ensure

stable, sustainable growth and equitable and efficient

allocation of public resources. We will continue to pursue a

balanced and prudent fiscal strategy in order to stabilise the

public finances.

Although public finances remain under some strain, the fiscal

position has improved somewhat in comparison to this time last

year. We cannot let our guard down as we remain on course to

restoring the health of public finances. To this end, the

recommendations arising out of the spending reviews will be

implemented to improve expenditure efficiency and programme

delivery impact over the medium term. The National Treasury is

responsive to our changing environment and continuously

considers improvements to the budget process to deliver on our

national priorities and foresee future needs. In this regard,

work is being done on climate tagging as well as climate

budget tagging, which is a tool for monitoring and tracking of

climate-related expenditures in the national budget system.

It provides comprehensive data on climate-relevant spending,

enabling government to make informed decisions and prioritise

climate investments. National economic growth is anchored in



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 6**

strong local economies which are reliant on an effective local

government. As a country we are faced with the formidable

challenge of an increasing number of municipalities which are

dysfunctional, either in experiencing financial distress or

even having deteriorated into crisis. The National Treasury

will be harnessing, together in partnership with DCOG, all of

our local government support mechanisms to intensify targeting

interventions for increased impact from our extensive capacity

building under the Accountant General, programmes to improve

municipal audit outcomes with a specific target on those with

the highest levels of irregular, fruitless and wasteful

expenditure to direct intervention in terms of section 139(7)

of the Constitution such as Lekwa, and more recently Manuguang

and Enoch Mgijima Municipality in the Eastern Cape.

There are 43 municipalities that meet the criteria to be

placed under mandatory intervention. I have already written to

the Premiers of all provinces in October last year, identifying

these municipalities and that, the mandatory intervention

process must begin in earnest. I must say that, we cannot be

dealing with these issues administratively, we only require

much political support from all the political parties

involved, in order to ensure political stability in a number



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 7**

of these municipalities. Nursing our municipalities back to

financial health will boost the quality of life of residents,

it will encourage economic activity and investment, and it will

encourage tax and ratepayers to pay for services. The National

Treasury will, in partnership with local government, implement

five township economic development strategies, as well as

identify and approve 20 catalytic projects in spatially

targeted areas within metropolitan cities, secondary cities

and rural towns to provide technical support to strengthen

infrastructure planning, delivery capacity and to support

spatial transformation and inclusive developments.

The government will continue to finance the gross borrowing

requirement while minimising refinancing risk, currency risk

and overall borrowing costs. To reduce their continuing

demands on South Africa’s public resources, the National

Treasury will outline, as we have indicated, Deputy Speaker, in

the budget speech, that government will outline criteria for

government funding of State-Owned Enterprises, SOEs. Eskom is

faced with a large amount of debt that remains a challenge to

service without assistance. The National Treasury is working

on a sustainable solution to deal with Eskom’s debt in a

manner that is equitable and fair to all stakeholders. We will



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 8**

say much of this, Deputy Speaker, in the Medium-Term Policy

Statement, as we are working on the details together with our

colleagues in Public Enterprise and Eskom.

There is also work on the review of governance systems of

several high risk state-owned entities, which is underway. In

order to implement the tax proposals announced in the budget,

the National Treasury will propose its annual amendments to

tax legislation that seek to meet government’s revenue

requirements and eliminate tax loopholes. Work will continue

to secure financial stability which supports economic growth,

and also ensures better access to the financial sector for all

residents and those doing business within South Africa.

Regulating the financial sector will continue in order to

ensure it is safe and provides enhanced customer services.

The Bounce Bank Support Scheme for businesses signalled in the

February 2022 Budget Speech has come into effect. The Bounce-

Back Scheme comprises of two mechanisms. The first mechanism

is a loan guarantee which facilitates loans guaranteed by

government to eligible businesses. The loans will assist

eligible businesses in recovering from constraints in

accessing finance due to COVID-19 lockdowns, the July 2021



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 9**

civil unrest, as disasters like the floods affecting KwaZulu-

Natal. The Bounce-Back Scheme will also support economic

growth and foster job creation in South Africa. Funds borrowed

from this Scheme, through participating banks, Development

Finance Institutions, DFIs, and non-bank Small Medium

Enterprise, SME, finance providers, can be used for growth and

expansion and to foster job creation within South Africa.

Our Twin Peaks regulatory system, established in 2018, is

beginning to bear fruit, to not only ensure that our financial

institutions are financially healthy at all stages, but also

where problems have been identified actions are immediately

taken. For this very reason, I have been dealing with the

concerns of the Prudential Authority that Ubank’s capital

adequacy levels have been deteriorating over the last 18

months, and the inability of the board and its shareholders to

adopt and implement an action plan to reverse this decline.

While these engagements began under my predecessors, they have

intensified to weekly meetings since March 2022, and daily

meetings over the past week. This intensification was

triggered by Ubank’s capitalisation falling below minimum

regulatory requirements.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 10**

The Prudential Authorities engagement with the board over the

last months and weeks, has despite providing them with more

time to respond satisfactorily with a credible action plan,

resulted in a lack of alignment between the board and its

ownership trustees, and accelerated the need, and timing, of

the curatorship. On the recommendation of the CEO of the

Prudential Authority, the Deputy Governor, Tshazibana, and

acting in terms of section 69 of the Banks Act 94 of 1990, I

have deemed it to be necessary and in the public interest to

approve that UBank be placed under curatorship, effective from

Monday 16 May 2022. Curatorship is a mechanism to provide

regulators additional tools to save the bank, not to close it,

and as such, curatorship will assist in preserving depositor

funds that are held by the institution, and will allow for its

resolution to be done in a controlled and structured manner.

Over the last three years we have seen a steady improvement at

SA Revenue Service, SARS, which has contributed to the

necessary improvement in our fiscal position by way of

improved revenue collections and coordination of cash-flow

management in conjunction with the National Treasury resulting

in improved public debt management. In a democratic system,

taxation is a critical part of the social contract between the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 11**

state and the citizens. Tax legitimacy and perceptions of

fairness in the distribution of the tax burden are crucial to

the willingness of citizens to pay taxes.

Therefore, it is of utmost importance to adhere to the

principles of a good tax system, namely, of efficiency,

equity, simplicity, transparency and certainty, as well as

ensuring a buoyant tax system that responds to the business

cycles of the economy. The SARS, will continue to expand the

tax register, respond to illicit trade by removing illegal

imports from circulation, investigate syndicate tax and

customs crimes, as well as investigate and hand State Capture

related cases over to the National Prosecuting Authority, NPA.

We are actively advocating coherent economic policy. The

National Treasury is reviewing the government’s macroeconomic

policies, from the global financial crisis of 2008 to 2020.

The review examines how key indicators have evolved as well as

assesses the implementation of policy.

Policy recommendations emanating from the review will be

engaged with stakeholders and would be communicated through the

budget process. Through Operation Vulindlela, in partnership

with the Presidency, there are decisive interventions to



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 12**

address structural problems cited as contributing towards

constraints on economic growth. In particular, we are

supporting government to address inefficiency and the high

cost of network services, including electricity, water,

transport and telecommunications that work against our goal of

reducing the cost and improving the ease of doing business. A

priority for National Treasury is to strengthen the

transparency, efficiency, effectiveness and impact of public

procurement by introducing the long awaited Public Procurement

Bill, strengthening procurement decision-making responsibility

and management at all public departments and institutions, and

most importantly, to modernise the procurement system.

This will strengthen data collection, enhancing analysis

allowing for better reporting and subsequently increasing

monitoring both by government and the public parties. We

received over 4000 submissions on the revised Public

Procurement Bill, and these have all been considered along

with the recommendations by the several recent Commissions of

Enquiries. Consultations with Nedlac commenced on 6 May 2022

as the Bill progresses towards tabling in Parliament this

financial year. Work is continuing at a pace on the Public

Finance Management Act and Municipal Finance Management Act



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 13**

reforms and support measures as well as accelerating the

implementation of the government’s integrated financial

management system with roll out of modules both in pilot

departments and provinces.

In addition to strengthening legislative frameworks, capacity,

capabilities, systems and processes of financial governance

and management, the National Treasury will continue to play a

role in fighting corruption and maladministration by conducting

forensic audits, special performance audits and review of

internal controls. We are also committed to supporting

infrastructure development and the growth of economically

integrated cities and communities. Treasury will continue to

facilitate conditional grants, providing financial incentives

for infrastructure planning and development to municipalities.

This will be achieved through the Local Government Financial

Management Grant; the Neighbourhood Development Partnership

Grant; the Programme and Project Support Grant; and the

Infrastructure Skills Development Grant.

