**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY TUESDAY, 16 MAY 2023**

**VOTE NO 8 – NATIONAL TREASURY**

***PROCEEDINGS OF THE HYBRID MINI-PLENARY SESSION – COMMITTEE ROOM M46***

Members of the mini-plenary session met at Committee Room M46 at 16:15.

House Chairperson, Mr C T Frolick took the Chair and requested members to observe a moment of silence for prayer or meditation.

**APPROPRIATION BILL**

Debate on Vote No 8 – National Treasury:

The MINISTER OF FINANCE: Hon House Chairperson; Chairpersons of the Standing Committee on Finance, hon Joe Maswanganyi, and Standing Committee on Appropriations, hon Sifiso Buthelezi and the committee members; fellow members of this August House;

thank you for this National Assembly mini-plenary sitting on the Budget Vote debate for the National Treasury.

AI am grateful for the Budget Vote debate because it provides an opportunity for Parliament debate allows us as Ministers to detail the spending priorities of our respective departments, and link these to performance outcomes. In this way, we account to Parliament and the public on how public money is being used.

Before I delve into the priorities and outcomes set out in the 2023-24 annual performance plans, allow me to reflect briefly on the economic outlook. The noteworthy developments since I presented the Budget in February are the following.

Firstly, inflation, globally, has remained stubbornly high pushing up the cost of living for households and government’s borrowing costs. The IMF’s global outlook corroborates that the world is “entering a perilous phase during which economic growth remains low by historical standards and financial risks have risen, yet inflation has not yet decisively turned the corner.”

Secondly, the persistence and severity of load-shedding domestically remains a binding constraint to production, investment and employment. As such, real GDP growth in the final quarter of 2022 was worse than anticipated, contracting by 1,3%. The result is that GDP growth in 2022 was weaker than expected, at 2%.

Thirdly, some of the downside risks to the fiscal outlook that I outlined during the Budget have materialised. Key among these is the outcome of the public sector wage negotiations, which the Budget did not pre-empt. The result is that the macrofiscal position presented in the Budget has changed adversely and significantly. The risks into the future remain high.

Because of the dire economic situation, urgent and considered actions are required. The Budget Vote of the National Treasury aims to contribute to fostering higher and more inclusive economic growth, address fiscal vulnerability and stabilise public finances. These are preconditions for addressing poverty and unemployment.

The total allocated budget for the National Treasury for 2023-

24 amounts to R34,9 billion. Of this, 85% is allocated for transfers and subsidies mainly to Sars State Security Agency, conditional grants to municipalities and funding for civil and military pensions.

The allocation to Sars is R12,2 billion and it is to support continued efforts to rebuild Sars. I am pleased to report that the efforts are bearing fruits. Sars has seen a net tax revenue growth of 7% per annum since 2019. Public trust in Sars has also increased from 48% in 2018 to 66% this year, whilst public attitude toward tax compliance is at 76,5%.

The Financial Intelligence Centre is allocated more than R265 million over the medium term to implement the Financial Action Task Force’s recommendations and get the country off the grey list. I will unpack this later.

Similarly, it allows us to expand our efforts dedicated towards stabilising state-owned companies to be financially and fiscally sustainable while delivering on the national growth and development objectives. This along with our sustained efforts to narrow the budget deficit, which is key

to stabilising the debt-to-GDP ratio; investment in infrastructure; strengthening public sector financial management, overall governance and compliance.

We also remain committed to navigating the difficult domestic and global economic conditions through stable, balanced and clear policies that support faster growth and address emerging fiscal risks. We have responded to the electricity crisis by taking over R254 billion of Eskom’s debt, to ease pressure on the company’s balance sheet, and enable it to invest in transmission and distribution infrastructure, while conducting the maintenance essential to improving the availability of electricity.

The conditional write-off of the debt owed to Eskom by municipalities is another urgent step we have taken to stabilise the energy sector. At the time of tabling the Budget, we made an undertaking to publish details for accessing the debt relief in a circular – the National Treasury has fulfilled this through the issuing of a municipal circular published on 3 May 2023. This enables municipalities to have some of their past debt to Eskom written off subject

to tough conditions, including to change non-payment behaviour and start paying their bills to Eskom each and every month.

In the 2023 Budget, we also introduced tax incentive measures to support the rollout of rooftop solar for households to encourage electricity generation and expand the renewable energy tax incentive for business.

We have published a draft taxation legislative amendments for public comment, to give effect to the two renewable energy tax incentives, announced in the 2023 Budget. These proposals assist in partially addressing the country’s energy crisis and encourage private investment into expanded electricity generation. It provides more information to taxpayers, to enable them to use the incentive even before it is finally legislated later this year.

As a complementary measure, National Treasury has also made changes to the Bounce-Back Loan Guarantee Scheme, to incentivise rooftop solar investments with the aim to reducing energy-related constraints experienced by small and medium enterprises, SMEs. Specifically, government will guarantee solar-related loans for small and medium enterprises on a 20%

first-loss basis, as well as facilitate the leasing of rooftop solar by households and SMEs. The Bounce-Back measures will be introduced in the coming weeks.

These are few, among a suite of reforms that the National Treasury has championed, as part of Operation Vulindlela. In addition to securing the energy supply, the joint operation with the Presidency also aims to ensure sustainable water supply, establish a comprehensive logistics network, improve digital communications, and reform the visa regime. Overall, over half of the Operation Vulindlela reforms are either completed or on track to be completed within the next 12 months.

We are also taking strategic action to secure our long-term growth prospects. There are no silver bullets or easy solutions to our economic challenges. What is needed is for us as a department, as a government, and as a nation, to make the difficult and informed trade-offs necessary, to revive our economy.

Cabinet has approved the Public Procurement Bill, which I intend to table in Parliament soon. The Bill is aimed at

ensuring that the procurement system is modernised, to provide value for money to the state, but also to be more strategic and leverage the procurement system to advance economic opportunities for historically disadvantaged people, women, young people, people with disabilities and small businesses, and to stimulate local production where feasible.

The proposed legislation also takes into account recommendations of the Zondo Commission, and aims to better prevent corruption, collusion, and bid rigging in public procurement, by establishing a central procurement authority and procurement oversight bodies.

We are engaging with the Organisation for Economic Cooperation and Development, OECD, and the World Bank to undertake an international benchmarking on procurement and deepen our application of technology and machine learning.

The National Treasury has also assumed chairpersonship of the Financial Sector Transformation Council and is working on accelerating discussions on the finalisation of the review process of the financial sector codes.

Despite experiencing protracted delays in implementing the Integrated Financial Management System, IFMS, it remains critical to strengthen how government departments across the board spend scarce public resources, by providing accurate and timely financial information for effective decision-making.

During 2023-24, National Treasury will redouble efforts to implement the IFMS. We are working closely with the Department of Public Service and Administration, DPSA, and Sita to address shortcomings in the procurement procedures for the system, to enable the piloting of the system in select departments, for roll-out to the broader public services.

Over the medium term, the National Treasury will continue to ensure that public finances are restored to a sustainable footing, by stabilising debt, promoting economic growth, and cushioning the economy from financial and other shocks. A key challenge for the fiscus is the management of the public sector wage bill.

Government currently spends roughly one-third of the budget on the salaries and benefits of public servants and political office bearers. The recent wage agreement has placed upward

pressure on the wage bill. This means that in the current financial year, the National Treasury must identify over R37,4 billion in savings to cushion the blow on the fiscal framework.

This will involve executing difficult trade-offs and may entail a rationalisation of staffing levels and deployment of headcount management strategies, as a means to curb the wage bill.

Simply put, and as I indicated in the Budget Speech, a higher- than-budgeted wage agreement means less space for the recruitment of staff. The Treasury is working with the Department of Public Service and Administration, DPSA, as well as the provinces, to co-ordinate the process of identifying ways of restricting headcounts, among other things, so that the funds for the wage increase can be recouped.

