

THURSDAY, 31 JULY 2014

PROCEEDINGS OF THE NATIONAL COUNCIL OF PROVINCES

The Council met at 14:04.

The House Chairperson (Mr A J Nyambi) took the Chair and requested members to observe a moment of silence for prayers or meditation.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS - see col 000.

NO NOTICES OF MOTION AND MOTIONS WITHOUT NOTICE

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon members, I have been informed that the Whippery have agreed that there will be no Notices of Motion and Motions without Notice.

SUSPENSION OF RULE 239(1)

(Draft Resolution)

The CHIEF WHIP OF THE NCOP: Hon House Chair, I move:

That Rule 239(1), which provides *inter alia* that the consideration of a Bill may not commence before at least three working days have lapsed since the committee's report was tabled, be suspended for the purposes of the consideration of the Appropriation Bill, [B 4 - 2014] (National Assembly - sec 77).

Question put: That the motion be agreed to.

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

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

**IMPLEMENTATION OF CODE OF ETHICAL CONDUCT AND DISCLOSURE OF MEMBERS'
INTEREST FOR ASSEMBLY AND PERMANENT COUNCIL MEMBERS**

(Draft Resolution)

The CHIEF WHIP OF THE NCOP: Hon House Chair, I move:

That the Code of Ethical Conduct and Disclosure of Members' Interest for Assembly and Permanent Council Members, adopted by the House on 26 March 2014, should be implemented on 1 November 2014.

Question put: That the motion be agreed to.

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

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

**CONSIDERATION OF REPORT OF JOINT RULES COMMITTEE - FIRST REPORT OF
2014 OF THE JOINT RULES COMMITTEE OF THE 5TH PARLIAMENT**

Question put: That the Report be adopted.

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

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

**CONSIDERATION OF REPORT OF JOINT COMMITTEE ON ETHICS AND MEMBERS'
INTERESTS**

Question put: That the Report be adopted.

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

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

**CONSIDERATION OF REPORT OF SELECT COMMITTEE ON CO-OPERATIVE
GOVERNANCE AND TRADITIONAL AFFAIRS - INTERVENTION IN TERMS OF
SECTION 139(1) (B) OF THE CONSTITUTION: MADIBENG LOCAL MUNICIPALITY**

The HOUSE CHAIRPERSON (Mr A J Nyambi): I call upon the secretary of the Select Committee on Co-operative Governance and Traditional Affairs, hon chairperson Mohapi.

Ms E C VAN LINGEN: Chair, I think it was just a slip of the tongue but you were calling on the secretary of the committee. Surely it is the chairperson of the committee who should make this statement?

The HOUSE CHAIRPERSON (Mr A J Nyambi): Thanks for that correction. Clearly it is still early - you are very attentive. I am calling the chairperson of the select committee, the hon Mohapi.

Mr J P PARKIES: Chairperson, may I humbly request that we go on to the next report because the chairperson of the committee was not well this morning. Perhaps he is still on his way to the House. He was here at the office in the morning.

The HOUSE CHAIRPERSON (Mr A J Nyambi): All right, let the Secretary read the Fourth and Fifth Orders of the day.

ADJUSTMENTS APPROPRIATION BILL

(Consideration of Votes and Schedule)

APPROPRIATION BILL

(Consideration of Bill and of Report of Select Committee thereon)

Mr S J MOHAI: Hon House Chair, Madam Chair of the NCOP and hon members, the Bill was tabled during the Fourth Parliament at the time of the Budget Speech of the Minister of Finance on 26 February 2014.

As part of the preparations for the consideration of the Bill, the Fourth Parliament had already adopted the Fiscal Framework and the Division of Revenue Bill. The fiscal policy adopted is guided by the principle of counter-cyclical, debt sustainability and intergenerational fairness. However, the Bill lapsed on the last day of the sitting of the National Assembly, prior to the 2014 national elections. The National Assembly revived the Bill on 18 June 2014, passed it without any amendments and referred it to the NCOP for consideration. After the Bill was referred to the committee, the committee had a briefing with National Treasury, and thereafter considered the Bill. Although this is a section 77 Bill, it is a Bill of particular interest to the NCOP since, among other things,

it appropriates funds for the functional areas of national and provincial spheres of government that run concurrently.

The Bill is presented at a time when the economic outlook, for both the Reserve Bank and International Monetary Fund, is focused at a 1,7% average growth for the year. This is still below its potential, although on average there is a focus for positive economic growth. The situation is much better if we compare it to the pre-1994 era, when the gross domestic product's average growth was 1,4%, with an average inflation rate of 14,3% for the period from 1980 to 1994.

Over the past 20 years, the situation was as follows. During the period from 1994 to 2007, the GDP's average growth was at 3,6% while the average inflation rate was at 6,3%. For the 2007 to 2013 period, the GDP's average growth was at 2,2%, while the average inflation rate was 6,6%. Despite the recent global financial crisis, the GDP per capita showed a steady increase, from U\$5 594,1 in 2010 to U\$5 916,4 in 2014.