Transfers to these grants are projected to be R6,9 billion over

the next three years. Through the international engagement

with Multilateral Development Banks, MDBs, and International



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 14**

Finance Institutions, IFIs, South Africa will continue to

foster collaboration, source technical best practice, as well

as source competitive financing as part of our borrowing

strategy. Five-year Country Partnership Strategies with the

Multinational Development Banks, MDBs, will focus on fostering

competitiveness, fostering investment, supporting small,

medium and micro enterprises, SMMEs, creating jobs and

economic recovery.

Deputy Speaker, the department’s budget over the next three

years is R2,8 trillion, close to 60% or R1,7 trillion, is for

transfers to provincial governments for the provincial

equitable share. A large portion of these funds will be

disbursed to the provincial equitable share for adjustments

related to compensation of employees in provincial

departments, inflationary adjustments for non-governmental

organisations within provincial departments of social

development, and for the implementation of the presidential

employment initiative in provincial departments of education.

Debt-service costs amount to 34,4%, or R1 trillion, of the

department’s budget over the Medium-term Expenditure

Framework, MTEF, period.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 15**

With an additional R3 billion, a total of R34,3 billion has

been allocated to the South African Revenue Service, to build

the capacity of human resources and implement Information and

Communication Technologies, ICT, projects**.** The SA Special Risk

Insurance Association, SASRIA, has been key to our response to

the civil unrest in KwaZulu-Natal and Gauteng last year, and

we have an obligation to ensure that it can honour its

financial obligations. The 2021-22 expenditure also includes

the R18 billion paid to SASRIA as a direct charge from the

Revenue Fund. In aggregate, SASRIA has received a total of

R22 billion in the 2021-22 financial year.

Deputy Speaker, allow me to conclude by reiterating that we

are at an inflection point in our life as a society, and as an

economy. We are at a point of great uncertainty, but also at a

moment of great opportunity. We are required to make some

tough decisions. The moment demands that we stick to the

policy course of balancing support for the most vulnerable

households, with the careful rehabilitation of our public

finances. Lastly, I would like to thank my outgoing Director-

General, Mr Dondo Mogajane. He has served the National

Treasury and his country, with distinction and integrity.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 16**

Our democratic project, and the institutions that are the

bedrock of a fair and prosperous society, rely on individuals

like Mr Mogajane, individuals who are willing to dedicate

themselves selflessly to a greater good. Our continued

gratitude goes to the Chairperson of our oversight committees.

We are looking forward to your continued support and guidance.

I thank you.

Mr M J MASWANGANYI: Hon Deputy Speaker, I have a problem with

the video. Can I proceed ... [Interjections.]

The DEPUTY SPEAKER: It’s okay! Go ahead!

Mr M J MASWANGANYI: Okay! Thank you very much. Deputy Speaker,

Members of Parliament, Ministers present, Deputy Ministers,

colleagues, thank you very much. The Minister of Finance, hon

Godongwana has tabled the Annual Performance Plans of the

National Treasury and Sars, as well as other entities under

the Finance portfolio, in line with section 10 of the Money

Bills Amendment Procedure and Related Matters Act for

consideration by this report.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 17**

The National Treasury had briefed the committee on 23 March

2022, and also on 3 May 2022. The committee further conducted

an oversight visit to the South African Special Risk Insurance

Association, Sasria, the Land and Agricultural Bank of South

Africa, Land Bank, as well as the Financial and Fiscal

Commission, FFC, on 20, 21 and 22 April 2022, respectively,

where it, among other things, received presentations/updates

on the annual performance plans of those entities.

I heard the Minister addressing the issue that we raised when

he briefed us about the Budget, that there is a challenge from

Afriforum about the Preferential Procurement Policy Framework,

the matter which has been taken up to the Constitutional

Court.

Our concern as the committee is that we hope this will not

affect government’s policy of priority with regards to

transformation of the economy, and to ensure that the economy

is inclusive. The Minister has assured that he will attend to

this, because we believe that there should be high

prioritisation of government, where we have got an elected

government and we have got an interest group that want to co-



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 18**

govern. So, this matter should be taken seriously, and the B-

BBEE should not be affected.

Be that as it may, the National Treasury also assured the

committee that procurement has not stopped. Instead, the

National Treasury has stated that all organs of state will

have to apply for an exemption from implementing the B-BBEE

regulations and Preferential Procurement Policy Framework Act

to the National Treasury. We are satisfied that the Minister

will do everything to make sure that the transformation agenda

to transform blacks in general, and Africans in particular,

with regards to the economy will not be affected.

We are also glad that the Minister has raised the issue of

Public Procurement Bill, which we have been raising for quite

some time because government is the largest buyer in the

country. It had the responsibility to ensure that its

procurement policy support the economic growth and

transformation. The sooner the Minister tables this Bill in

Parliament, the better for the interest of the public and, in

particular, those who have been previously disadvantaged by

the economy.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 19**

As we are emphasising the issue of a Public Procurement Bill,

the Treasury also has to attend to the issue of industrial

policy, together with their sister department, the DTI, so

that those who had been previously disadvantaged should

benefit. We know that there has been a policy to empower black

industrialists. We are not sure how far we are with regards to

this matter.

We are raising these issues because we know that the National

Treasury is at the centre of driving the macroeconomic policy

of this country. These issues of industrial policy and Public

Procurement Bill should be expedited as the Minister has

committed himself. Above that, we have also received a

briefing from the Minister and Deputy Minister and Sars

itself, on 3 May 2022, because Sars is a very important organ

of state.

Since it has been established 25 years ago, in 1997, Sars has

become one of the country’s shining lights of the democratic

dispensation. It is a well-functioning revenue service that is

very key to the development of this country. As I have said

that since its formation 25 years ago, Sars has collected more

than R17 trillion. Sars is commended for having contributed to



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 20**

the improvement of South African lives through raising

revenue. The money that Sars has collected had contributed in

uplifting the standard of the poor people in terms of

healthcare, education, social security and support for the

economy.

Without Sars collecting its revenues, the country would not

have been able to deliver services and support the economy.

During the Covid-19 pandemic, Sars had collected more revenue

than expected. This was assisted by the recovery of certain

sectors of the economy, especially in the mining sector.

Without an efficient and trustworthy revenue services, the

country would not have been able to achieve this commendable

achievement by Sars. So, we would like to commend men and

women who are running this institution for doing well, to make

sure that under difficult circumstances, they are able to

collect revenue that sustains the economy of this country.

In implementing the National Treasury spends for 2022-23,

there will be many obstacles in the coming year, as the

Minister has said that some of those obstacles were old, but

others are new. He indicated that there are global risks that



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 21**

could devastate the local economy and impact on National

Treasury. Among those, there is global warming, the challenges

in Ukraine and Russia and many other challenges that have been

there before.

The National Treasury’s key focus areas for the 2022-23

Budget, include, amongst others, managing the fiscal relations

of the three spheres of government, interacting with regional

and international organisations to increase South Africa’s

economic development, filling critical vacancies, and gender

mainstreaming.

We have raised this issue of filling vacancies, both in

Treasury and in entities that report to Treasury. The National

Treasury, through the Budget Facility for Infrastructure, BFI,

and partnerships with the Development Bank of Southern Africa,

DBSA and Infrastructure South Africa, is helping to build a

pipeline of viable projects for execution.

The Minister indicated that the BFI has considered 61 projects

that were submitted to it by public institutions and National

Treasury had approved a total of R6,7 billion in fiscal

support in the 2021-22 Adjustments Budget and over the 2022



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 22**

MTEF period. Most of these projects have multiple funding

sources and are designed to crowd in private investment.

The Infrastructure Fund is working in conjunction with public

agencies to prepare six projects to the value of R96 billion.

We are raising this matter, as you can see that the economy is

not doing well as expected, unemployment is increasing and we

are more concerned that youth unemployment is also increasing.

The National Treasury is reviewing government’s macroeconomic

policy from the global financial crisis to the present. This

review, we believe, will examine how key indicators, such as

economic growth and employment, have evolved since 2008;

assess government’s fiscal, monetary and macro-prudential

policy choices; and propose appropriate reforms to policy

targets and institutional frameworks.

A draft review document will be finalised at the end of March

2022 – it should have been finalised at the end of March, this

year - forming the basis for workshops, public discussions and

additional research.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 23**

I’ve already spoken about Sars, I don’t have to repeat that

this is a very important organ of state and that it has

collected more revenue than expected under difficult

circumstances.