The year 2023 marks three years of the National Treasury conducting spending reviews, using the improved methodology. Collectively, these reviews have highlighted potential inefficiencies to the range of R27 billion across programmes, with proposals for closure, scaling down of programmes,

allowing the government to reallocate spending to support some of our most pressing priorities.

This is in line with the President Ramaphosa’s pronouncements in his state of the nation address that departmental budgets must be evidence-based.

The need to find savings and drive efficiencies, the National Treasury is encouraging public institutions under the Ministry of Finance to align their remuneration policies with the broader government fiscal strategy.

As part of the response measures to the recent placing of the country on the greylisting, the Financial Intelligence Centre has been allocated additional funding of more than

R265 million over the medium term, to implement the Financial Action Task Force’s, FATF, recommendations and get the country off the grey list.

Our efforts to get the country off the grey list are well underway. We have committed to providing periodic updates to Cabinet on progress. Last year, we led an unprecedented

process to pass an omnibus of statutory amendments that address the gaps in our antimoney laundering regime.

The National Treasury, as the lead in the Interdepartmental Committee on Antimoney Laundering and the Combating of the Financing of Terrorism, continues to co-ordinate government- wide efforts to comprehensively address the remaining weaknesses in our legal system. For example, we have frozen assets of individuals and entities designated by the United Nations to be linked to Isis, the Taliban and al Qaeda; we are supervising nonfinancial businesses that are at risk of being used for money laundering or the financing of terrorism; we have also strengthened the systems needed to identify the beneficial owners of business and trusts, so that they cannot hide behind the veil of corporate secrecy, when engaged in money laundering; and we have submitted updates to FATF on all of this, and we expect positive re-ratings of our system’s technical compliance with FATF standards in the next six months.

In relation to municipalities, decisive action is needed to restore the integrity of the sector. Unfunded mandates, over expenditure, and ineffective revenue management practices have

manifested in many municipalities defaulting on payments to creditors and falling into financial and service delivery crisis. Furthermore, personnel expenditure is crowding out spending on service delivery and investment.

In response, the Treasury has placed 25 municipalities under mandatory intervention under S139(5) of the Constitution, while three municipalities are subject to mandatory intervention under S139(7).

Professionalising the administration of the municipalities is a critical pillar of addressing these issues, particularly the training of chief financial officers and municipal managers.

The Treasury is supporting the countrywide roll-out of training to support the implementation of the Municipal Standard Chart of Accounts, in addition to a number of free tools and training opportunities.

Over the last 12 months, 31 special council induction sessions were conducted for the 43 municipalities identified as being in financial and service delivery crisis. We are not resting. Our interventions are beginning to bear fruit.

The National Treasury continues to support economic development at the local government level through various grants. Through the Cities Support Programme, CSP, for example, support for township economic development, TED, is gaining traction, with the five TED strategies approved by the pilot metros. The focus is now on supporting the five metros in implementing a sample of key priority projects.

Transfers to these types of grants are projected at

R6,3 billion over the medium term in the Facilitation of Conditional Grants subprogramme in the Public Finance and Budget Management programme.

The National Treasury continues to be committed to supporting the millions of South African, especially young people, who are unemployed to access the job market and acquire the necessary skills allowing them to meaningfully participate in the formal economy.

Through the Employment Tax Incentive, a cost-sharing mechanism between government and employers allowing them to reduce what they pay in tax when hiring young people, we are encouraging youth employment.

Similarly, the Jobs Fund has concluded nine funding rounds, including the Covid-19 relief support funding round. As at 31 March 2022, the fund had disbursed R6,1 billion and leveraged an additional R11,9 billion from project partners.

The National Treasury is also working on deepening the country’s trade links with the region and with other parts of the world. South African Dirco Minister said that we will host Brics this year and we will utilise this opportunity to broaden business participation across the continent.

This, together with our participation in other global forums such the World Bank, the IMF, and the G20, is key to strengthening our position within multinational forums. In our discussions, for instance about the Common Framework for Debt Resolution, South Africa has stressed the importance of creditors committing to providing debt treatments that do not further indebt low income countries, and that the burden of restructuring is shared equally.

As the multilateral development banks, MDBs, evolve, we must ensure that the policies of these key multilateral development banks and institutions are reflective of the economic,

developmental, and social challenges of the African continent, and that they advance our own strategy of borrowing at the lowest cost possible.

We must also ensure they remain committed to the Sustainable Development Goals. This last element is particularly important within the context of the just energy transition. South Africa is using these platforms to argue that developed nations should do more to support the energy transitions of developing nations, in a manner that does not exacerbate pre-existing financial and fiscal vulnerabilities.

I have presented only a fraction of the work being done by the National Treasury in the face of limited resources and mounting demands on the government, to do more to make a difference in the lives of our people.

Our Budget Vote, and the strategic decisions it embodies, is the product of a clear understanding of our constitutional mandate which has the prosperity and wellbeing of the people at its heart, an appreciation of the nature of the challenges that we face and the need to make difficult decisions to overcome them. My gratitude goes to the National Treasury team

led by acting director-general, Mr Ismail Momoniat, as well as to the chairpersons of all our oversight committees. Thank you.

*Xitsonga:*

Nkul M J MASWANGANYI: Mutshamaxitulu wa Yindlu, Swirho swa Huvo yo endla milawu, Holobye wa Timali, muchaviseki Godongwana, Xandla xa Holobye, Kenny Morolong, Vatshamaswitulu van’wana lava nga kona laha, Maneli, Joemat-Petterson na van’wana Vatshamaswitulu ...

*English:*

... Chairs and chief executive officers, CEOs, of state-owned entities, SOEs, and National Treasury officials, the Standing Committee on Finance has received a report from the Minister and his team. Minister highlighted number of very important issues which government is addressing amongst those is the economic growth, which is very, very critical for the country as we know that the poverty, inequality are widening and also unemployment and in particular youth unemployment is quite very high. Therefore, it is very important that the National Treasury as it drives the economic policy should make sure

that these matters are attended to, to deal with the challenges that I’ve mentioned before.

The state-owned enterprises are quite very important and the Minister has committed himself and the National Treasury that they have got the programme to stabilise the state-owned companies to be financially and physical sustainable. We know that many state-owned enterprises have lots of challenges and there has been lot of intervention financially. State-owned enterprises have got a history in this country. We know that during apartheid there were serving very few people and some of them have been established as a result to address what was called the poor white problem or poor white poverty problem. There was a commission called the Carnegie Commission just to investigate the challenge of poor white problem in exclusion of black poverty. Therefore, these SOEs were used as a cushion to deal with that problem and even today I hear DA say that where we govern, we govern better, and that is their song.

However, look at here what is happening in Cape Town along the freeways whether is N1 or N2 blacks are like as they were like that before 1994, and the same applies in Tshwane, it’s two economies. There is after Menlyn and going to the east is like

in Europe. When you go to the west, Atteridgeville, Soshanguve and others is worse. When you get into the township, you are welcome by a spilling sewage. Therefore, this notion that we govern better where we govern is neither here nor there.

Therefore, I’m not surprised why they were taken out in Johannesburg and Ekurhuleni.

The Minister further committed government that there are infrastructure projects that are financed through the infrastructure funds. These are very, very critical projects to deal with issues that I’ve raised before of unemployment, poverty and equality. Projects like the Minister has spoken about them, city support programme, neighbourhood development partnership programme, jobs fund and municipal finance improvement programme. However, the challenge, Minister, are instances where government departments and municipalities don’t spend the money. You come here in February, we approve the budget. You come again in October, we approve the budget. Then the next thing you find that there are billions which are not being spent. If you go out here into Plein Street, you’ll find so many young people carrying envelopes. In those envelopes they have got curriculum vitae, CVs, going from one business, one office to another looking for jobs, and we can’t

justify it as government when there is money dedicated to infrastructure and other related programmes. Government does not spend money with this high unemployment that is facing young people. Let’s do something about it.