The South African economy has also been transformed from a mere U\$80 billion economy to an over \$350 billion economy and this was accompanied by prudent monetary and fiscal policy.

Despite the strides made over the past 20 years, the country still faces the triple challenge of unemployment, poverty and inequality. The presentation of the Bill will instill much-needed hope and also

stimulate economic growth to reach its potential. The total appropriation in terms of the Bill amounts to R635,4 billion for the financial year and this excludes direct charges such as the provincial equitable share and debt costs. This is a 7,9% increase in nominal terms and an almost 2% increase in real terms. The Bill provides for increased infrastructure investment of R116,7 billion for the current financial year and increases to R847,3 billion over the next three years. This investment has the potential to support long-term growth, development and job creation.

The increase in social spending will minimise the negative impact of the triple challenge because the number of social grant recipients will grow to 16,5 million. The antiretroviral programme will expand by R500 000 over the year and the UIF benefits payment will be extended from 238 days to 365 days. In order for the appropriated funds to touch the lives of ordinary people, there is the need for the efficient, effective and economic spending of the funds, as well as the need for the intergovernmental system to work as prescribed in the Constitution.

For this reason, the committee is combat-ready to exercise its oversight to ensure that the intergovernmental relations system operates like seamless machinery characterised by synergy and collaboration. The committee will, in its endeavour to ensure efficient, effective and economical spending of the appropriated

funds, also solicit the support and collaboration of all relevant stakeholders.

We are indeed convinced that the fiscal policy is congruent with the tenets of the radical economic transformation agenda we are pursuing. However, we admit that it is not enough to merely have a fiscal policy that is predicated on stabilisation and budget-balancing measures. More so, our fiscal policy is aligned with the National Development Plan and the New Growth Path, and it actively supports economic growth by lending support to building new industries.

This is of course intended to expand production and create jobs on a larger scale. We hold the firm view that we are on course to deal head-on with the deep-seated structural faults in our economy, which, we believe, is a necessary catalyst for real economic transformation.

In conclusion, we recommend that the 2014 Appropriation Bill be adopted without any amendments. Thank you. [Applause.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): I shall now put the Votes in the order in which they appear on the Schedule to the Bill. Before I do so, I would like to remind members that, when voting, the doors will be closed.

Vote No 1 - The Presidency - put.

Ms E C VAN LINGEN: Chairperson, are we going to make this voting process official? Are we going to vote with our electronic systems, or stand up and vote, or by way of ayes and noes? It should not just blow away in wind because this is quite serious.

The HOUSE CHAIRPERSON (Mr A J Nyambi): If we are vote and the system is efficient, you will be voting from where you are seated. However, should there be an objection, then you must alert me so that I can note the party that is objecting.

Ms E C VAN LINGEN: In terms of Vote 1, the DA wishes to record an objection.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 2 - Parliament - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 3 - Co-operative Governance and Traditional Affairs - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote 4 - Home Affairs - put.

Division demanded.

The DEPUTY CHAIRPERSON OF THE NCOP (Mr R J Tau): Chairperson, I want to make a proposal as far as the division is concerned. Since we will obviously be counting, and as we divide the House, those who are for should go to a specific area, those who are against should remain in a specific area and those who abstain should sit in a specific area. If this is agreed to, we should remain in those positions until we are done with the entire schedule, so that we do not move to and from our places. That is my proposal, Chair.

The HOUSE CHAIRPERSON (Mr A J Nyambi): I do not think that will be much of a problem. It was, however, brought to my attention that the system was efficient, but that is going to make it easier.

Ms E C VAN LINGEN: Chair, we must be absolutely sure that no one is voting electronically. [Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): No, we are not going to do the electronic vote. We will do manual counting.

The Council divided.

AYES - 31: De Beer, C J; Dlamini, L C; Khawula, M; Makue, E R; Mampuru, T K; Manopole, G M; Mateme, H E; Mhlanga, M T; Mlambo, E M; Modise, T R; Mohai, S J; Mohapi, M J; Motara, T; Motlashuping, T C; Mququ, P C; Mthimunye, S G; Nthebe, B G; Nzimande, L P M; Parkies, J P; Rayi, M; Sefako, O; Singh, A S; Stock, D; Suka, L; Tau, R J; Thebe, B; Thobejane, S G; Tlake, M F; Wana, T; Ximbi, D L; Zwane L L.

NOES - 12: Chetty, M; Faber, W F; Groenewald, H B; Julius, J W W; Labuschagne, C; Londt, J J; Masango, B S; Michalakis, G; Mpambo-Sibhukwana, T G; Smit, C F B; Van Lingen, E C; Von Brandis, E J.

ABSTAIN - 3: Mathys, L; Mokoena, L G; Mtileni, V E.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 5 - International Relations and Co-operation - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote No 6 - Performance Monitoring and Evaluation - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 7 - Public Works - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 8 - Women, Children and People with Disabilities - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 9 - Government Communications and Information System - put.

Vote agreed to (Democratic Alliance, Economic Freedom Fighters and Inkatha Freedom Party dissenting).

Vote No 10 - National Treasury - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 11 - Public Enterprises - put.