A total of R33,9 billion is allocated to National Treasury in

2022-23, of which 86% will be appropriated to transfers and

subsidies. The projected allocations for the 2023-24 and 2024-

25 are R32 billion and R32,1 billion, respectively. As I have

said that Sars has done well amongst others, it is also

receiving a lion’s share of the budget.

We want to also indicate that we conducted oversight visit, as

a Standing Committee on Finance to the Sasria, the Land Bank

and the FFC from the 20 – 22 April, this year. The Sasria

incurred claims amounting to R37,14 billion, as at 19 April

2022, as a result of the 2021 July unrests which affected

KwaZulu-Natal and parts of Gauteng. About R22,52 billion have

already been settled, representing a total of 8 853 claims.

About R14,62 billion, representing a total of just over 17 000

claims, remains outstanding.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 24**

We also visited the Land Bank. The Land Bank is a very

critical institution in the agricultural sector and it is

facing a number of challenges. We are quite aware that

recently the Minister has appointed a board and we have met

that board. Be that as it may, the CEO has resigned to pursue

his career somewhere else. We urge the Minister to fill the

vacancy of the CEO, as soon as possible, because it is quite

very critical. We don’t want a situation where that bank is

left without a CEO for quite some time. With the challenges

that it is facing.

We also visited the FFC, which is a very critical

constitutional institution. It is doing quite very well. Hon

Minister, we believe that the FFC’s recommendations should be

taken serious because sometimes the FFC feels that whatever

they recommend with regards to budgeting is not considered.

Please take them serious and engage them on issues that they

have already raised with us. We also had engagement with

National Treasury, and what has been raised sharply by the

Auditor-General is what we call the implementation of the

audit action plans.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 25**

We urge the National Treasury and its entities to make sure

that they have audit action plans in place, and the Minister

should from time to time meet officials from Treasury and its

entities to see to it that those audit action plans are

implemented.

The issue of filling of the vacant posts is quite important. I

have already mentioned the vacant post in Land Bank, which we

believe should be filled as soon as possible. We should also

indicate that we are quite delighted that at Sasria, the

vacant post of the CEO has been filled. When we visited

Sasria, there was a handover by the outgoing CEO to the

incoming CEO.

The other issues that we are raising as the committee are the

irregularities that have been picked up by the Auditor-

General, wherein the National Treasury has incurred fruitless

and wasteful expenditure of about R300 million on the

Integrated Financial Management System, IFMS.

We have agreed as a committee that we will be visiting

National Treasury, for them to explain to us: What is this

system all about; and why have they incurred so much money. We



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 26**

have also come to realise that despite National Treasury

having spent so much money on wasteful expenditure, the

contract has been renewed for another five years.

We believe that when we meet National Treasury, there will be

an explanation as to why that has been done. We are not taking

over as Parliament; we are quite aware of the separation of

powers. However, we have got a responsibility to play

oversight, and explanation has to be provided as to why do

they renew a contract which has incurred fruitless expenditure

grotesque in that manner. [Time expired.]

Okay, with all that we have received – the briefing that we

have received from the Minister and the oversight visits, we

are prepared to work very closely with the department to see

to it that this budget works for the interests of the people

of South Africa. We support this Budget Vote, hon Deputy

Speaker. Thank you very much.

Dr D T GEORGE: Deputy Speaker, the National Treasury is the

custodian of the people’s money and is mandated by our

Constitution to ensure the effective and transparent financial

management of our economy. In 2008, we started considering



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 27**

whether our economy was accurately measured, given so much

entrepreneurial activity in the former township areas that

were outside of the tax net and outside of formal measurement.

We have not yet seen mass starvation in South Africa because

hardworking people are eking out a living, hand to mouth, to

keep themselves and their families alive.

This despite the ANC government’s fixation on an economic

policy that places the state at the centre of our economy, a

failed model for Black Economic Empowerment designed to make a

few politically connected cronies rich while everybody else

remains in poverty, and a cadre deployment programme that

rendered the public sector largely dysfunctional. These

massive negative interventions, in a corruption-riddled public

sector, and long-term mismanagement of our public finances

brought our economy to its knees well before the COVID-19

pandemic further battered our growth prospects, followed soon

after by the Russian war on Ukraine. The hopelessly bankrupt

state-owned enterprises, SOEs, drained the Treasury of

hundreds of billions of rand and still failed. Government debt

has reached R4,3 trillion and our economy is still failing

because no amount of borrowing can fix what the ANC has

broken. The economic shock wave from the war that the ANC



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 28**

government toasted with champagne and failed to condemn at the

UN, has not yet hit us. This massive external macroeconomic

shock has fundamentally changed the global growth outlook.

Global prices are rising at the highest levels of inflation in

30 years and global supply chains and food supplies have been

disrupted. Fuel prices are rocketing and interest rates are

rising. When the full impact finally hits us, as an already

weak and failing economy within an incapable state, it will

hit the most vulnerable members of our society first and then

it will hit everyone else. We have already witnessed riots in

KwaZulu-Natal that cost the SA Special Risk Insurance

Association, SASRIA, R37 billion in claims from those who were

insured.

President Ramaphosa promised that those uninsured would also

be compensated. This has not happened because the government

has run out of money. We are also witnessing the rise of

violent xenophobic hatred towards black people resident and

not born in South Africa. That is driven by political thugs

desperate for populist validation and convenient to our failed

government looking for a scapegoat. The SA Special Risk



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 29**

Insurance Association was wiped out by the riots and cannot

pay for another outbreak.

Despite an R7 billion bailout, the Land Bank is still unable

to pay its creditors. The government must take decisive action

now if we are to avert mass starvation in South Africa. We

have already seen reports of children eating sand in KwaZulu-

Natal to comfort their hunger pains because our government is

broken and unable to respond.

In the absence of a coherent policy to prevent our economic

collapse, the government cannot even deliver the Social Relief

of Distress, SRD grant, to curb the looming mass starvation.

If our public finance were better managed and a coherent

policy developed for economic growth, a Basic Income Grant is

feasible as a measure to alleviate the grinding poverty that

robs our people of hope, dignity and opportunity. Our economy

needs capital... [Interjections.]

The DEPUTY SPEAKER: Thank you, hon member.

Dr D T GEORGE: Deputy Speaker, I have timed myself at three-

and-a-half minutes. I have got five minutes.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 30**

The DEPUTY SPEAKER: Go ahead! Go ahead, yeah. Alright. Sorry.

Dr D T GEORGE: ... for growth. Measures to stimulate domestic

saving and attract foreign investment capital can be

implemented and can spark an economic recovery. The government

can create that environment and build the infrastructure

conducive to business. It needs to stop taxing hardworking

South Africans into poverty. And it needs an effective model

for privatisation.

The recent sale of the SA Airways, SAA, has revealed a new

scheme. A state asset is given away after it is mismanaged

into bankruptcy, the government guarantee of its debt is

retained and then it is restored to profitability and makes a

few cronies extremely rich. This is a replica of the Russian

privatisation model that created the oligarchs. Eskom’s

collapse paved the way for the R1 trillion nuclear deal that

almost happened and is still not yet off the table. This,

while more and more South Africans face the real prospect of

starvation. Although the National Treasury resisted state

capture, it was unable to ensure effective and transparent

financial management of the people’s money. That is now

manifested in the looming strike at SARS. Its budget is



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 31**

underfunded and it cannot pay increases to the deserving staff

because the taxes they worked so hard to collect were

mismanaged by the government. A bitter irony. What are you

going to do, Minister, to ensure that the people do not starve

this winter? Thank you, Deputy Speaker.

Mr D W MACPHERSON: Deputy Speaker, I have a point of order.

Before the, hon Shivambu, starts ... [Interjections.] ...

The DEPUTY SPEAKER: Yes, what?

Mr D W MACPHERSON: I just want to say that we did inform the

Table of the times that it was the hon George for five

minutes, the hon De Villiers for four minutes and the hon

Sarupen for four minutes. So we did do that ahead of time to

the Table. So they should ... [Inaudible.] ...

[Interjections.] ...

The DEPUTY SPEAKER: Yeah, it is alright. Thanks. Okay.

Mr N F SHIVAMBU: Deputy Speaker, the EFF rejects the committee

report and the proposed National Treasury budget. South Africa

has more than 12 million people that are capable of working



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 32**

and are fit to work but are jobless. That makes this country

have the highest level of unemployment in the world, which is

acutely manifested amongst black people and females in

particular. South Africa has the worst levels of now deepening

poverty because the only dependable mechanism to escape

poverty in the current capitalist scam is through a job and

our people are jobless.

South Africa has the highest levels of inequalities and

racialized inequalities reflecting the vision and plan of the

architects of colonialism and apartheid, who said we the

indigenous people must be hewers of wood and drawers of water.