The Minister has committed that government will deal with the issue of unauthorised, irregular, fruitless and wasteful expenditure. They’ve got reduction strategy in this regard and as the committee we will make sure that we hold the Minister and his department accountable, because he is responsible for National Treasury. National Treasury is not like other departments, it has been established deliberately by the Constitution to deal with certain competency in government, and we will hold you accountable to this, Minister. We are not happy when we find out there are departments and municipalities that spend money irregularly, fruitlessly and in a wasteful manner.

We are quite happy that today you have come to commit yourself that you are bringing the Public Procurement Bill. It’s a very, very important piece of legislation that will revolutionise the public procurement. Don’t listen to others who are not in the governing seat. Theirs is to oppose. You’ve

got a responsibility as a Minister. Is this Minister Madiba? Is it you? I did not see you. Gungubele ... [Interjections.]

... okay, he came after when we were sited. You are welcome, Madiba. This is a very important piece of legislation, Minister. We have realised in your schedule there are quite number of Bills that you want to table, but the time that is still available between now and May or so next year is very short. Let’s prioritise. And of course, this one is number one. You know that is our pet subject as the ANC. Jaa, I’m here as the ANC.

Therefore, the sooner you bring it the better. The implementation of audit action plans are quite very important. Therefore, we will make sure that this is a matter that will continue to play oversight on because we have identified regression in the audit outcomes across the financial portfolio. And you remember when we came to Pretoria to your office and meet number of entities that let’s make sure that we follow that ecosystem that has been developed by Auditor- General, starting from the executive authority, Ministers, you must make sure that you sit on the action plan of the department and all the entities that report to you.

Filling of vacant posts, we have identified number of posts that have not been filled both at the National Treasury and at entities. Therefore, let’s make sure that those vacant posts are filled. We travelled to Pretoria to play oversight on the State Information Technology Agency, Sita, hosted project called the Integrated Financial Management System, IFMS. I don’t have to go into details on this. Minister, can you please attend to issues of Integrated Management System, IMS, as raised by the Auditor-General. You’ll remember that you are shifting the responsibility to the other Madiba. You’ll remember this is the matter that took for some time that we adopt the Budget Review and Recommendations Reports, BRRR. Let this matter be attended to. We appeal to you, Minister. We have been meeting officials and they don’t have the executive power that you have. I’ve spoken about the Bills that prioritise them.

The issue of solar panel tax incentive, I’m happy you spoke about it today. It was raised in the committee and it has been realised that it exclude to a certain extent the poor, that first buy the panel then we will give you the rebate. R15 000 Minister, House Chairperson through you, is a lot of money. At the era in which we find ourselves, people are struggling to

pay for school fees. Therefore, to first pay and claim is not the right thing, please, attend to this matter, Madiba, and then we amend that scheme. If you have to come back to Parliament because it has been adopted by this Parliament, let’s do so. Identify like we do with municipalities, the indigent and you roll out the solar panels to the indigent because poor kids in the morning they don’t have hot water to bath to school. It is rich people who can afford generators and others.

Therefore, please attend to this Madiba and we change the issue of tax incentive and not people buy first because the poor are excluded and you know, as an ANC leader, our political party is pro-poor. We will continue to make a follow-up on number of issues, Comrade Paulsen, you know it very well yourself. There are number of issues that we are continuing to make follow up.

The issue of economic growth and development is quite very critical. To take South Africa out of the challenge in which we find ourselves is to make sure that you drive the economic growth and development policy. The SA Revenue Service, Sars, is trying under difficult circumstances to collect revenue,

but you know even before coronavirus disease, Covid, the economy was struggling, and Sars has done so well. It has collected over R2 trillion. We commend the commissioner and the entire staff up to the lowest ranking official of Sars working out there in Dimbaza or Mutale who work very hard to reach this target. Be that as it may Sars is still under funded in terms of the baseline. We are understand that the fiscus is very constrained. However, we have to attend the issue of Sars to make sure that it is properly funded.

The other issues that have been raised by stakeholders when they came for public hearings is that Sars has established something called a technology way of doing things which is good. You have to apply through an *App* for an appointment and stuff like that. When you arrive there at Sars offices sometimes they say no you haven’t been allocated the allocation and so on, and so on. I don’t fully understand the system. However, members have found that in their constituencies the public complains that they are turned back or turned away without being attended to. This is concerning as Sars service centres should cater for all categories. I think it was hon Kwankwa who raised the issue about somewhere in Cape Town and Eastern Cape where he was alerted by members

of the public that they travel long distances to Cape Town and East London only to be turned back.

The last issue, in conclusion, we acknowledge and accept the issue of pension fund reforms. There is an issue, Minister, that has to be attended to. I come from Limpopo in a district called Vhembe. We had four dispensations there. There’s Gazankulu homeland, Venda homeland, Lebowa and the Transkei, Bophuthatswana, Venda and Ciskei, TBVC. The former employees of the Venda Public Service are complaining about an outstanding pension that has to be paid. They’ve taken the matter to the Public Protector. It’s a very complicated matter. You understand it better than us and it has been politicised. Therefore, the sooner Madiba you attend to it with the Minister of Department of Public Service and Administration, hon Kiviet, and give clarity. The two of you address this matter and give clarity what is it all about, and if there is an issue how are you addressing it. With this, House Chairperson, I move that this report be adopted.

*Xitsonga:*

Ndza khensa. [Va phokotela.]

Dr D T GEORGE: Thank you, Speaker. The National Treasury is the custodian of the people’s money and directly impacts on the well-being of all who live in South Africa. It manages national economic policy, manages government financing and prepares the government’s annual Budget.

South Africa is a rich country, yet we have amongst the highest inequality, poverty and unemployment in the world. We have rapidly rising daily electricity blackouts; crumbling infrastructure; an education system unable to educate; pitiful healthcare; unfunded and inadequate social security; rampant crime; and, according to government, no control over the movement of weapons and illicit financial flows across our borders.

Economic growth is stagnant and recession is looming, yet government doesn’t evolve its policies that clearly aren’t working. Government positioned itself at the centre of our economy in pursuit of a so-called ‘developmental state’. This hasn’t work because our government is not only incapable; it is corrupt and it is dysfunctional. State capture and our greylisting by the Financial Action Task Force, FATF, is evidence enough.

The DA will deliver an enterprising economy where government provides the infrastructure and services that it is elected to do and then gets out of the way for entrepreneurs to generate growth and jobs. Unemployment can be halved by the end of this decade.

Government implemented an inherently corrupt model for black economic empowerment that spectacularly enriched a few, introduced rent seekers, distorted our economy and left everyone else behind in poverty. The DA will deliver economic justice that focuses on poverty as a proxy for poverty and not race as a proxy for poverty. The UN Sustainable Development Goals inspire this vision for a better future for everyone.

The policy of cadre deployment hollowed out the public service by employing politically connected cadres instead of competent professionals. It is also a massive disservice to those deployed into jobs they are incapable of doing them. That enables bribe bearing consultants to make irresistible offers to do the job at a massive premium. The people pay far too much and the job doesn’t get done. Appointments should be on merit and irrespective of political affiliation.

Over R2 billion has been spent on the Integrated Financial Management System with nothing to show for it. The Minister has said that bailouts to failing state-owned enterprises have led to a reduction of R257 billion in public funds available for frontline services and infrastructure. The actual number is R331 billion since 2013.