The DEPUTY CHAIRPERSON OF THE NCOP (Mr R J Tau): Chair, I do not know whether it would be procedurally correct to say that since the DA and the EFF are not recording their objections and you are

expressing what you see on paper, they are therefore agreeing with the ANC.

The HOUSE CHAIRPERSON (Mr A J Nyambi): No, I am calling on them to do it. I thought they were ...

The DEPUTY CHAIRPERSON OF THE NCOP (Mr R J Tau): Do not remind them. If they are quiet, then they agree with us. [Interjections.]

Mr V E MTILENI: Chair, this is just to remind the hon Tau that we have already registered our objection to all the Budget Votes. We need not waste your time. Do not call on us, we are objecting to everything.

The HOUSE CHAIRPERSON (Mr A J Nyambi): There is nothing wrong with what the hon Tau was saying. For record purposes, it is correct to have your voice. We are noting the objection of the DA and EFF.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 12 - Public Service and Administration - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 13 - Statistics South Africa - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote No 14 - Arts and Culture - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote No 15 - Basic Education - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Mr M CHETTY: Chair, may I rise on a point of clarity?

The HOUSE CHAIRPERSON (Mr A J Nyambi): Yes.

Mr M CHETTY: Chair, I just heard you say that the EFF objects to everything. My question is about Vote 4: They said they abstain. Just for purposes of clarity...

The HOUSE CHAIRPERSON (Mr A J Nyambi): No, I never said everything.

Mr M CHETTY: The EFF said so. Sorry, Chair, the point I need clarity on is that the hon member from the EFF said they are objecting to everything. My point of clarity is that on Vote 4 they said they abstain. So I just want to find out whether ...

The HOUSE CHAIRPERSON (Mr A J Nyambi): That is why we gave them an opportunity and, when we did so, they were very clear that they are abstaining. So, we are done with that one. Let us not even go back to that one. We are on Vote 15 now.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 16 - Health - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote No 17 - Higher Education and Training - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 18 - Labour - put.

Division demanded.

The Council divided.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Order! Hon Mokoena, please clarify your position.

Mr L G MOKOENA: Chair, perhaps, there was a misunderstanding on our part. [Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Order, members!

Mr L G MOKOENA: Can we have some order in this Council, please?
[Laughter.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Mokoena, I am doing exactly that!

Mr L G MOKOENA: Hon Chair, we were abstaining from the madness of a division, but we object to each and every one of these Appropriation Bills. Thank you very much.

The HOUSE CHAIRPERSON (Mr A J Nyambi): No, they have now called for a division. So, because they have called for a division, you are either abstaining or voting against or voting in favour. Please, clarify your position for us because we want to proceed with counting.

Mr L G MOKOENA: I was clarifying the issue by saying that on each and every Vote, we object, meaning that we are against them all.

The CHIEF WHIP OF THE NCOP: Chair, I rise on a point of order. Is it parliamentary to say "the madness of a division"? I have seen no madness here.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Chief Whip, I do not even want to say that I will go and refer to whatever. Hon Mokoena, please withdraw that part.

Mr L G MOKOENA: Chair, I withdraw.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Thank you. Let me be clear: In this process, you pronounce yourself. An objection is a separate matter and that is clear. You are either in favour, or against, or you abstain. We are now counting. Please indicate to us whether you are voting with those who are against or voting in favour or abstaining.

The DEPUTY CHAIRPERSON OF THE NCOP (Mr R J Tau): Perhaps to assist with the process I should say that there is no vote that is referred to as "everything". There is no such vote. They must pronounce on each and every Vote.

AYES - 31: De Beer, C J; Dlamini, L C; Khawula, M; Makue, E R; Mampuru, T K; Manopole, G M; Mateme, H E; Mhlanga, M T; Mlambo, E M; Modise, T R; Mohai, S J; Mohapi, M J; Motara, T; Motlashuping, T C; Mququ, P C; Mthimunye, S G; Nthebe, B G; Nzimande, L P M; Parkies, J

P; Rayi, M; Sefako, O; Singh, A S; Stock, D; Suka, L; Tau, R J; Thebe, B; Thobejane, S G; Tlake, M F; Wana, T; Ximbi, D L; Zwane L L.

NOES - 15: Chetty, M; Faber, W F; Groenewald, H B; Julius, J W W; Labuschagne, C; Londt, J J; Masango, B S; Mathys, L; Michalakis, G; Mokoena, L G; Mpambo-Sibhukwana, T G; Smit, C F B; Mtileni, V E; Van Lingen, E C; Von Brandis, E J.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Order! We are now on Vote 18. Please assist the Table. [Interjections.]

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 19 - Social Development - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 20 - Sport and Recreation South Africa - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 21 - Correctional Services - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote No 22 - Defence and Military Veterans - put.

Division demanded.

The Council divided.