The cost of living for those who are employed is drastically

rising due to rising fuel, electricity, transport, and food

prices. Despite these realities, we have a National Treasury

that is purposelessly piling debt from both domestic and

global lenders. South Africa has got a debt burden of more

than R4 trillion. And at more than R300 billion, the biggest

expenditure item is debt services cost. Despite their

obligation to disclose the names of the domestic lenders in

whatever form they come in, the National Treasury has

repeatedly refused to disclose who the lenders are,



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 33**

particularly the domestic lenders that are piling up debt

which is not having any impact on the growth of the economy.

The National Treasury has got a responsibility to co-ordinate

both macro and microeconomic policy, but also to co-ordinate

fiscal policy in a way that is going to grow the economy. But

nothing has been happening. If the National Treasury were a

medical practice, all its patients would come out of the

National Treasury dead because there is nothing that is

happening. And then part of the responsibilities and

obligations of the National Treasury is to oversee important

institutions of the state.

The SA Reserve Bank, which the Constitution says must

recurrently consult the National Treasury, is currently at the

forefront of destroying black-owned financial institutions,

insurance companies, and banks. The central bank in South

Africa should appreciate that its role is not to punish black

financial institutions but to constantly guide them so that

they must not fail. The very purpose of creating a prudential

authority after the 2008 financial crisis, was meant to

prevent financial institutions from failing. But for narrow

political and class interests, all the black financial



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 34**

institutions are being destroyed. The SA Revenue Service,

Sars, administrators came to the committee to wax lyrical

about how staff members are happy and how they are inspired,

which was not the reflection of the reality. All Sars workers

are currently unanimous that the working conditions and wages

that they are subjected to are less than satisfactory. And we,

as the EFF, stand on the side of the workers. All their

demands must be met.

Despite our repeated calls, Sars has got no mechanism nor

capacity to maximally collect revenue from multinational

corporations, particularly in the resources extraction sector.

The SA Revenue Service has got no sovereign and independent

capacity to maximally collect revenue from the digital

economy. From 1 April 2022, the people's Republic of Ghana and

the revenue authority in Ghana will be collecting taxes

maximally from Google, Netflix, Amazon, Uber, Instagram,

TikTok, Facebook and all the e-commerce spaces, but the SA

Revenue Service says that it is waiting for the Organisation

for Economic Co-operation and Development, OECD, to guide it

in terms of what should happen in the e-commerce business. The

Public Investment Corporation, PIC, which is supposed to play

a meaningful role in the transformation of the economy and the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 35**

development of infrastructure, is currently directionless. And

those who are leading it are exploring ways of how they will

get their amateurish and childish benefactors to close deals

for them. The Land Bank is dysfunctional and will completely

collapse in the immediate future. As we said during the

oversight visit to the Land Bank, the Land Bank must be

legislatively reconstituted into land and agrarian

developmental financial institution which will purposefully

finance agricultural and food programmes in a manner that

reflects the demographics of South Africa.

Currently, the loan book of the Land Bank is 80% white male

farmers, who for some strange reason are given loans by the

intermediaries who were not supposed to be appointed in the

first place. But there is consistent incapacitation of the

Land Bank and its current model of going to the capital

markets to source money is not the best way. If the committee

does not introduce a Committee Bill that is going to

reconstitute the Land Bank, the EFF is going to introduce a

Private Members’ Bill to reconstitute the Land Bank into an

agricultural and food Development Finance Institution, DFI,

which is going to empower black people in the food economy.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 36**

We will remain opposed to incapacitation and privatisation of

the state. We will, as the EFF, be approaching the South

African courts to challenge the senseless privatisation of the

SA Airways, which was sold to people who have got nothing as

capacity in the airline spaces in the aviation industry. The

reality is that SA Airways failed under the custodianship of

the National Treasury. The National Treasury has got no

political and administrative capacity to oversee important

state-owned companies and spheres of government. This is

proven by the fact that despite the repeated interventions in

provincial governments and municipalities, they remain in deep

crisis.

The North West government returned more than R17 billion to

the National Revenue Fund because the National Treasury

failed. We note that even the interventions that are being

made in municipalities will lead to nowhere. The majority of

municipalities have got no access to the conditional grants

because the National Treasury is not guiding the

municipalities on how they can gain access to the conditional

grants. We, as the EFF, are not associating with the manner

and the model in which the National Treasury is handling the

question of the conditional grants because the majority of the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 37**

rural municipalities do not have access to do that. We, as the

EFF, have called for the Government Technical Advisory Centre,

GTAC to be fully capacitated with its internal capacity to

perpetually guide the municipalities on how to gain maximal

access to the conditional grants. In its current form, the

National Treasury, both at the political and administrative

level, is incapacitated. We, therefore, will not support the

budget that is proposed here because everything else that the

National Treasury leads to dismal failure. It is worsening the

conditions of our people. We stand at to reject the budget as

proposed. Thank you very much.

Inkosi E M BUTHELEZI: Hon Deputy Speaker and good afternoon to

hon members. Hon Speaker, each and every year we rise before

this House in debating the budget and each and every year we

say the same things. The opposition in this parliament is

united in calling on the ANC-led government to support

proposals that will get our country on track and to support

measures that will see corrupt comrades and officials behind

bars.

We are all on the same page when it comes to implementing

sound economic policies that will create jobs for the millions



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 38**

of South Africans who are sitting at home and doing nothing.

But Deputy Speaker, the reality is that each and every year,

our words are simply ignored. This ignorance flies on the face

of each and every worker who has lost their job due to

corruption, maladministration and lack of honesty that is

within our various government departments, from national,

provincial to municipal level.

National Treasury, as the custodian of economic policy and the

implementing agents of government’s spending directives

through legislations and regulations must aim to cut wasteful

spending and buffer departments from corrupt and supply chain

loopholes across the board. I reiterate the IFP’s belief that

local government is one of the most important sphere of

governance. This is because local councils directly deliver

services to residents and because it acts as an implementing

agent of government to serve and respond to basic needs of our

communities. Therefore, it is crucially important to grant

local councils special status by placing local government

first at the top of government’s agenda.

In light of the poor finncial statements of all

municipalities, it is imperative that we eliminate



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 39**

inefficiencies that are crippling our local councils

countrywide. We must address the exorbitant costs that is

incurred by outsourcing through hiring of external consultants

who are doing the work of officials who are already in the

employ of municipal councils. We must root out those who do

not belong in the public sector, who simply cannot do the job

properly and those who presently steal from the poor.

There are far too many missed opportunities and neglected

informal economy activities happening within our rural

communities that are not counted towards contributing to our

GDP. We believe that National Treasury, together with local

municipalities should work together to assist informal traders

and scaling up their business and counting their economy

contributions towards a development of local economy. The

informal sector is almost an untapped market that has the

ability to generate millions of additional rands that could

service the needs of the poor.

We simply cannot allow this department to fail. Our economic

future relies upon the sobering decisions that this department

needs to take in addressing economic injustices, making this a

reality for all our people. With the above-mentioned statement



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 40**

and the portfolio committee recommendations, taking into

account, the IFP support the Budget Vote. Thank you, Deputy

Speaker.

Mr W W WESSELS: Hon Deputy Speaker, South Africa’s economy is

failing. South Africans are suffering, and in particular, the

most vulnerable in our society. Government has run out of

money and nobody else is to blame but the ANC. The Minister

refers to programmes that would be established to access to

municipalities with the improvement of the audit outcomes. He

mentions the fact that noncompliance with laws and legislation

is one of the biggest challenges and one of the biggest areas

of concern raised by the Auditor-General repeatedly.

I agree with that, but the problem is that National Treasury

as a department in its own right also do not and does not

comply with laws, legislations and regulations. That gives us

particular concern. How can National Treasury ensure

compliance if they themselves are guilty of noncompliance? I

want to remind the hon Minister of his constitutional

obligation to enforce compliance with the ... [Inaudible.] ...

that National Treasury, in terms of section 216 of the

Constitution should enforce compliance with. And what is the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 41**

problem is that National Treasury has failed to do that. That

is the reason why we have departments and spheres of

government that do not comply - that do not actually comply

with the Constitution and with legislation.

The hon Maswanganyi refers to the broad-based black economic

empowerment, BBBEE, and refers to the fact that the

Constitutional Court judgment does not mean that they should

not be transformation. I want to say to the hon chairperson of

the committee that BBBEE and the policies of the ruling party

has failed. It has failed to address inequality, and it has

rather created a few multibillionaire cadres and it has left

the majority of South Africans poor. Rethink your policies

because that is what is responsible for economic failures.