No matter how much of the people’s money is thrown at the state-owned enterprises, they will never be viable. Even if R250 billion of Eskom’s debt is transferred to the national balance sheet, it still isn’t financially viable. It is unthinkable that the custodian of the public finances advised the Minister to gazette an exemption from the Public Finance Management Act, for Eskom to hide irregular and fruitless and wasteful expenditure from the auditors. This is a desperate act to get a better audit outcome to be able to borrow more money when R1 billion a month is being stolen from Eskom.

Surely the National Treasury can do better than that?

Being greylisted and not effectively managing the people’s money is a spectacular failure by the National Treasury. One hundred and fifty-one of 257 municipalities are teetering on the brink of collapse, and 43 have already collapsed. There is

no money left to bail them out. Our debt to GDP is over 70%, while our economy isn’t growing and borrowing continues.

The national Budget in February was calculated on an average 1,4% growth over the medium term and this will not be achieved if government does not implement effective fiscal policy to fight rampant inflation. Scrapping the fuel levy would immediately lower the cost of fuel, the cost of transport and the cost of food, that has increased by 14% since last year.

This cost-of-living crisis has driven millions of households into food insecurity and starvation.

Despite this hardship, nothing has happened to restrain rampant consumption spending. The Responsible Spending Bill, our Private Member’s Bill, has been tabled to introduce fiscal rules that will give National Treasury the guidance they need to effectively manage the people’s money.

The National Treasury, ultimately, is as good as the political leadership from which it receives its policy direction.

Nothing is budgeted for the extension of the Social Relief of Distress Grant from April next year. This was introduced to

alleviate the impact of Covid-19 and is a vital lifeline for millions of South Africans battling below the poverty line.

Our economy has not recovered post-Covid-19 and, as our electricity crisis deepens, there is no sign that it will get any better until the broken government is changed at the ballot box. Minister, where is the revised social security plan that will support the most vulnerable households in the next financial year?

Kenya and Zambia have overtaken South Africa as more viable foreign investment destinations because they are better governed. The ANC-led delegation to Washington DC did nothing to improve negative sentiment amongst the lawmakers who will decide whether or not to carve South Africa out of the US African Growth Opportunity Act, Agoa, in 2025. You can hide corruption at Eskom from auditors; and you hide laundered billions from the Financial Intelligence Centre; but you cannot hide a ship and its cargo from satellites in the sky.

To be clear, the ANC is not South Africa! There is another voice! And, that is the voice for freedom, democracy, the rule of law and human rights. South Africa can be a place where

everyone is able to become everything, they are capable of becoming, with a government that supports that outcome. Thirty years after the previous one-party dominant government ended, this one is ending to, and we will not allow our country to collapse with them. Thank you.

Mr M N PAULSEN: Hon Chairperson, greetings to the president and commanding chief of the ‘26th July Movement’, the EFF president, Julius Malema, the officials and commissars, Members of Parliament and fighters in South Africa, Africa and the diaspora. The year, 2023, marks a special year as it marks

10 years since the formation of the only economic emancipation movement that is fighting for the economic freedom in our lifetime.

This year, marks 10 years that we are fighting against illicit financial flows, aggressive tax avoidance and base erosion.

This year, marks 10 years of unbroken commitment to the struggle of economic exclusion of the majority of South Africans while a minority few, mainly white males, continue to benefit from the apartheid economy. This year, 2023, marks 10 years of standing up against the racist financial sector that contributes the control of the economy, controls our lives and

continues to control who participates in the economy and who does not.

As we mark this important milestone in the fight for economic freedom, the EFF will hold its 10th anniversary on 29 July 2023 at FNB Stadium. We call on all businesses, progressive institutions in the financial sector and black professionals employed in banks, insurance companies and the broader financial sector to continue and finance the revolution. [Interjections.]

Tonight, you can simply visit [*effonlinedonations.org*](http://www.effonlinedonations.org/)and make any contributions. We also invite progressive stakeholders to buy tables for the 10th anniversary gala dinner. To do this, you can get in touch with the EFF Treasury-General.

Chairperson, please protect me. The EFF rejects the proposed budget for the National Treasury which is now evidence ... [Interjections.] ... that the National Treasury does not have a practical and believable plan to rescue South Africa’s economy. [Interjections.] The reliance on the privatisation pamphlet, drafted with the help of the ... [Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Paulsen, can I take this point? Why are you rising, hon member?

Ms T MAHAMBEHLALA: Chairperson, hon Paulsen is advertising on behalf of ... [Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): That is not a point of order. Please continue, hon member.

Mr M N PAULSEN: The reliance on the privatisation pamphlet, drafted with the help of the pamphlet drafted with the help of the IMF and the World Bank Consultants, masquerading as economic transformation policy has collapsed South Africa’s economy. Today, Statistics SA released the Quarter 1 Labour Force Survey and we are not shocked that the unemployment rate in terms of the expanded definition stands at 42,6%. This means you have more than 7,9 million unemployed people who are looking for jobs every day but cannot find them.

More than 3,3 million people have lost hope of ever finding employment. You have another 13,2 million people who are not economically active. These are adults who are excluded from any form of participation in the economy. We spend more than

R350 billion just to simply service the debt. Our gross loan debt is 71,1%, as a percentage of GDP, more than R5 trillion and we still do not have a believable plan to get the situation under control.

Instead, the National Treasury continues to borrow money from the World Bank and the IMF - loans that a dollar denominated instead of fiscal and monetary policy to utilise the SA Reserve Bank. And, there are people who still want to parade the National Treasury as competent with a decade of mismanagement of South Africa under their watch.

Chairperson, we are greylisted, today, because of the incompetence of the National Treasury and the head of state wide dollars inside mattresses and sofas, as well as the SA Reserve Bank’s refusal to act on such criminality. We were promised a state-owned bank four years ago. Yet there is no sign that there is any progress.

The Land Bank continues to make losses because of a business model that does not contribute to transformation of the agricultural sector or allow the bank to operate in a sustainable manner. We had all agreed that we must amend the

Land Bank legislation to allow the bank to get recapitalisation and operate as a fully-fledged bank, with a developmental mandate. However, there is no political will.

SA Revenue Services, Sars, is failing to put in place measures to deal with illicit financial flows, profit shifting and base erosion, despite many practical recommendations we have made. Instead, we are told there are tax breaks for the rich, who can afford to install solar panels; while there is no solution for the poor majority as we face the prospects of a complete blackout.

The National Treasury sees it fit to give Eskom a bailout and insist that the money must be used to repay loans instead of channelling the money towards maintenance to increase energy availability. The Financial Intelligence Centre has for all practical purpose disappeared because they do not want to deal with the Phalaphala and the serious allegations against Mr Cyril Ramaphosa for money laundering.

Lastly, we have made a call for the use of procurement budget to stimulate localisation and revive manufacturing, particularly in local government. Instead of transformative

reform, the National Treasury is pushing a Public Procurement Bill that just scratches the surface, while it avoids dealing with transformative issues. The EFF rejects the proposed budget for the National Treasury. Thank you very much.

Mr E M BUTHELEZI: Hon Chair, I greet you, and humbly so. It’s widely understood by many sitting in this House that the mandate of National Treasury remains clear and it’s to ensure fiscal sustainability, effective and efficient management of our country’s resources, put in place measures for financial control and accountability and provide an overall financial framework for all national, provincial and local governments and entities. While this mandate is of critical importance to the functioning of our economy, it must be said that even though Treasury might be well run and effective, the majority of departments in all spheres of our government are simply the opposite of that. It may be all good and well with one department but if all others are failing and a mere total collapse, what are our efforts any worth?