AYES - 31: De Beer, C J; Dlamini, L C; Khawula, M; Makue, E R; Mampuru, T K; Manopole, G M; Mateme, H E; Mhlanga, M T; Mlambo, E M; Modise, T R; Mohai, S J; Mohapi, M J; Motara, T; Motlashuping, T C; Mququ, P C; Mthimunye, S G; Nthebe, B G; Nzimande, L P M; Parkies, J P; Rayi, M; Sefako, O; Singh, A S; Stock, D; Suka, L; Tau, R J; Thebe, B; Thobejane, S G; Tlake, M F; Wana, T; Ximbi, D L; Zwane L L.

NOES - 15: Chetty, M; Faber, W F; Groenewald, H B; Julius, J W W; Labuschagne, C; Londt, J J; Masango, B S; Mathys, L; Michalakis, G; Mokoena, L G; Mpambo-Sibhukwana, T G; Smit, C F B; Mtileni, V E; Van Lingen, E C; Von Brandis, E J.

Ms E C VAN LINGEN: Chairperson, on Vote No 22, where we have just called for a division, I see the IFP is also objecting to the Vote.

[Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): No! No! No, hon members!

[Interjections.] Hon members, no! I am still in charge.

Hon members, what we have in front of us is guiding us. We are now in a practical process. If ever the IFP or the EFF wanted to ... You have seen now that the EFF was against - they were abstaining. So, let us allow the EFF to speak for themselves. Let us not speak on their behalf. [Interjections.] Yes, member from the IFP?

Mr M KHAWULA: Chairperson, the IFP objects to Vote No 22.

The HOUSE CHAIRPERSON (Mr A J Nyambi): But ... we have noted the objection. Are you voting in favour or against?

Mr M KHAWULA: Chairperson, I thought you had separated the blocks ... [Interjections.] ... and you did not have to ask me.

[Interjections.] [Laughter.]

Ms E C VAN LINGEN: Chairperson ... [Interjections.] ... Chairperson ... [Interjections.] ... Chairperson, on a point of order: The hon member said he was objecting. Then you cross-questioned him: You said that he had objected but you asked if he was voting in favour or against and he said he objected. That means he is objecting! [Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Thank you. Let me appeal to all of you. When we started, I indicated that we were going to minimise this matter of you addressing me. What I would appreciate is that when you rise, it should be on a point of order. We can deal with that. The arrangement now is that people on this side are voting in favour; on that side are the people who are voting against. Whenever a person is on this side but then feels that he has to go to that side, then they will do that, so that we can count properly. We have the results now.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 23 - Independent Police Investigative Directorate - put.

Vote agreed to (Economic Freedom Fighters and Inkatha Freedom Party dissenting).

Vote No 24 - Justice and Constitutional Development - put.

Vote agreed to. (Economic Freedom Fighters dissenting).

Vote No 25 - Police - put.

Division demanded.

The Council divided.

AYES - 31: De Beer, C J; Dlamini, L C; Khawula, M; Makue, E R; Mampuru, T K; Manopole, G M; Mateme, H E; Mhlanga, M T; Mlambo, E M; Modise, T R; Mohai, S J; Mohapi, M J; Motara, T; Motlashuping, T C; Mququ, P C; Mthimunye, S G; Nthebe, B G; Nzimande, L P M; Parkies, J P; Rayi, M; Sefako, O; Singh, A S; Stock, D; Suka, L; Tau, R J; Thebe, B; Thobejane, S G; Tlake, M F; Wana, T; Ximbi, D L; Zwane L L.

NOES - 15: Chetty, M; Faber, W F; Groenewald, H B; Julius, J W W; Labuschagne, C; Londt, J J; Masango, B S; Mathys, L; Michalakis, G; Mokoena, L G; Mpambo-Sibhukwana, T G; Smit, C F B; Mtileni, V E; Van Lingen, E C; Von Brandis, E J.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 26 - Agriculture, Forestry and Fisheries - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 27 - Communications - put.

Vote agreed to (Democratic Alliance, Economic Freedom Fighters and Inkatha Freedom Party dissenting).

Vote No 28 - Economic Development - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 29 - Energy - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote No 30 - Environmental Affairs - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 31 - Human Settlements - put.

Vote agreed to (Economic Freedom Fighters and Inkatha Freedom Party dissenting).

Vote No 32 - Mineral Resources - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 33 - Rural Development and Land Reform - put.

Division demanded.

The Council divided.

AYES - 31: De Beer, C J; Dlamini, L C; Khawula, M; Makue, E R;
Mampururu, T K; Manopole, G M; Mateme, H E; Mhlanga, M T; Mlambo, E M;
Modise, T R; Mohai, S J; Mohapi, M J; Motara, T; Motlashuping, T C;
Mququ, P C; Mthimunye, S G; Nthebe, B G; Nzimande, L P M; Parkies, J
P; Rayi, M; Sefako, O; Singh, A S; Stock, D; Suka, L; Tau, R J;
Thebe, B; Thobejane, S G; Tlake, M F; Wana, T; Ximbi, D L; Zwane L
L.

NOES - 15: Chetty, M; Faber, W F; Groenewald, H B; Julius, J W W;
Labuschagne, C; Londt, J J; Masango, B S; Mathys, L; Michalakis, G;
Mokoena, L G; Mpambo-Sibhukwana, T G; Smit, C F B; Mtileni, V E; Van
Lingen, E C; Von Brandis, E J.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters
dissenting).