Lastly on the topic of the Preferential Procurement Framework

Act, it is unacceptable that the Director-general of National

Treasury gave instructions in direct contravention to the

ruling and judgment by the Constitutional Court and once

again, did exactly what the judgment said, National Treasury

and the Minister are not allowed to do. The fact that he gave

instruction that no new tenders may be advertised or rewarded,

caused chaos. There is spheres of government and provincial



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 42**

departments that still do not understand what to do, it has

created complete and further collapse in service delivery.

That is unacceptable and the Minister should address that.

The hon Minister was referred to section 139(7) intervention

in municipalities. He mentioned Mangaung Municipality, and I

also want to agree with the hon Buthelezi of the IFP that that

is the sphere of government where the most failures are

occurring as local government. But one looks at the 139(7)

intervention in Mangaung, in particular, it’s a concern. There

is a financial recovery plan that was drafted by provincial

government in 2019 - at the end of 2019 and beginning of 2020,

before COVID-19, and before a lot of other things that

happened.

The national government is going to implement that same

financial recovery plan; they are not even going to revise it.

Then Minister, your 139(7) intervention are not going to have

any effect. It is only meant for political gain and we all

know what is happening this year and we all know what’s

happening within the ruling party and we all know why these

interventions in certain municipalities, especially in

Mangaung. Stop with your political interference and rather do



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 43**

interventions that are in the interest of service delivery and

of the residents of South Africa. I thank you.

Mr S N SWART: Deputy Speaker, my apologies, I was disconnected

for a moment. May I leave my camera off, thank you? Deputy

Speaker and hon Minister, the ACDP would like to commend

National Treasury for holding the line against state capture

and corruption. In his state capture report, Judge Zondo

commends the then Deputy Finance Minister Jonas and other

senior Treasury officials for refusing to work with the Gupta

family during the years of state capture. One shudders to

think what would have happened had the planned capture of

Treasury actually succeeded.

The ACDP also commends South African Revenue Services, Sars,

for collecting R1,56 trillion last year, which was

R255 billion more than the previous year. The challenge is

obviously now to spend these additional resources wisely, and

to deal comprehensively with procurement malpractices. In this

regard, the ACDP shares the committee’s concerns about the

delays in the tabling of Public Procurement Bill, which will

assist in consolidating fragmented public procurement in the

country and help to root out corruption within the system.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 44**

While National Treasury is trying its level best to stop

tender corruption, new Treasury directives will allow

departmental accounting officers to authorise contract

deviations that previously had to go through Treasury. This is

a matter of great concern.

Supply chain officials have correctly pointed out that there

will now be a high rate of deviations, which may not be

justified and will lead to increased irregular expenditure.

The new regulations place powers to vary tenders in the hands

of the very same department officials who are issuing them.

While the ACDP appreciates that the reason given for these new

directives is to speed up the tender process, it’s just not

good enough to say that corrupt actions will be dealt with

after the fact – sometime in the future - if the Auditor

General picks them up. The ACDP urges the hon Minister and

National Treasury to reconsider these regulations, and ensure

that proper checks and balances are in place, such as real

time auditing. Would it not be better to ensure that the

Office of the Chief Procurement Officer is better capacitated

to deal more speedily with requests for deviations? Hopefully,



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 45**

these issues will be considered in the Public Procurement

Bill.

On other specific findings of the committee, the ACDP shares

the view that there must be improved audit outcomes within the

finance portfolio, given that it is the custodian of public

finances and should set the example.

Lastly, we are also doubtful about the effectiveness of the

Municipal Finance Improvement Programme, given the dire

financial state of most municipalities. This is where the

worst service delivery challenges are experienced, and more

can and must be done in this regard. We support engagements

with the Committee of Cooperative Governance and Traditional

Affairs, Cogta, and Minister to find solutions in this regard.

I thank you, Deputy Speaker.

The ACTING CHAIRPERSON (Mr M G Mahlaule): Deputy Speaker, if I

may? The next speaker will be hon Kwankwa on the latest list.

The DEPUTY SPEAKER: Oh okay. In fact, now that you have said

that, you take over. Thank you very much. It is a good point

to change guards.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 46**

Mr N L S KWANKWA: Hon House Chair, the South African economy

fails to deliver what is expected of it. While we acknowledge

that certain fundamentals are in place, it is equally true

that the urgently required jobs and economy growth are not

materialised. Since 1994 hundreds and thousands of jobs have

been destroyed. The formal employment or formal economy

shrinks at an alarming rate. While this occurs, not enough

support or interventions as measures are being provided,

especially to the informal sector of the economy in order to

formalise it, support it so that their businesses can be able

to flourish and actually export their produce to the Southern

African Development Community, SADC, region or to the rest of

the African market. Not enough of that is being made by the

current ANC-led government.

While that occurs, South Africa suffers from a chronic

unemployment problem, not only that, but it also suffers from

what President Zuma appropriately coined at some point as the

triple challenges of unemployment, inequality and poverty.

We are saying that it is important for government and National

Treasury in particular to develop a strategy that is

comprehensive which will deal with these challenges over the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 47**

next five years. Chief among these is ensuring that there is

an efficient utilisation of public resources, but efficient

utilisation of public resources requires that, in this

respect, Treasury leads by example, but also where funds such

as conditional grants allocated or given to municipalities

that more support is provided to those municipalities instead

of being punitive in situations where they are not able to

utilise them. In other words, it is important for Treasury not

to only serve as a police officer or a sheriff of the

departments, but to also be able to come up with measures that

ensure that capacity is built in various municipalities,

especially those municipalities who do not have the skills and

the human resources to be able to comply or understand all the

very complex Treasury regulations.

You have departments such as the Department of Defence where

we did an oversight visit recently that complained that at

times the requirements and the regulations of Treasury, you

never really know what is expected of you up until you are

sent a document where it declines requests and outlines a long

list of regulations to which you need to comply.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 48**

The other issue for us which has been a problem for many years

is the long outstanding issue of the Public Procurement Bill

because we feel that it is important that public procurement

is structured in such a way it supports the economy growth

objectives of government as well as the income redistribution

policies in order to address past imbalances and backlogs.

Minister, before I run out of time, we have started the

process of introducing a private members Bill that deals with

long-terms insurance amendment Bill Act. The issue here is

that you spoke eloquently about the need to regulate the

financial services sector, but we are not looking at issues

...

*IsiXhosa:*

*... emincinci Mphathiswa ...*

*English:*

... for instance, where you would find that a lot of insurance

companies that are underwritten ...

*IsiXhosa:*



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 49**

... owuu, seliphelile eli xesha? Kwekhu! Yintsomi kaMlingana

le.

The ACTING CHAIRPERSON (Mr M G Mahlaule): Yes, yes. Your time

has expired hon Kwankwa. I am sorry.

Mr N L S KWANKWA: Thank you.

The ACTING CHAIRPERSON (Mr M G Mahlaule): Thank you.

Mr J N de VILLIERS: House Chair, the state spends close to

R1 trillion a year on public procurement, which is the

acquisition of different goods and services that government

needs to fulfil its various functions. This is of course a

crucial part of government services and procurement guidelines

by National Treasury are supposed to be designed to support

economic growth and assist in transformation.

In February of this year, Afribusiness won its Constitutional

Court challenge of section 3 of the 2017 Preferential

Procurement Policy Framework Act, basically the current Black

Economic Empowerment, BEE, guidelines for state tenders. After

a few months of general confusion, it seems the current



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 50**

position supported by National Treasury is that current BEE

tender regulations will remain in place until it has received

clarity from the Constitutional Court on the way forward. So,

in short, the current position is that National Treasury is

still enforcing tender guidelines that have been found

unconstitutional. It goes without saying that this brings

major risk to tenders currently awarded by these guidelines

that have clearly been found unconstitutional, and we urge

National Treasury to get their clarity sooner than later.

But, let’s be frank, more clarity on tender rules that follow

BEE guidelines does not address the fundamental problem of the

state’s procurement policy and its failure to grow the economy

and assist in transformation. The current system of BEE,

coupled with the deployed cadres who run the system, has been

the main enabler of state-wide corruption and capture. It is

sold to us as a system that aims to do broad based

empowerment, but it is practically implemented to enrich an

already powerful and politically connected ANC elite, who make

sure the cadres who run the procurement processes share in the

proceeds of the tenders awarded using these current BEE rules.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 51**

Current BEE regulations award tenders based on the narrow

criteria of race and ignores the many economic, environmental,

and social contributions that the private sector can and do

make. It goes without saying that this scares off investors,

both local and international. Thirty years of BEE policy have

done nothing to redress imbalances of the past, and it has

caused more inequality, higher unemployment and worse poverty.