With the interventions that are spoken about when it comes to state-owned enterprises, SOEs. No intervention will work to stabilise the SOEs if the very same people are currently

failing to deliver on their jobs are used to implement any sort of plan. The IFP appreciate Treasury’s commitment and progress in implementing stricter measures through consequence management across the board. We only hope that this measures will aid in rooting out the rot in all government departments. If the commitment by the hon Minister Godongwana seated here can be something that government and all Ministers of departments and they also commit themselves, our country can hope for a better tomorrow. Unfortunately, that’s something you can’t see. Instead, we are going to see more of the misuse of the state funds as elections are looming. Noting all the recommendations by the committee, I think there is one very important recommendation that we ought not to forget, and this recommendation is that we should make sure that we elect a new administration, come next year’s elections. It has been proven beyond any shadow of doubt that what is happening within all government departments right now is the very same thing that is happening in the ruling party internally. The two are inextricably linked. Getting rid of the ruling party shall certainly allow for a renewed and innovative thinking with fresh minds and ideas and a very strong political will to restore our country’s economy and bring about true and meaningful change, and address our socioeconomic injustices.

When considering this budget for National Treasury and ... [Inaudible.] ... with all recommendations to be duly implemented, the IFP then supports the recommendation that this budget be accepted. I thank you, hon Chairperson.

Mr W W WESSELS: Hon Chairperson, the Minister refers to our dire economic outlook and the risks to our fiscus, and we all know that our social needs are getting more and more, and the budget shortfall is more and more and a huge risk. And in those circumstances, I don’t think anybody can disagree that every cent is important. And then transparency is important in how money is spent and on what money is spent. When one looks at how South Africa links to our neighboring countries, we see that it is through the Southern African Customs Union, Sacu, and also common monitoring areas.

The Common Monetary Area, CMA, agreement determines that the rand circulates freely in these countries. The governments of these countries - Eswatini, Lesotho and Namibia are rewarded for this through a compensation agreement which amounts to about R1,4 billion per year.

In terms of the Sacu agreement, South African’s Sacu payments will amount to nearly R80 billion – I repeat, R80 billion for this fiscal year 2023-24 - R80 billion. Yet little is known about how the Sacu payments are calculated. National Treasury fails to publish the calculations for the CMA compensation and the Sacu payments. Why? Because taxpayers deserve to know how these calculations are made and how their money is spent.

Transparency is needed, likewise, taxpayers deserve a National Treasury which fulfils its constitutional obligation to ensure both transparency and expenditure control in each sphere of government.

Since the adoption of the Constitution, that has been the obligation of the Treasury, yet today, as with each Budget Vote speech, the Minister said that the Public Procurement Bill will be produced soon. This has been the case for at least the last five years. This is absolutely unacceptable because National Treasury is failing to fulfil its obligation. They are failing to prevent corruption; they are failing to prevent greylisting; they fail to prevent it by also having a sluggish and tortoise-like approach to General Monies Amendment Bill that was introduced in this House which led to the greylisting. Taxpayers deserve a National Treasury whose

own financial management and controls are sound. Not one who then receives adverse audit findings.

The hon chair of the committee is correct, government fails to spend money because they steal it, and that’s the problem. [Interjections.] Taxpayers deserve a National Treasury and a government whose fiscal policy does not impoverish them but which encourages financial and economic growth. They deserve a government who do not just collect tax but earns tax by delivering services in return for tax money. We all deserve better. We deserve a government that is transparent, which is responsible and who acts in the interest of the people out there. I thank you.

Mr A N SARUPEN: House Chair, there is no little step for me today, but I will make do with the tools I am given. [Laughter.] The annual budget cycle evry yyear comes with the GDP growth projections from the Treasury. And every year for the last 10 years, these projections have been too optimistic and growth has been too far too low even for the Treasuhry’s own projections.

The persistent failure to achieve growth can be attributed to a combination of internal factors and the economics cluster the Cabinet has failed to address.

Domestically, structural issues such as high unemployment, income inequality and skills shortages limit productivity and hinder economic expansion.

Policy uncertainty, corruption and inefficiencies in state- owned copanies further undermine investor confidence and discourage investment. We have siding with bad actors on the global stage which further places the country in the wrong side of international trade dynamics, which impact South Africa's export-oriented sectors.

Additionally, socio-political challenges such as social unrest and labour strikes, disrupt economic activity and deter foreign investment. Addressing these challenges through structural reforms, policy coherence and inclusive growth is now essential to get our country back on track.

In recent years the country has grappled with significant policy uncertainties, when we think about land reform and

mining regulations or fiscal management or energy policies. This uncertainty has hampered investor confidence, stifled economic growth and hindered job creation. As a result foreign direct investment has been hesitant and domestic businesses have been reluctant to expand and take risks. This policy uncertainty has exacerbated South Africa’s rate and ibequility and hindered long-term planning and it has hinders effective policy implementation. Resolving policy uncertainties and providing a stable and predictable environment is crucial for the future of our country, particularlyin attracting investment and creating jobs. How true however is that government cannot make these policy decisions to grow the economy and lift millions of people out of poverty because to quote former Finance Minister Trevor Manuel, “South Africa is run like a confederation of ministries.”

His exact words, on 24 June 2021, was, and I quote:

The worrying feature is that there is resistance even to Operation Vulindlela. And I think the problem is that you are sitting with a Cabinet that is not a collective unit – to me it seems like you are sitting with a confederation of tsarisms.

It is interesting because he uses the word tsarisms in the lighter essence of the events.

Every policy idea that is modelled by the Treasury, is then contradicted by other departments, with the biggest offenders being the Department of Trade, Industry and Competition and the Department Of Telecommunications And Postal Services.

The contradictions between the National Treasury and the DTIC reflects a broader policy inconsistencies and lack of co- ordination within this government. These contradictions stem from differing political ideologies and conflicting interests and bureaucratic inefficiencies within the ANC and therefore the government. This lack of coherence undermines South Africa's ability to develop and implement a comprehensive and unified economic policy framework.

This lack of alignment not only creates confusion for businesses and investors, but it hampers the ability to address key socioeconomic challenges that I have outlined in the speech.

The Cabinet is generally required in every country in the world to take collective ownership of their budgets, but in parliamentary committees and in their statements many Ministers attack the Budget and the Treasury over and over. This posturing serves no one. All that it achieves is to undermine the economic confidence, prevent reforms and ultimately live millions of South Africans in poverty. I thank you.

Ms M D MABILETSA: House Chair, Ministers that are here, Deputy Minister, hon members and the chair of our portfolio. The IFP, I would like to thank you for supporting the Budget Vote.

However, I still have to hear the opposition coming here with solutions when they debate. They do not come here with solutions, day after day. What they do, they complain and complain and at the end they do not support the budget. How will that work? That is why as the ANC we are here to make sure that we support the budget so that our people do not suffer.

The ANC’s philosophical orientation to the Budget Vote is informed by the needs of the people and how is the National Treasury is responding to the needs of job creation, economic

inclusion, economic empowerment and the provision of finances to meet and maintain basic services. The Vote needs to contribute to the ANC’s vision of building an economy that can demonstrate the creation of decent and productive employment. In doing so contribute to the fight against poverty, inequality and economic exclusion whilst increasing ownership and participation by the majority in the economy through dedicated economic empowerment programmes. To advance the ANC’s objectives we seek to unite society around a programme of social and economic transformation crating a common national programme of making the economy work better for and in the interest of the people. These are reflected in the work of the ANC government and its dedicated programmes to end load shedding and restore energy security programmes to increase infrastructure investment including water, roads and rail infrastructure programmes to promote industrialisation and localisation. Programmes to deal with corruption and crime and better protect our economic infrastructure concrete demonstration of the ANC government hard at work changing the lives of our people.

One of the ANC’s priorities for 2023-24, is the meeting of the people’s needs through improving the delivery of basic services and maintenance of infrastructure.

In responding to this the Vote provides for growth in compensation spending while also increasing capital expenditure in infrastructure projects financed through the infrastructure fund using public-private partnership and other funding arrangements to improve planning and speed up delivery.