Vote No 34 - Science and Technology - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote No 35 - Tourism - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Vote No 36 - Trade and Industry - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 37 - Transport - put.

Vote agreed to (Democratic Alliance and Economic Freedom Fighters dissenting).

Vote No 38 - Water Affairs - put.

Vote agreed to (Economic Freedom Fighters dissenting).

Schedule put and agreed to.

Debate concluded.

Declarations of vote:

Mr E J VON BRANDIS: Hon Chairperson, we stand at the dawn of an approved Appropriation Bill for national departments and entities.

We recognise the difficulties that the Minister is facing in an economy that is not growing fast enough to provide the jobs we need to address our unemployment crisis, especially for the youth. The truth today in South Africa is that our progress has stalled, and the reality is that South Africa faces weak economic growth, with the economy contracting in the first quarter. Economic growth this year is likely to be well below 2%. These factors result in a South African economy face stagflation as we struggle with persistent high inflation and low economic growth.

The twin deficits on the current and budget accounts have parachuted South Africa into a very fragile corner. This also influenced the value of the rand, which further depreciated by more than 30% against global currencies over the past 18 months. Further, strikes, the rising inflation and lower commodity prices in dollar terms are also factors that weigh heavily on investor confidence.

The DA is extremely concerned about the escalation of our debt levels, with debt service costs being the fastest-growing expenditure item, crowding out other necessary spending. The DA is also concerned that Treasury has not paid enough attention to the effective management of our public funds by the many departments and public entities. According to the Auditor-General, 41% of departments underspent on their capital budgets and 9% on their conditional grants.

Treasury oversight needs to address the significant leakage from the public purse, with consequences for maladministration and corrupt activities. In the 2013-14 financial year, national departments and entities spent R2 133 million through fruitless and wasteful expenditure. We hope that the Minister will give his serious attention to these issues. The DA cannot support this Budget. I thank you. [Applause.]

Mr S J MOHAI: Chair, there is no doubt that there is a fundamental difference between the ANC and the DA with regard to taking South Africa forward. The DA is a formation that is antitransformative and that wants to reject a set of policies that seeks to materially change the conditions of our people's lives.

The ANC is very proud of the hard policy choices that we make and continue to make, that have sustained the resistance of our economy, and that places South Africa as one of the leading countries amongst developing countries. In these choices, we refuse to pander to slogans that appeal to populist sentiments without evidence of sustainability. As the ANC, we will not subject ourselves to the whims of the markets without positioning the interests of our people at the heart of our policies.

The National Development Plan is a consolidation of long-term plans in South Africa and one of the most important things that it introduces is discipline of action. We do, however, acknowledge that

20 years of democracy has placed us in a better position to qualitatively lead the struggle for social transformation to greater heights and to ensure that the conditions of our people's lives change for the better.

What the DA, among others, attempted to do in this House, was to reduce the interpretation of the New Growth Path to something neutral; something that does not seek to alter the structural line of the economy. As the ANC, we reject that notion. We know what we want and what we are doing. So, when we say that this Budget injects and plants the seed for productive investment in the economy, we do so knowing the success of the automobile industry in the Eastern Cape. It is no longer just assembly plants, but it is a production site now and it has increased levels of employment. Ours is an economy that is based on productive investment; it is not a case of managing what we have as if it were God-given.

The Western Cape was built through the sweat and blood of the majority of our people who work under conditions of exploitation. This Budget is an instrument to change the lives of the people of South Africa for the better. Thank you. [Applause.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Those are the only two parties that indicated that they wanted to make declarations of vote. We will now proceed to the voting. Yes, hon Khawula?

Mr M KHAWULA: Chairperson, I was not aware that I was supposed to declare this upfront. Can I indicate my intention to say something now? [Interjections.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): You cannot be suppressed but there was no prior indication that you intended to make a declaration of vote. That is why it is like this.

Question put: That the Bill be agreed to.

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

**CONSIDERATION OF REPORT OF SELECT COMMITTEE ON CO-OPERATIVE
GOVERNANCE AND TRADITIONAL AFFAIRS - INTERVENTION IN TERMS OF
SECTION 139(1)(b) OF THE CONSTITUTION: MADIBENG LOCAL MUNICIPALITY**

Mr M J MOHAPI: Chair, allow me to apologise for the delay upfront. I had to attend to problems with my voice.

Chair, Chief Whip, Deputy Chairperson of the NCOP, and House Chair, allow me to indicate right at the start that the report to be presented has been unanimously agreed upon by the select committee.

Without wasting any time, allow me to indicate that we looked at the issue of intervention as a measure that needed to assist

municipalities. I must indicate that there have been numerous interventions in the Madibeng Local Municipality. The first intervention occurred in 2009, followed by a second intervention. The one that we are referring to today is the third intervention.