The good news is that there is a solution. The DA supports the

total scraping of the BEE regulations in favour of procurement

practices that rewards private companies who compete on the

ability to deliver and those that make the most positive

socioeconomic impact as measures by the United Nations

Sustainable Development Goals, or SDGs. These SDGs include

fighting poverty and hunger, promoting good health and well-

being, quality education, gender equality, decent work and

economic growth, and many other sustainable goals that offer a

framework for companies to help redress society in an area

they are best fit to address. This is the only way the state

can encourage inclusive growth, as we need government and

private sector to take hands and partner in the achievement of

the UN’s SDGs.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 52**

The DA supports the promotion of the state doing business with

companies that firstly have the ability to competently deliver

on products and services, offering tax payers bang for their

buck, but secondly, companies that actively promote

sustainability goals and work towards creating a more equal

and fair South Africa. Let’s scrap these apartheid still race-

based policies of BEE and reward companies for being competent

and socioeconomically responsible in their industries. I thank

you, Chair.

Mr I K MOROLONG: Thank you very much, hon House Chair. Hon

members, South Africa’s ... [Inaudible.] ... lines have a

distinct plus gender, racial, geographic, and age dimension.

They disproportionately affect black people, women, rural

communities and youths and persons with disabilities. More

importantly, these ... [Inaudible.] ... lines represent the

greatest threat to the process of ... [Inaudible.] ...

social and economic transformation. They require urgent and

decisive action.

The ANC’s fundamental task is to lead a concerted campaign to

address the persistent challenges of poverty, unemployment and

inequality. To do this, the ANC will set unambiguous targets



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 53**

to ensure that the economy empowers our people on a mass

scale, initiate lasting programmes to address the roots of

poverty, joblessness and inequality, intensify efforts to

bring together government, the labour movement, business and

communities in a social compact to achieve our core aim of a

more inclusive economy and a more united society.

The past 28-years of freedom and democracy have seen real

progress towards ending race and gender discrimination in core

services, in school, health care and work places. We have

adopted policies that have reduced poverty and have provided

basic infrastructure for millions of our people.

Today, we debate a Budget Vote that has everything to do with

insuring the safe and strategic management of our financial

resources. therefore, our oversight over this budget must

reflect critically on whether the primary management of our

strategic financial resources matches up to the objectives of

what the governing party the ANC has set this country to

respond.

When the ANC crafted the five-year Medium-Term Strategic

Framework, MTSF, 2019 and pass it on to the executive to craft



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 54**

it into a government five-year programme, it laid the basics

for National Treasury to respond to how the financial

resources of government would respond to the plan over the

five-year period. Therefore, within the strategic plan and the

Annual Performance Plan, APP, of the National Treasury, we

should fine resonance of this responsibility as well as in the

line items in the actual vote of funds.

Hon members, the allocation of the R33,9 billion, the thrust

of the work of the National Treasury over the medium-term will

continue with reforms to promote growth and employment while

ensuring the economic group Economic Reconstruction and

Recovery Plan, guides both the public and private sector

investment in the economy.

It is this Budget Vote that performs the critical functions of

provincial equitable share transfers, a significant portion of

which is adjustment for compensation of employees and for the

implementation of the once-off non-pensionable cash gratuity.

It is this Budget Vote that makes transfers to the South

African Revenue Service, SARS, and the Financial Intelligence

Centre, FIC, to carry out their critical mandates. We are



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 55**

encouraged by the fact that R3 billion transfer to SARS over

the MTEF period, has all its major weight, the building of

skills and the implementation of information communication

technology, ICT, infrastructure projects, matters that we have

debated at length in Parliament and are taking firm route in

the allocated transfer. The same applies to the FIC where

will R51 million is set aside for FIC to increase capacity in

responding to what the ANC has raised, about facing illicit

financial flows and illegal base erosion shifting.

We remain concern that National Treasury has become a price

for some to capture, and we’ll need to remain vigilant.

Whether it is approaching the Constitutional Court, or trying

to introduce a new legislation on how the National Treasury

should be run. All of this have an end point and goal that

they seek to drive.

Whilst the ANC seeks to ensure that we secure the mandate of

the National Treasury, it is the sub control of the management

of South African’s public finances. The technicalities that

the Constitutional Court ruled on cannot mask the fact that

there is no innocence in the matter of the 2017 Preferential

Procurement Policy Framework Act 5 of 2000, at regulation



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 56**

scenario that Afro business seeks to position the interest of

those they are mostly closely associated with.

As the ANC, we agree with the call by the National Treasury

for public comments in order to address issues in African

business judgement in the Preferential Procurement

Regulations, 2017, PPFA, regulations. Let us be clear on this

matter, procurement within government has not stopped. There

is no outlawing of the Broad-Based Black Economic Empowerment,

BBBEE, as some of public commentaries have mischaracterised

this as African business judgement.

Government is the largest buyer in the country and it has the

responsibility to ensure that its procurement policies

supports economic growth and transformation. Public

procurement is a powerful instrument of government to ensure

that it builds an economy that is inclusive and reflects the

demographics of South Africa.

The prescription of local content for certain goods, the

requirement of sellers of certain goods to the government, to

increase their local content, to create more jobs

industrialise and build the country’s manufacturing base are



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 57**

all part of our development and inclusive growth. And this is

what African business and the likes of hon Wessels and hon De

Villiers, for their own self accumulation paths want to

dislodge.

We note the latest undertaking to table the amendment

Procurement Bill to National Economic Development and Labour

Council, Nedlac. We note the progress reported by the Minister

just now. We trust that there will be no unnecessarily lengthy

delays. Addressing the fragmented procurement regime in this

country is necessary and will help to root out corruption

within the procurement system.

Hon George, wittingly or unwittingly elects not to give very

reasons why this country has not faced mass starvation. This

because the ANC-led government created social safety nets for

the vulnerable and the vulnerable only. Let’s dissect this

vulnerability so that we demystify the fallacy of a welfare

state. For instance, an old age citizen cannot work, a

disabled citizen is disempowered by their circumstances to

work, an unemployed parent cannot feed their children. And as

a consequence of COVID-19, Many jobs were lost.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 58**

We conquer with hon Maswanganye that the matter that ANC

fights unacceptable is a six-years of fruitless and wasteful

expenditure amounting to R300 million on the Integrated

Financial Management System project since wonder 2016. We want

an update on this material irregularity in the next quarterly

briefing by National Treasury and whether investigations in

this regard have been finalized or not.

We join the Minister in commending the outgoing director-

general, DG, for his sterling service to the people of this

country. We wish him all the best in his future endeavours.

The ANC supports this Budget Vote. Thank you very much.

Mr M G E HENDRICKS: Thank you very much, hon Acting House

Chair. Hon Acting House Chair, if this debate the ...

[Inaudible] war comes ... [Inaudible.] once again like in the

debate on Transport which I took into earlier on and we now

have to go through this in every 40 Budget Vote debate which

we have to hear about Ukraine. We don’t hear about the ...

[Inaudible.] and the assassination of the Algeria journalist

from the official opposition. With regard to the views on

black economic empowerment, BEE, we cannot scrap BEE, then we

must take away their advantages like generational wealth away



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 59**

... [Inaudible.] during apartheid in the form of ...

[Inaudible.] and confiscation of property ... [Inaudible.]

acquired without compensation.

Treasury has an oversight role on money moving from the

fiscus. Treasury represents South Africa on Brazil, Russia,

India, China, and South Africa, Brics, and its bank it cannot

be that Treasury takes loan for the country and create

sovereign debt without parliamentary oversight and public

participation. It cannot be that Treasury get funding from

mega projects that results in false removals and demolishing

of houses. I hope the Minister responds to this matter so that

we can support the budget for his department. We know the

contexts of the Zondo report and the looting of monies from

funerals and during coronavirus disease, Covid. Treasury

released the money and must apologise for donations for not

making the cut looking of the fiscus and tell us how are they

going to protect the fiscus for next year so that hon members

can have peace of mind that money there ... [Inaudible.]

compliant for the service and projects. As we so support for

this budget we must call on a corporate sector to stop their

tricks looting from South Africa’s fiscus. Thank you very

much, hon Acting House Chair.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 60**

Mr A M SHAIK EMAM: Thank you very much, Acting House

Chairperson. Acting House Chairperson, allow me to start off

by addressing the issue of BEE. There’s nothing wrong with BEE

under normal circumstances, but when BEE is introduced to

benefit a few which is what it has done in the country,

creating 17 and a half thousand black millionaires and multi-

millionaires at the expense of the majority of the

disadvantaged and vulnerable people in the country, then

certainly BEE cannot be the right way to go. Now, that’s the

first thing. The second thing is this, can we sustain

ourselves with only 13% in this country paying taxes and with

46% of people on some form of social assistance.