Another ANC priority for 2023-24 is to strengthen the fight against crime and corruption. This Vote goes to the heart of the challenge by providing support to the National Treasury project of developing a consequence management and accountability framework for implementation by municipalities and municipal entities on unauthorised irregular fruitless and wasteful expenditure. This is part of the strategy of financing the building of capability in the spheres of government in order that policy has the desired impacts through the correct application of funds.

With regards to our concern, the annual perform plans suffered from what many departments do being focus more in input- outputs and targets instead measuring performance outcomes and impacts as a clear indicator of the quality of expenditure and policy impact. The ANC’s deep concern is that we have to collectively, listen to this one, as a nation both private and public sector respond to the cost of living. We urge a review to the impact of municipalities relying on electricity as a source of revenue which in turn has a negative impact upon consumers. The Treasury together with co-operative government and the South African Local Government Association, Salga, need to lead a review together with the Presidency.

We further urge that regulations be put in place to establish uniform rules and tariffs to bind municipalities and other organs of state when sourcing electricity from independent power producers so that we do not have further costs being offloaded into consumers. The same approach of reducing the cost of living must apply to the budget announcement on solar panels tax incentives.

In its scope it does not go far enough to accommodate a far much wider economic strata in society not only those who can

afford the overall installation. The work of the Competition Commission, Trade and Industry and consumer groups need the support of the National Treasury in assisting in reducing the rise in prices which is not addressed further deepens poverty.

The committee commends The South African Revenue Service, Sars, for its overall achievements under the current economic conditions and its direct contribution to the improvement of the lives of the people enabling the country to provide financial support to health care, education and social security.

We remain deeply concerned and call for a strengthened approach between the municipal installation institutions of the state to arrest the illicit economy and close the tax gap which is estimated to be between R200 billion to R3R00 billion per annum. We cannot afford to lose this amount of money per annum. Tackling tax avoidance and illicit financial flows is crucial in improving the position of the country’s fiscus and there needs to be improved focus on areas that pose the highest risks of aggressive tax avoidance and illegal transfer pricing. We are concerned that the appointment system of Sars has through experience created problems in terms of assets and

services especially in the working class and the poor. This need to be looked into. We call for the recommendation of an adjustment of in cost to revenue collection to be applied to Sars to better finance its important work. Therefore, as the ANC we support the Budget Vote.

Mr A M SHAIK-EMAM: Thank you, House Chairperson. I want to remind this House that 7 million Palestinians around the world live as refugees, forcibly displaced from their own lands and homes. Having said that, I am disappointed that the Minister has left the House. But I think he will take note. Yes.

Because I wanted to raise something that is very important.

The Minister was talking about illicit financial flows; he was talking about terrorism. And yes indeed, maybe we need to talk about the Double Taxation Agreements and Protocols, that we have between South Africa and Israel. In 1951 to 1961 alone,

20 million US dollars flowed from South Africa to Israel. So you can imagine how much of money, today, flows from South Africa to Israel to be used to violate the human rights of Palestinian people. Now it is something we need to solve. When we talk about terrorism and Al-Qaeda and Islamic State of Iraq

and the Levant, ISIS, what about this money that is being used to terrorize the Palestinian people?

On the issue of Eskom, I want to say this without fear or favour. Any money that you are spending now on Eskom is waste of taxpayers’ money. It is not going to solve this problem, and you can hear that different Ministers in relation to Eskom are saying different things. And maybe what National Treasury needs is to get your own expertise, okay, to get proper advice whether the money that we are spending on Eskom is going to be put to good use.

Let me give you some statistics of China. China built a two power stations, every week last year. Two power stations every week. And 86 gigawatts were added to their grid. And I think Minister Mantashe has also alluded to the fact that you cannot do without coal-powered stations. Whilst we can work on renewable energy, we must keep the baseload to be coal. So what we are saying is ... [Interjections.] ... Yes. We should explore, Minister, what is happening in China at the moment is that they are building two coal-fired power stations every week. That’s what they did last year. And they expected to build, this year, 104 or 106. Like what Minister Mantashe says

that we need the coal-fired. And we have a crisis where one of these days we are going to have a grid collapse. So your entire economy, Minister, is going to collapse.

I would urge you to get the expertise and the right advice that if we are going to spend money on Eskom, we should not consider building another power plant or two right away and at the same time go with renewables so that we do not have an energy collapse. That is my appeal to you, Minister. Because otherwise we will be in serious trouble. So that’s it for energy.

And as I said, and you did not hear this, Minister, you have the South African Double Taxation Agreement with Israel. A lot of money is leaving this country. Remember, between 1951 and 1961, R20 million left the country. Now it is 2023, how much money is leaving this country because of this agreement that we actually have in this country? But I think my time is up.

The National Freedom Party supports the budget tabled here today. But please, my request is, let us spend some money on new coal-fired power stations. That will help us right now, otherwise we will destroy this whole economy. Thank you very much.

The CHAIRPERSON (Ms T M Joemat-Pettersson): Thank you very much, hon member. The following member, hon Hendricks, will participate on the virtual platform. Permission has been granted to him because of ill-health.

Mr M G E HENDRICKS: Thank you very much, hon House Chair, and thank you for the special dispensation given to me. I just had

20 needles taken out of my back. The Budget Vote 2023 has promised to prioritise stable and clear policies that promote economic growth. Well done to National Treasury. Other than that, we should have a budget to give support to education, health, poverty, creating jobs and to fight against crime.

Hon House Chair, I sat down with two Ministers of Finance. I believe the one has left the Chamber now. But we sat down with the director-generals and we agreed that in every line item in all our budget is 30% fat. The only way to solve that is to have zero-based budgeting, which I introduced in the corporate world and was very successful. Just imagine what we could have done with that 30% of fat in every line item in the budget. I want, hon Chair, any Member of Parliament that has drawn a budget to prove to me that in the line items that they are responsible for, there is no low fat.

President Ramaphosa spoke in response to a question in Parliament that he wants a windfall. President, that can contribute to the windfall you are looking for, so that you can start the sweet funding for a sovereign fund for future generations.

We looked at the fat in the budget in the City of Joburg, and guess what? We found R1,6 billion that the DA put in their budget. The ANC must go and learn from the DA, and that was a windfall for our mayor. And he could, for example, pay service providers. So this fat in the budget, zero based budgeting, which National Treasury promised to commit. They must put their money where their mouth is to create windfalls for us.

On Saturday, I’m speaking to 50 church organization from all over the world about illicit financial flows. The President of our country doesn’t believe that there is a cent or rand that goes out through illicit financial flows. But I’m going to prove on Saturday that 50% of South Africa’s gross domestic product, GDP, leaves the country through illicit financial flows. That is another windfall that can build up the sovereign fund that the President has put this heart on. Thank you very much, hon Chair.

Ms W R ALEXANDER: Thank you, Chair. It is the SA Revenue Service, Sars,’ responsibility to collect taxes for the government. And in the dark days between 2014 and 18, the agency’s collection and investigation capacities were severely undermined. And perhaps to use the word undermined is too subtle.

Sars was decimated, and as a result, the restructuring could only be viewed as the premeditated end to capture Sars. Sars’ tax collection capacity and quality of governments was largely affected. Individual and corporate tax oversight was merged into a single unit, which reported directly to the commission. Sars’ other key business units were fragmented, particularly the large business centre, which was responsible for 35% of the agency’s revenue. Eviscerating a large portion Sars’ revenue collection. After massive failures of governance and integrity within Sars between 2014 and 18, the new commissioner has publicly spoken about his plans to rebuild the agency’s reputation and capacity.

In the 2020-21 financial year, the re-establishment of the large business centre and compliance unit to the taxpayer collection has improved by 26%.