What triggered the third intervention was the notice of the MEC relating to the following issues identified by the provincial executive committee, which called for intervention in the affairs of the Madibeng Local Municipality: firstly, failure by the political leadership of the municipality to provide leadership and failure to take ownership of the irregularities in the administration; secondly, failure, since June 2013, by council to implement the recommendations of the ministerial task team report, which included taking disciplinary action against the implicated officials and councillors; thirdly, the deteriorating situation in the municipality, which the MEC observed and which resulted in the unfortunate deaths of four members of the Madibeng community during a service delivery protest.

I must indicate that the current notice of intervention is the third in a series and, when it was initiated, it was met with resistance, which prompted the Department of Co-operative Governance and Traditional Affairs to intervene. The Minister then appointed a task team to investigate the matters that had prompted the North West provincial government to consider placing the municipality under section 139(1) (b) of the Constitution.

The Minister then requested the team to establish the facts on key issues that served as terms of reference. The provincial government then deferred the implementation of the intervention in terms of section 139(1)(b) of the Constitution to allow the Minister to consider the outcomes of the task team investigation.

On 5 February 2014, during a special meeting of the North West Provincial Executive Council, it was resolved that section 139(1)(b) of the Constitution will be invoked. This third intervention was effected immediately on 5 February for a minimum period of six to 12 months.

In terms of section 139 of the Constitution, when a municipality cannot or does not fulfil an executive obligation in terms of the Constitution or legislation, the relevant provincial executive committee may intervene by taking any appropriate steps to ensure the fulfilment of that obligation.

The Minister, after considering the request for the intervention, then disapproved the intervention on 7 March 2014, in terms of section 139(2)(b)(i) of the Constitution. The Minister was of the opinion that the challenges facing Madibeng could be addressed by providing support to the municipality in terms of section 154(1) of the Constitution.

On 12 February 2014, the NCOP referred the notice of intervention in Madibeng to the Select Committee on Co-operative Governance and Traditional Affairs for consideration and reporting in terms of Rule 101.

I must indicate that the principle behind intervention in terms of section 139(1)(b) of the Constitution is that it is a necessary measure when the municipality fails to govern. Intervention is also an aspect of intergovernmental relations and, as such, it must be exercised within the spirit of co-operative governance, as outlined in Chapter 3 of the Constitution.

It should be borne in mind that any decision to intervene in a municipality should be guided by the principle set out in section 139(1)(b) of the Constitution, which is that it is a measure of last resort. As such, it must be practiced with caution. Only if other measures to support and strengthen the capacity of the municipality were unsuccessful, can section 139(1)(b) of the Constitution then be invoked.

The approach and response of the Select Committee on Co-operative Governance and Traditional Affairs to the intervention has two distinct aspects. Firstly, we wanted to ensure that the intervention was constitutional, both in the sense that the necessary procedures were followed and that it was appropriate. In this case, substantive requirements or appropriateness is defined, particularly, in terms

of whether section 139(1)(b) of the Constitution was required. In other words, we want to know what circumstances were prevailing in the municipality at the time when the merits of intervention, in terms of section 139(1)(b) of the Constitution, were considered.

Secondly, in a situation where an intervention is appropriate, we look at whether it is described in terms of section 139(1) of the Constitution, as indicated above.

I must indicate, too, that procedural requirements refer to the intergovernmental checks and balances that the Constitution prescribes for this type of intervention, in that the Provincial Executive Committee must notify the following three organs of state: the Ministry, the provincial legislature and the NCOP.

The Minister has 28 days in which to disapprove the intervention after it has begun, or it will be considered approved by the end of that period. The NCOP, on the other hand, has 180 days to deal with the matter.

In this case, the Minister disapproved the intervention in Madibeng as stipulated in terms of section 139(2)(b)(i) of the Constitution. This disapproval of the intervention means that the municipal council resumes full responsibility.

The committee did observe the approach applied in dealing with Madibeng. The Minister opted to support and strengthen the capacity of the municipality in order for it to manage its own affairs, instead of assuming the executive obligation for the municipality. There has been secondment of staff from the provincial and National Treasury, the Municipal Infrastructure Support Agent, Misa, and also Rand Water to assist the municipality. This approach is consistent with the spirit of Chapter 3 of the Constitution.

In terms of the establishment of the ministerial task team, and upon analysing these challenges in Madibeng, the Minister, in consultation with the provincial executive, appointed the ministerial task team to conduct an investigation into whether the invocation of this section was warranted.

There is justification for the Minister leaning towards disapproval. Following the investigation by the ministerial task team, the Minister was not in agreement with the view that challenges in Madibeng necessitated a section 139(1)(b) intervention. The Minister's disagreement with the recommendation that the municipality be placed under administration is based on the following: firstly, although there are evident signs of poor administration and governance, the challenges could still be addressed by providing support to the municipality in terms of section 154(1) of the Constitution, instead of invoking section 139(1)(b) of the Constitution.

As a result, a ministerial task team was appointed to, amongst other things, develop a plan with the Department of Water Affairs and Rand Water to address the water crisis in Madibeng. The implementation of the ministerial task team report has commenced with the immediate precautionary suspension of the municipal manager, the chief operating officer and the acting corporate services manager.