Now, let me help the Acting House Chairperson, for me this is

a ticking time bomb because in addition to that we are

borrowing and borrowing and borrowing. We are not borrowing to

use this money for infrastructure development I think so that

we can enhance economic growth. However, we are borrowing just

for consuming the amount of money that we are borrowing.

Therefore, that will pay administrative cost, wages, salary

and how long are we going to go in this direction. The petrol

price is expected to increase by at least R3 a litre at the

beginning of this month. Already we know the life of the old



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 61**

age pensioners in this country, government and SA Revenue

Service, Sars, is already talking about even taxing the more

than they already doing. Look at the issue of the state-owned

entities, particularly SA Airways, SAA, $3,58 United States,

US, dollars, is what we sold it for. Can you imagine?

No accountability and my understanding is Treasury knew

absolutely nothing about it. What are we doing about the

illicit financial flows, the big corporates in this country

that are showing losses in this country and profits abroad,

absolutely nothing ... [Inaudible.] Should our attention not

be to create jobs and boost economic growth rather than making

the entire country depend on social assistance. It will not

work. That for me is a system of populism because we want to

gunner votes and support and it’s not going to sustain us in

the long run.

Now, we talk about the assistance that we want to give in

terms of loan guarantee. What is the benefit of a loan

guarantee when they will not have any energy to conduct their

business? The cost of doing business is so high. The imports

of flowing into this country every day ... [Inaudible.]

industry are closing down. What is going to be the benefit of



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 62**

this? Who is going to take it? That is why only R18 billion

was used of the R200 billion guarantee that we are given

previously. Can we not see that we need a change in policy

direction in this country if we want to address the state in

which we are? We are in serious trouble and years to come and

not long from today this country is going to reach a fiscal

cliff, I can assure you and we will lose our sovereignty. That

is the direction we are going in. Let’s look at the issue of

sugar, I will give an example ... Thank you very much, Acting

House Chairperson. [Time expired.]

Mr A N SARUPEN: Thank you very much, Acting House Chairperson.

Acting House Chairperson, a critical function for National

Treasury to fulfil is allocative efficiency. It’s ...

[Inaudible.] economies that says that we do need to have a

single core ... [Inaudible.] department that ensures that the

programmes of the government once it’s not unnecessary,

inefficient or a duplication. I’m speaking about this today

because our fiscal environment is extremely constrained, our

debt to gross domestic product, GDP, ratio at historically

high levels, and debt repayments consuming more public funds

than education and policing combined, and we have an emerging

cost of living crisis that may well be the worst since the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 63**

1970s. Therefore, the reason why National Treasury was such a

target during state capture was because they provided

guardrails to allocated efficiency. And without these

guardrails, many persons who want to capture the state and

squander its resources will be able to do so with carte

blanche.

However, it is important for Treasury to adapt to the times,

and ensure the allocative efficiency is based on current

circumstances. In this regard, there remains a lot of work to

be done. There are lots of programmes and projects across the

state that have not been reviewed for their efficiency or to

see if they have achieved their desired outcomes. Yet, they

continue to be funded year-in and year-out new projects for

the same outcomes of an audit year-in and year-out. I’m afraid

this is not my original insight or conclusion, it was a

comment from the Fiscal and Finance Commission on the budget

in 2019, and as Fiscal and Finance Commission ... [Inaudible.]

but this should not be ignored. There has not been a

comprehensive review of each department’s programmes and

spending despite this finding.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 64**

Furthermore, over the years, massive duplication of projects

has crept in, and this leaches money out of the public

services. Let me give you one example ... [Inaudible.] and the

Finance Minister spoke about it himself that there are

programmes that support municipal budgeting. They run by the

National Treasury. Similar programmes run by Co-operative

Governance and Traditional Affairs, Cogta. However, similar

programmes are also run by the provincial treasury, and then

again by provincial Cogta. These are four government

departments running the exact same functions trying to achieve

the exact same outcomes, but actually achieve very little when

one is at the state of municipalities.

Therefore, the time has come for us to rationalise spending

across the state, and take a hard line during the budget

process. It is no longer efficient or prudent to use the

previous year’s budget with inflation as a baseline to

determine future spending. Zero-based budgeting was promised

in 2020, and this creates the prime opportunity for a

comprehensive spending review, as proposed by the Fiscal and

Finance Commission including long standing programmes that add

no value for money, or that are duplicated across departments.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 65**

This could save the state billions of rands each year. It’s

high time that this is done.

The reality is that, with fuel prices is about to reaching R25

a litre, it is imperative that savings can be found so that

the fuel levy can be cut. Citizens can no longer afford to

have half of their fuel costs being state taxes. It is a

throttle on freedom of movement and economic activity. The

second reality is that fiscal space will have to be found to

zero-rate more food items from value-added tax, VAT, and

essential goods to alleviate the cost of living crisis as

South Africans are facing. Years of bad fiscal decisions

across the state, as a result of corruption and state capture

while they cannot be blamed the Treasury, but it does fall

under Treasury to do what is necessary to ensure that the

state becomes efficient and spending, and with this emerging

fuel price and cost of living crisis, it is absolutely

essential for Treasury to rise to the occasion. Therefore, I

urge the Finance Minister to steer this department in this

regard. Thank you very much.

Ms P N ABRAHAM: Hon Acting House Chairperson, Minister

Godongwana, Deputy Minister Masondo, hon members and fellow



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 66**

South Africans, the ANC-led government when it entered this

debate, carried the greatest responsibility, weight and

accountability of ensuring that the management of the

financial resources of government are in capable hands and are

redistributed to build a more equitable society and a more

just society. This is a society which reflects inclusion and

not exclusion. We need a more radical and more effective phase

of our transition from the economic structure of a colonial

economy, which apartheid only deepened, to an economy that

reflects the inclusion along race, class, gender lines, youth

and persons with disabilities.

During this phase, the ANC-led government will forge ahead

with interventions that seek fundamentally to change the

structure, systems, institutions and patterns of ownership,

management and control of the economy in favour of all South

Africans especially the poor, the majority of whom are

Africans and females. We seek a more equitable sharing of

prosperity and we are conscious that accelerated of

socioeconomic transformation is a framework in which this must

take place.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 67**

In order to build a new inclusive economy, the first pillar is

to mobilise society around an infrastructure led recovery with

new investments in energy. The people of this country must be

on board ...

*IsiXhosa*:

... bayazi ukuba urhulumente umanxada-nxada ubazamela amanzi,

inkqubo yokuhambisa ilindle kakuhle, iindlela, iiblorho,

izindlu ezinesidima, impilo esemgangathweni kwakunye nemfundo

...

*English*:

... digital infrastructure as well as transport. To achieve

significant job creation, the emphasis should be on

localisation. We have to make use of local material.

*IsiXhosa*:

Ukuba abantu baseMzantsi Afrika bayakwazi ukuza nezinto

zokwakha, urhulumente weANC uthi mazithengwe kubo.

*English*:

State capacity will need to be strengthened through operation

of the District Development Model, DDM ensuring that all



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 68**

spheres of government work together. In taking responsibility,

we have, through government taking decisive steps to save

lives and restore livelihoods in the wake of the Covid-19

pandemic which was in 2020. This has included income support

to affected wage earners as well as social grant support to

those who are not employed.

*IsiXhosa*:

Urhulumente uzamile ukunceda abantu ngeendlela ezininzi

ngexesha bekukho esi sithwakumbe seCovid-19.

*English*:

The Budget Vote of the Treasury provides Parliament with the

opportunity to assess macro-economic issues. The voted funds

have at its core the financing of responsibility for sound

control and management of South Africa’s public finances.

*IsiXhosa*:

Kubalulekile ukuba abantu baseMzantsi Afrika babone ukuba

iimali ziyaphi kwaye zenziwa ntoni.

*English*:



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 69**

Sixty percent of this Budget Vote of Treasury has to do with

financial transfers. It is this budget vote, through its

mandate, that can claim to redistribute significantly finances

to ensure crucial functioning of the state at all levels. The

review that Treasury is undertaking with regards to

government’s macro-economic policies since the global

financial crisis of 2008, must be welcome. We need to add that

it is not just the Treasury which should be involved in this

exercise. The ANC Economic Transformation Cluster in

Parliament has begun a process in which we should seek to

examine through evidence-based research what are our options.

We shall remain informed by our needs for inclusive economic

growth and a vibrant mixed economy of state and the private

sector. We welcome that Treasury will assist in the fiscal

monitoring and macro prudential policy choices and propose the

appropriate policy reforms and institutional frameworks.