While the governance in Sars is improving, there are still many issues to be addressed. Such an example is a case of Mr Joaquim Alves of Ficksburg residence whose vehicle with Lesotho plates was impounded by customs in 2019. A judgment has been handed down by the high court in favour of Mr Alves and the appeal by Sars have been dismissed. Although the theft charges have been withdrawn, the vehicle to date has not been returned.

Sars’ litigation for this case is paid for by the taxpayers, is outrageous. Despite the vehicle’s relatively low value of R40,000, the legal costs are now well over a million rand and Mr Alves still does not have his vehicle.

The theme of this current government’s tenure is the “new dawn” which hit all the right notes and promised South Africans heaven and earth. Now, six years later, the “new dawn” finds itself in an embarrassing situation while citizens spend much of their time without electricity. The pre-covid landscape was the devoid of the economic renewal. The covid alibi, the scapegoat of the former President Jacob Zuma for the current day economic disaster has no more currency.

Last week I was reminded that a country cannot be as more positive than its leader and present. And at present, the rainbow nation fairy tale does not end happily as it currently re-narrated political, messiahs. Disney brought us the Lion King. This government brings you the lying king.

In the next chapter of this country’s democracy, the new government will prioritize reliable, affordable energy. And this is not just lip service. Great starts have we made to achieve this within the Western Cape. We will influence policy that will allow for food price relief and curb exorbitant fuel taxes. Our new president will steer the country into a prosperous and optimistic future. We need this positivity and not a toothless project manager. Thank you.

*IsiNdebele:*

Num G J SKHOSANA: Sihlalo ohloniphekileko, mhlonitjhwa uNgqongqotjhe wezeeMali nabanye aboNgqongqotjhe abakhona naboSekela Ngqongqotjhe abakhona, malunga ahloniphekileko, sizwe sekhethu, lotjhani.

*English:*

As the ANC let us state facts in this Budget Vote of the National Treasury as we are not likely to hear facts from anyone else. Since the 1994 democratic political breakthrough, significant progress has been made in expanding access to employment, empowerment and a range of economic opportunities previously excluding the majority. The attempts to build an inclusive economy have faced serious resistance, not surprisingly when faced with monopoly business practices whose primary resolve is accumulation.

We have, as the ANC, in building a more inclusive economy, driven policies in which the working class and middle structure have experienced greater economic opportunities. We have had to deal with skewed patterns of ownership and wealth generation in a form that has driven and reproduced inequality in the country.

*IsiNdebele:*

Malunga ahloniphekileko ...

*English:*

... we have developed the most expansive social protection system in Africa, widely recognised as having provided support

to the most vulnerable. We have programmes that address the indigent women and youth with dedicated budgets. The number of people with access to basic services has increased massively. We have also seen a huge growth in the size of the black sections of the middle structure, and the number of working- class students admitted in institutions of higher learning has all grown phenomenally with a budget to support it.

We are mindful that the task of ensuring that all South Africans share in the country’s wealth is far from being realised as we faced severe unequal distribution of wealth and income in the country, largely characterised along class, race, gender, demographics reflective of our colonial past.

That we have been able to achieve what we have thus far can be credited to the ANC policy vision and pragmatism working together in an interconnected manner addressing the concreate conditions we face as a country.

*IsiNdebele:*

Sizwe sekhethu ...

*English:*

... we have achieved these milestones notwithstanding that over the past 10 years we have experienced a gradual decline in growth, challenging the revenue base from which to finance progressive and developmental programmes. Therefore, financing more demands in the context of declining growth has required a management of the national fiscus that none in the opposition will want to credit the National Treasury for. These matters do not spontaneously happen; the are planned, project managed and aligned to ANC governing party policies, all within a given fiscal framework.

This Budget Vote has to provide the resource plan for ANC-led government policy priorities aimed at advancing the people’s interests, in particular the poor. Of the Vote itself, 85% is appropriated to transfers and subsidies mainly to entities for conditional grants to municipalities, social economic programmes as well as civil and military pensions, all designed to meet the people’s needs.

*IsiNdebele:*

Sihlalo ohloniphekileko ...

*English:*

... this debate is about the socioeconomic impact of the R34,9 billion appropriated to the National Treasury. Because of the nature of the Vote, its task is to provide more broadly for accelerating the implementation of the Economic Reconstruction and Recovery Plan, provide for increased infrastructure investment, provide for improved energy security and, through municipal conditional grants, expand investment in infrastructure to improve community access to basic services.

Transfers for network industry infrastructure is designed to improve the performance of these sectors as the ANC seeks, in its design, to build a more capable state. Our overarching policy framework is to drive greater social and economic transformation. The Vote reflects the policy commitment to implement high impact programmes such as neighbourhood development partnership programme, the jobs fund and the municipal finance improvement programme to deliver on the needs of the people in terms of basic needs and infrastructure maintenance. Cheers!

*IsiNdebele:*

Sihlalo ohloniphekileko ...

*English:*

... as the ANC we support the Budget Vote. I just want to comment on a few issues that have been raised by some of ... [Inaudible.] ... in this particular debate. As this august House we already had two debates on the issue of grey listing and the second one was initiated by yourselves. In those debates explanation was given to you that we were grey listed because of 67 matters and 52 of them have already been resolved within a very short space of time. So, only 15 matters are outstanding, but now you are coming again to raise the matter of grey listing. In terms of percentage, it is 78% of the 100% matters that we were grey listed on and only 15% that is outstanding and there is work that is being done to resolve them.

Hon Paulsen is saying that the South African Revenue Service, Sars, is failing to deal with illicit financial flows and ... [Inaudible.] ... might be a challenge. However, hon Paulsen is supposed ... [Inaudible.] ... has improved in terms of its services; it has broadened its taxbase and it has also been able to increase its revenue collection. We cannot only focus on the negatives; we must also indicate the positives. The South African Revenue Service has really strengthened its

revenue collection and improved its overall performance. We also need to acknowledge the positive things that Sars has done.

*IsiNdebele:*

Ndabezitha, Shenge, Mntwanegazi ...

*English:*

... we appreciate that you have supported the Budget Vote on behalf of the IFP, however, you need to doublecheck if the speech that were reading is yours. You might have taken the EFF’s speech by mistake. Just doublecheck, Ndabezitha, if the speech is really yours.

Hon Wouter Wynand Wessels, you are saying that the Minister of Finance, hon Godongwana, has been speaking about the issue of the Public Procurement Bill for the past five years but the Minister has been here for less than two years. He has been a Minister of Finance for less than two years. On another issue you were talking about stealing of funds in government and so forth, while as the ANC-led government we are fighting corruption. The difference between us and the apartheid government is that in this particular government we expose and

fight corruption unlike in the apartheid government where corruption was not exposed or fought. We are fighting corruption.

I want to recommend a book that you need read, written by Hennie van Vuuren and titled *Apartheid Grand Corruption.* The good thing is that the author is also an Afrikaner, Hennie van Vuuren. If you can get a copy of this book, it will show you the level of corruption that took place during the time of apartheid, especially between 1976 and 1994. I would really recommend that you get that book or I can send you a soft copy of the same book. You will appreciate the level of corruption that we had to deal with during the time of apartheid.

As the ANC we support the Budget Vote and we are saying, Minister and the National Treasury and your entities continue to do the good work and where there are challenges we implore you to address those challenges. We welcome positive criticism coming from the opposition benches. However, we don’t accept election sloganeering. I think in one of the debates Shaik Emam indicated that these Budget Votes debates have turned into election sloganeering ... [Inaudible.] ... are campaigning. We don’t accept that but positive criticism we

need it. Hon House Chairperson, thank you very much for the opportunity. Amandla!