Mr Tebogo Motlashuping from the Department of Co-operative Governance and Traditional Affairs was appointed as acting municipal manager in order to ensure that we enforce monitoring, supervision and the implementation of the recommendations of the task team. In addition to the current situation, the executive mayor, the Speaker and the Council - who have recently been replaced by the previous office bearers - have not had sufficient time in office to allow them to extricate the municipality from its problems.

In terms of the developments and progress made on the application of section 154 of the Constitution, the municipality has appointed Lourens Bezuidenhout Attorneys to investigate allegations of misconduct against the officials referred to.

On the issue of water services, there has been a restoration of water in Madibeng and an upgrade of the two main water treatment works in Brits and Schoemansville. In partnership with Lonmin mine, a study was undertaken of the water supply needs in the greater Lonmin community.

Regarding Eskom, the municipality has entered into a partnership with Eskom, the Magalies Water Board, and the Departments of Water and Environmental Affairs.

Regarding the Integrated Development Plan, IDP, the draft IDP review for the 2014-15 financial year was embarked upon in March 2014 through a consultative process with the community in that municipality.

There has been progress in respect of an action plan to address the 2012-13 Auditor-General findings.

On the issue of human settlements, it is estimated that the municipality has a backlog of 40 000 units. However, in collaboration with the department, there has been a programme for township establishment that yields over 2 000 serviced stands in that particular area.

The executive mayor of Madibeng, in collaboration with the MEC for Human Settlements and Public Safety and Liaison, has handed over 100 RDP houses at Motlaung Extension 2 and also 1 000 houses in Sunway township. The committee has observed that there is at least progress in that regard.

Based on the above, the Select Committee on Co-operative Governance and Traditional Affairs agreed that we should recommend the

following to the House: Firstly, we should take note of the report of the task team and support the termination of the intervention as stipulated in terms of section 139(2)(b)(i) of the Constitution.

Secondly, the Department of Co-operative Governance and Traditional Affairs should, through its task team, fast-track the process of the filling of vacant positions while the appointment of skilled personnel in Madibeng should be embarked upon.

Thirdly, we recommend that the Department of Co-operative Governance and Traditional Affairs regularly submits reports or quarterly progress reports to the NCOP for us to observe whether there is progress since the inception of the task team. We are also saying, as a committee, that we will be making follow-ups on the basis of the briefings and progress reports submitted to us.

Based on the above, we, as the committee, support that section 154 is more important for ensuring that Madibeng's stability is recognised. We are also saying that, in terms of the intervention from the Minister, we fully support it. We will also do our oversight as the committee. Thank you. [Applause.]

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Mohapi, I was worried that your voice would prevent you from concluding your speech. Fortunately, hon Van Lingen was very close, so maybe she was going to take it over and conclude on your behalf! [Laughter.]

Debate concluded.

Declarations of vote:

Ms C LABUSCHAGNE: Chairperson, with regard to the Third Order on today's Order Paper - the intervention in terms of section 139(1)(b) of the Constitution: Madibeng Local Municipality - I want to caution this House before it makes its decision to support the termination intervention that, first and foremost, there are two contradicting requests. The MEC wants to invoke section 139(1)(b) but the Minister does not. I want this House to be reminded that we serve at the will of our respective provinces, and we are each accountable to our province and not to Luthuli House, hence our very designation: the National Council of Provinces.

The allegations in Madibeng range from the failure to implement recommendations against senior managers, allegations of misconduct, maladministration, fraud and the misappropriation of municipal funds. Of further concern is that the service delivery protests triggered by the current state of local governance resulted in the death of four members of the local municipality. The financial implications are in excess of R300 million.

Again, as was indicated in the report from the Fourth Parliament, interventions are usually made far too late, when a municipality is already about to collapse. It takes considerable effort to put a municipality back onto a stable footing. However, if the

intervention had been made early, when the first signs of failure emerged, it could have reduced the harm to service delivery, be less costly and be more effective.

I therefore declare that this House supports the application by the MEC of the North West Province and concedes to invoking section 139(1)(b) of the Constitution. I thank you.

The CHIEF WHIP OF THE COUNCIL: Chairperson, I thought the issue alluded to a Minister vis-à-vis an MEC. I do not see the relevance of the reference to Luthuli House in what the hon member said. I would therefore leave this issue as an issue of government. I suggest that Luthuli House be expunged from the record.

The HOUSE CHAIRPERSON (Mr A J Nyambi): I will ascertain in which context the reference to Luthuli House was made. I will then make a ruling about it at a later stage.

Mr D STOCK: Chairperson, as the Northern Cape, we support the recommendations as outlined by the committee, and we support the intervention. Thank you.

Mr S G MTHIMUNYE: Chairperson, Mpumalanga agrees to the vote as tabled by the chair of the select committee.

Mr L P M NZIMANDE: Chairperson, the province of KwaZulu-Natal believes that it is part of the unitary state, and we believe that the intervention contains no contradiction. As KwaZulu-Natal, we reject the call by the Western Cape to undermine the Constitution. The report demonstrated the compliance by two spheres of government - the provincial and national sphere. There are no contradictions between the Minister and the MEC in terms of the matter of Madibeng. Instead, it demonstrates, as contained in the report, the intergovernmental relations. Therefore, we further reject the politicisation of the issue of Madibeng and the suffering of our people.