On local government, the financial status and management of

municipality has led the committee to express our doubt in the

effectiveness of the Municipal Finance Improvement Programme,

MFIP. The critical question is, what impact has this programme

had over the past financial years, given that it has been a

five-year programme? The irregularities that have been



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 70**

uncovered, on financial transfers to military veterans, do not

add value to the programme and the dignity that should be

attached to such a programme. We are aware of a number of

interventions including the Deputy President’s recent remarks.

We welcome the work of the Treasury with regards to the

funding of the Anti-gender-based violence efforts under

programme one. We look forward to a day where there will be no

transfer of these funds but they will be directly allocated

for this cause. We commend the contribution of SA Revenue

Service, Sars to the improvement of the lives of our people to

their efforts of raising increased revenue. The transfer of

revenue will enhance the work of Sars. Having said that, given

our developmental challenges, the tax base of our country has

to broaden through growing the economy and voluntary

compliance must improve.

Tackling tax avoidance and illicit financial flows are crucial

in improving the position of the country’s fiscal. In

addition, we welcome the re-establishment of the tax committee

led by Judge Dennis Davis to examine areas that pose the

highest risk of aggressive tax avoidance and illegal transfer

pricing. With regards to the performance of the department



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 71**

against the programmes in the vote, we are conscious that the

filling in of the leadership positions in particular the Head

of the Government Pensions Administration Agency, GPAA and the

challenges in the Government Employees Pension Fund, GEPF, are

matters that Treasury is ceased with.

However, we must record that the pace has not been as desired.

While we recognise that negotiations at National Economic

Development and Labour Council, Nedlac had also taken some

time. We have raised our concerns on pension fund reforms with

Treasury on a number of occasions and we share the concern

over pace.

In conclusion Acting House Chairperson, the ANC’s intervention

to stimulate investment and inclusive growth and the ANC’s

efforts to rebuild state capacity are informed by the vision

and strong capability of the state. The ANC-led government has

taken some steps to uproot corruption. The ANC wants to

support the budget and inclusive economic growth for us will

be built on strengthening industrial policy, macro-economic

stability of achieving economic growth, structural reforms of

network industries, closer co-ordination between government

and social partners as well as expanding regional trade with



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 72**

other countries on the African continent. I thank you Acting

House Chairperson, the ANC supports the budget vote.

The ACTING CHAIRPERSON (Mr M G Mahlaule): Thank you very much

hon member. Hon members, I am informed that from the initial

time that the Minister had been allocated of 30 minutes on his

introductory speech, he has left 11 minutes. Put together with

the 10 minutes that he is allocated to close the debate, he

has 21 minutes. May I now invite the hon Minister of Finance?

The MINISTER OF FINANCE: Hon House Chair, let me start by

dealing with procurement, which has occupied much space in

this debate this afternoon. Firstly, let me start with the

debate with what the policy goals of procurement are. The

opposition has argued that policy goals should not include

race. Let me just say the following: Deliberately, they ignore

or forget the provisions of the Constitution. The provisions

of the Constitution say that addressing the imbalances of the

past must be part of the policy goals of procurement. That is

the policy goals state in section 217 of the Constitution.

That policy goal is ignored by our detractors.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 73**

You may then ask why? You know, the German economist Fredrich

List, who has served in America under the first US Secretary

of the Treasury, Alexander also watched how the British

developed and how they grew. He wrote in his book: The

National System of Political Economy, that it is common for

those who have used the ladder to kick the same ladder away,

kicking the ladder away.

The South African society is a society crushed in a racial

mode. Redressing the imbalances of the past presupposes that

you are going to redress that mode. So, it is a constitutional

imperative. So, it is disingenuous to ignore that political

imperative.

Let me then deal with the court case, not for the benefit of

us, but for the benefit of all South Africans who are

grappling with this question. The Supreme Court of Appeal

ruled against the Minister of Finance, but in its ruling, it

said that those regulations will apply for 12 months to give

the Minister the time period within which to correct that.

The Constitutional Court supported the ruling of the Appeal

Court, but was silent on the status of the regulations in



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 74**

between. National Treasury has applied to court for the

clarification of what the status of those regulations in

between are. That is point number one.

Point number two, what did the director-general do that is

misinterpreted here? In this conclusion, the director-general

then wrote and said - in support of the court, not against the

court – those tenders that were issued before 16 February,

before the judgment, must be adjudicated in terms of the old

regulations, but for those tenders that are issued after the

judgment, people must hold on for a new regulation. That is

what the National Treasury did.

However, fast-forward, we also created, in order not to create

confusion, a system of exemptions in terms of section 3 of the

Preferential Procurement Act. That system is in place and a

team in the procurement division is working on the side. We

have given them a 72-hour turnaround time. So, state

institutions at the moment are applying for exemptions in

order to do that. So, that is the second point.

The third point is that corruption is a glaring problem. It is

unfortunate that the opposition link that purely to BEE. Let



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 75**

us take corruption basically as something South Africans

across the board must fight. When you associate it with BEE,

you are making it difficult for those of us who support BEE.

Corruption is corruption. Let us deal with it.

The other point I must really, really say, clear the North

West. It is being said, even in newspapers that North West has

underspent by R17 billion. That is inaccurate. That is also an

inaccurate reading of section 32 publications by Treasury.

Treasury every quarter publish the total expenditures. We have

preliminary results that had been published in terms of

section 32. What is the story that they tell? The preliminary

results state that national departments combined, not just the

North West, national departments combined underspent by R17

billion. National departments. Provincial departments combined

underspent by R11 billion. So, that is the story. Please, keep

North West out of this. Keep North West out of this.

Let me turn to the local government situation. The local

government situation is bad up to a state of dysfunctionality

in a number of areas. Now, my sense is when we start

politicising it and say that the reason for the intervention



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 76**

in Mangaung is an expectation of the ANC conference in

December, it is absolutely crazy.

Anybody who is watching that municipality and they say a vote

of no confidence against this, vote of no confidence against

that, I want to say it is a source of instability. It may be

true that the political instability is also undermining the

functioning of the municipality. We must also address that

issue. We will not be addressing that issue because we are

going to a national conference; we are addressing that is

because it undermines the functioning of the municipality.

I am told that we have two municipal managers in Nelson

Mandela Bay. Who is going to sign the finances of that

municipality? Again, we have to intervene, not because of any

political motivations. In fact, I am trying to talk to a

couple of political parties in Nelson Mandela Bay to work with

the Minister of Finance to achieve stability in that

municipality. I am not talking to a single party; I am talking

to a multiparty option to deal with that issue.

Let me turn to the issue of not being transparent on debt. I

found it strange. When we tabled the Budget in February, we



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 77**

told Parliament two things or a couple of things. We say to

Parliament that this is the revenue we are going to collect.

This is the expenditure that we are going to incur, which in

most cases is bigger than the revenue. There is a gap, which

we call the deficit.

We also say that we would be doing debt service costs, we will

also have redemption, publically. The documentation that

accompanies that in the form of a budget review, we also

table. Now, when we leave Parliament, we do exactly what we

have told Parliament. We go to the market and raise money.

When you raise money, we come back to Parliament and we say

this is how much we have raised and these are the institutions

that we have raised it from, which is transparent.

The last point – I am not going to deal with all the points

that is mentioned. Hon Sarupen, I am sure he must have

listened when I said that one of the focus areas, - in this

speech - is going to be the outcomes of the spending reviews.

What do those spending reviews tell us? Those spending

reviews tell us that there are programmes that indeed need to

be reviewed. There are new spending areas, for instance, if we

look at what is happening in KwaZulu-Natal now, clearly, we



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 78**

need to rethink and think carefully about climate change and

its implications, and therefore taking a priority space in our

thinking.

So, we have said we are going to use those spending reviews to

do that. In addition, it is no longer that; it is the review

of some of the public entities. What is their role? Can there

be rationalisation? How do we manage the deficient? All of

that work is contained in that paragraph where I am saying,

with that spending reviews, we need to be doing that.

By and large, I must say thank hon members for the time. I

cannot respond to anything else. To hon Kwankwa, we are quite

keen to look at the contents of your Private Member Bill on

Insurance. If you ask me, I am not going to oppose it purely

because it comes from an opposition party. I will oppose it on

the basis of principle. I am not saying that I am going to

oppose it; I am saying it is going to be interesting to look

at the details.

Thank you, House Chair, I think I did not even take your 21

minutes. Thank you.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**WEDNESDAY, 18 MAY 2022**

**VOTE NO 8 – NATIONAL TREASURY**

**Page: 79**

The mini-plenary session rose at 15:56.