The MINISTER OF FINANCE: I can’t start on a minus, but that’s alright. We learn in Parliament. I didn’t know that you can stand up on a platform and advertise for your dinner party.

No, I’m learning fast. To my colleagues on the DA’s side, it’s quite important to give their new members correct information. During the Covid, President Zuma was not the President of South Africa. The hon member erroneously referred to that ... [Inaudible.] ... But there is a matter of national importance that we need to address because, people continue to mislead the public about what has happened with Lady R.

In the process, this is misleading the South African fabric and our nation, and instilling a fear and it is very irresponsible. If matters are not being addressed, I want to repeat and come back to this point. From a National Treasury perspective, we got to know about this issue in January when the Secretary of the Treasury of the United States, Janet Yellen, was here. Today this matter shuffles with us, and it was new from our perspective. In the context of that, we took it up with the relevant people in government.

We are fully aware of the harmful effects of any USA or European Union, EU, sanction, and we work with the USA authorities to prevent such measures against any key institutions in South Africa. This is an addition to the President sending an envoy, Dr Sydney Mufamadi, together with the Deputy Minister, Botes, and the Director-General, to meet with the Secretary, Blinken, and the National Security Advisor, Jake Sullivan, reflecting on how we value our political and economic relationship with the USA, even where we have differences on a number of issues.

For the record, it should be noted that, South Africa is nonaligned, and our policy is not to sell arms or ammunition to any party in the Russian-Ukraine conflict. We have a body that was established in law, the National Convention Arms Control Committee, NCACC, with the Chair, which is sitting there, which has to approve all sales of arms and ammunition sold to any party outside of South Africa. The government has classified that, no such arms sales have been approved.

However, there is an inquiry by the President into the matter, to determine the fullest set of facts.

Those who has got satellite images, must bring that information to that inquiry. Such activities and actions may attract punitive measures from the USA and EU. There is a list of four principal channels by which the South African economy will be affected by the mishandling of this issue. The currency channel has already played out, merely on an allegation of perception of such activity having taken place. There is still the trade channel, potentially disrupting key supply chains and investment channel through the *foreign direct investment*, FDI.

There is also the liquidity channel. At this stage, we are assessing the quantitative sizeable impacts of these channels. We must be alive to the fact that uncertainty elevates the risk premium of South Africa, increasing the cost of borrowing and the cost of doing business with South Africa. Further, the impact on any of our export-oriented sectors, agriculture, automotive industry and other manufacturers, will also have labour market consequences, especially, as the sectors face the biggest disruption. Handling this matter poorly will affect the livelihoods of many people who are employed in the relevant companies and sectors.

So, we wanted to make this... In conclusion, we reiterate that South Africa supports a rules-based system which is applied constantly. What do we mean by that, a rules-based international order which is applied constantly? If we talk about violation of the integrity of Ukraine and the lives of the Ukrainian people, consistently, we must also simultaneously agree that the integrity of Palestine is equally, and also the lives of the Palestinians are equal to those of Ukraine. You can’t say that one rule applies to others and not to others. So, we wanted to state that properly, this afternoon.

Let me still on a lighter note, hon ... on the Venda pension. The three people who appear on the Venda pension have been to court. The first category, mind you, that pension was administered by Sanlam. There are people who refuse to leave Sanlam completely, and those people are still comfortable.

There are those who transferred to the Government Employees Pension Fund, GEPF. They are happy. There is a third category which says today, because they’ve lost a case in court that, they were misled or not properly advised because they withdrew their pension. That is the third category which at the moment has been approved.

Let me also outline that, most of the talk that we have, you know, like hon Mabiletsa was asking people to give us solutions because I’m doing something wrong here. You are not going to find solutions because, people are not dealing with the substantive issues that we are talking about. We are dealing with campaigning, and that makes the debate not to be robust and effective as we should have because, people don’t read facts. For that reason, if you are not taken from the same fact base, you cannot agree.

For an example, people did not read the conditions we have set up for Eskom, we have not said that Eskom cannot do the maintenance. Not at all. In fact, it’s a condition that one of the things they need to do is maintenance. People have not even read the annexure. Now, it becomes difficult because, we are not debating from the same fact base. We as the government agreed that we are going to take a transition towards a low carbon economy, but at a pace and path which is in line with the current conditions that the South African economy is facing. That is the preoccupation of the South African government.

Now, preoccupation of the South African government now is power to the grid. All else is secondary. That is the preoccupation, is to get power to the grid, by all means, necessary. It is quite important to state that. It is also quite important to say, I have been asking in every debate, hon George raises the fuel price or the fuel levy, and throughout these debates I have been saying, hon George, do us a favour, if you reduce this revenue, on the same side of the other equation, you’ve got to see what are you going to cut, or alternatively, what taxes would you want to impose in order to do that?

I mean, the loose thing that people do, you know the Earl fans in the UK, the conservatives, lost a government in 48 days because, they took those miscalculated decisions of saying that they are going to cut the expenditure, and that they are going to cut taxes. However, the expenditure remains high. The markets have punished them. They have punished the conservatives, hence, their government collapsed in 48 days.

So, those are the current crisis. When you make those decisions, you are making choices. I suspect that, for these arguments, the poor are used ... [Interjections.]

The CHAIRPERSON (Ms T M Joemat-Pettersson): Hon members, order, please.

The MINISTER OF FINANCE: The poor are used as a proxy, as if this debate is intended to protect the poor, other than to protect business interest that we want for the fuel price to go down. So, you’ve got to look into these debates an unravel what is behind these debates. We have said, I don’t know why in every debate we’ve got to say it, we have said in the Medium-Term Budget Policy Statement, MTBPS, what we will be doing about the issue of the Social Relief of Distress, SRD, Grant.

About the Social Relief of Distress Grant, we said that we are debating as the government, whether we are going to continue with it or, we will develop a new grant in the meantime.

Therefore, we have not to mislead the public. We have an unallocated reserve equivalent to the value of the social grant, as we speak. Should any crisis arise, we will not adhere to anything, there is nothing that is stopping us from continuing with the Social Relief of Distress Grant.

So, what we are getting as a lecture in every of these meetings in these debates? The solution to the South African problems is the panacea court to remove the Ruling Party. Let me just tell you the following: South Africans are aware, that none of the political parties on my left here, have got capacity to run this country on a national basis. The South Africans are aware that you guys cannot run this country on a national basis, then it still has stability. Not at all. The only party that has got a capability to run this country on a national basis, and we still have national cohesion, is the ANC.

The South Africans are alive to that debate, and precisely because of being conscious to that, all of you would be surprised and complain that the elections have been rigged when you lose because, every day you are telling yourselves a lie that you are going to win. You are also developing moon suits in the hope that you are going to win. When you lose those elections, you are going to call foul, and say that the elections have been rigged. I want to make this point because

... [Interjections.]

The CHAIRPERSON (Ms T M Joemat-Pettersson): Hon members, you will be mentioned by name. Hon members, order, please.

The MINISTER OF FINANCE: I think that this debate needs to be confronted head-on. We need to respond. We are not going to sit on those tables and be meek, and not tell you the truth about what you deserve. You can’t run this country on a national basis, and then you still have national cohesion. Not all of you. So, it is high time that we tell you that fundamental truth. Another fundamental truth is, ... [Interjections.] ... come the elections in 2024, the biggest party will still be the ANC. That’s another fundamental truth.

Even in your own salvage, even if there will be no majority party, of which I think there will be. Even if there will be no majority party, the big party that will form the government is the ANC. Don’t dream about all of these things, just focus on how you can help and criticise constructively on how to build this economy. That’s what you should be focussing on.

Bye-bye, I told you what you deserved to be told, bye-bye.

The CHAIRPERSON (Ms T M Joemat- Pettersson): Thank you very much, hon Minister.

Debate concluded.

The mini-plenary session rose at 18:02.