As we note, this is a continuous ploy by the DA to make sure that it sows division and causes confusion. The DA misleads our people on the ground by pretending to care for them, implying that they run the Western Cape better. This is in the face of our people who suffer materially and otherwise in the Western Cape. Therefore, we reject those tactics and we support the intervention.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Thank you, hon Nzimande. Let me remind hon members that we are now busy with declarations of vote by provinces. [Interjection.] What was the point, hon Van Lingen? We are dealing with provinces. It is provinces making declarations. We will come to the voting. So, we are done with the Western Cape. We are done with the Northern Cape. We are done with Mpumalanga and KwaZulu-Natal. Hon Van Lingen?

Ms E C VAN LINGEN: Chairperson, I will not speak on behalf of the Eastern Cape. We have a provincial Whip. I would like to raise a point of order in terms of our Chief Whip, who wants to change the declaration.

The HOUSE CHAIRPERSON (Mr A J Nyambi): No!

Ms E C VAN LINGEN: According to Rule 30, we have freedom of speech in this House.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Up to this point, no person has been suppressed. Let us continue. [Interjections.] It is the turn of the North West. Provinces are still making declarations. We will come to the voting. That will be the last part. Now it is the North West.

Mr B G NTHEBE: Chair, the North West is adequately persuaded by the report as presented by the chairperson of the select committee. We would therefore explicitly like to agree that there is a clear demonstration on the part of the select committee report that executive responsibility, as given to the local municipality, has been carried out accordingly and there has been the provision of services to the people. Therefore, we want to agree with the report. Thank you.

Ms T K MAMPURU: Mohl Modulasetulo, re le Limpopo re rata go amogela pego ka ge e beilwe ke modulasetulo wa komitikgetho. Thušo ga e thome lehono. Re le mmušo wo o eteletšwego pele ke ANC, re rata go bontšha DA gore re na le ponelopele ya go bona gore ... [Chairperson, as Limpopo, we want to support the report tabled by the chairperson of the select committee. As we said, intervention does not start today. As the ANC-led government, we want to show the DA that we have a vision and that ...]

... at the end of the day, we strive for quality service delivery.
Thank you.

Ms T MOTARA: Chairperson, we want to place it on record that if the ANC made presentations to the select committee, it would be very disturbing, but since the chairperson reflected on who made representations to the select committee, we are satisfied, as Gauteng, with the intervention.

Ms M F TLAKE: Chairperson, the Free State agrees to and supports the intervention. This shows that South Africa is not a federal state. It is integrated and, in this intervention, integration is clear. We do not know why those who live in a federal state refuse to support this. What is it that they want to see? Thank you.

The DEPUTY CHAIRPERSON OF THE NCOP (Mr R J Tau): Chairperson, I thought that I must use this privilege just for the purpose of recordkeeping. Is the Free State indicating that it supports the intervention or that it supports the report, as presented by the chairperson? We just have to be clear. If they support the report, as presented, this must be clear. [Interjections.]

Ms M F TLAKE: The Free State supports the report presented by the chairperson. [Interjections.]

Ms T WANA: Chairperson ...

Mr M CHETTY: Sorry ...

The HOUSE CHAIRPERSON (Mr A J Nyambi): Yes?

Mr M CHETTY: Chair, can we get the same clarity on the first province, which also supported the intervention? The very same clarity that the Deputy Chairperson has just asked for, I now seek from the first province, as well.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon members, we are busy with declarations. After declarations of vote, we will get to the voting part. We will vote on the report, and then that will be very clear. Let us get to the Eastern Cape.

Ms T WANA: Chairperson, as the Eastern Cape, we support the report by the chairperson of the committee. Secondly, the Western Cape must consider that it is has underspent in its municipality by R1 billion. We are not here to come and politicise issues that can be solved by the ANC. [Interjections.] The ANC has a better position on this. [Interjections.] Thank you.

Question put: That the Report be adopted.

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

AGAINST: Western Cape.

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

The HOUSE CHAIRPERSON (Mr A J Nyambi): Order! Hon members, on behalf of the Chair, Chief Whip and Deputy Chairperson, I would like to say that the past few weeks' programme has been really intense. Before I adjourn the House, I have to pass on the following sentiments from the Chair, the Deputy Chair and the Chief Whip: The good part about the level of commitment is that once a person is talking about it, your conscience is very clear. Each and every one of you, from the first day, has knew what you were doing. We highly commend your high level of commitment, staying until late. So that everyone has the

information, we would like to inform members that the leave period is from 4 to 11 August. The constituency period then runs from 12 to 18 August. That concludes the business of the day.

The Council adjourned at 15:34.

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

Please click on the following link to access the relevant Announcements, Tablings and Committee Reports for this day.

[https://www.parliament.gov.za/parliamentary-papers?sorts\[date\]=-1](https://www.parliament.gov.za/parliamentary-papers?sorts[date]=-1)