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insession

PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

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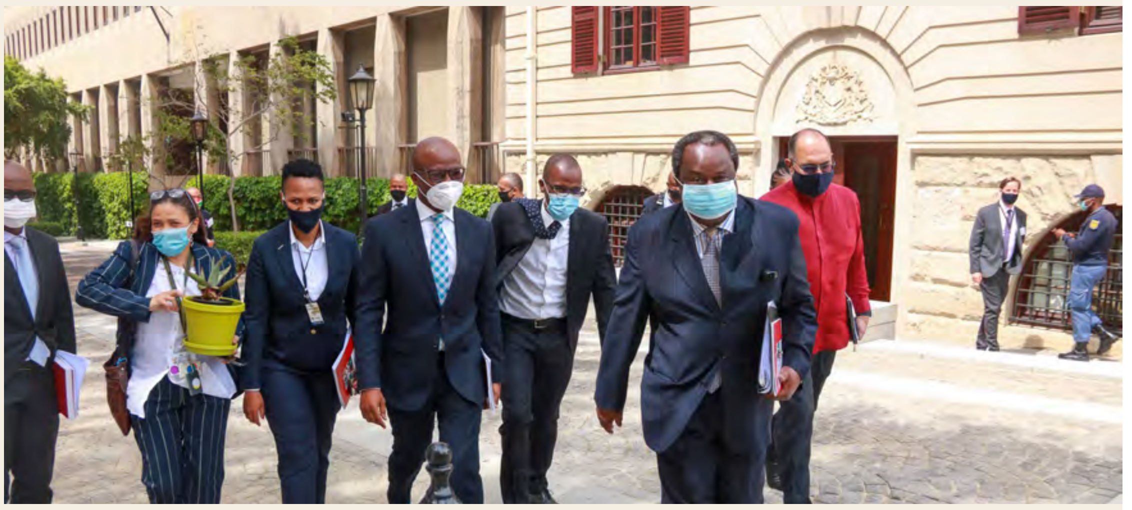
PARLIAMENT CALLS FOR COLLECTIVE EFFORT TO REBUILD THE ECONOMY POST COVID-19

We must rebuild our economy, rehabilitate our public finances and recover from the Covid-19 devastation

Mr Tito Mboweni



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

"WE MUST REBUILD OUR ECONOMY, REHABILITATE OUR PUBLIC FINANCES AND RECOVER FROM THE DEVASTATION WROUGHT UPON US BY COVID-19. THE TABLING OF THE ECONOMIC RECONSTRUCTION AND RECOVERY PLAN IS A MEANS TO THIS END."

- Mr Tito Mboweni

The South African economy must negotiate itself out of the binary of a budget deficit and the socio-economic effects of Covid-19, the Minister of Finance, Mr Tito Mboweni, told South African citizens and investors in the Medium Term Budget Speech (MTBS) he tabled before Parliament recently, ***writes Abel Mputing.***

"It's time to rebuild, like Mandela did in 1994," he proclaimed. Nelson Mandela inherited an apartheid economy that could not meet the expectations of a new South Africa, but he turned it into one of the most thriving economies in Africa. "Fiscally we are not unlike that in 1994. We must rebuild our economy, rehabilitate our public finances and recover from the devastation wrought upon us by Covid-19. The tabling of the economic reconstruction and recovery plan is a means to this end."

This plan is urgent and all of us should do everything in our power to implement it, he declared. The consensus-driven and action-oriented economic plan announced by President Cyril Ramaphosa gives a strategic direction to this newly found resolve. "It's mainly driven by the concern to avert our fiscal from turning into a sovereign debt crisis. This speech sets out active measures to avoid this risk and realise the ideals of the Economic Reconstruction and Recovery Plan," he said.

To foreground his assertion, he pointed out that this plan will be driven by "a consolidated government spending of R6.2 trillion over the 2021 Medium Term Expenditure Framework, of which R1.2 trillion goes to learning and culture, R978 billion to social development and R724 billion to health". South Africa has a growth forecast of 3.3% in 2021,1.7% in 2022 and 1.5% in 2023. Green shoots are emerging and "it looks like there will be a strong rebound in the next quarter".

Infrastructure and energy are at the heart of this economic optimism. Realising the significance of energy to the economy, he maintained that the way has been opened for the procurement of almost 12 000 MW of new electricity capacity to be provided by independent power producers to avert the effects of load shedding on the economy.

National Treasury is optimistic that the district development model will fast-track infrastructure and socio-economic development by leveraging and coordinating the infrastructure expenditure of the three spheres of governance. "The revised division of revenue for 2020/21 proposes allocations of R806.7 billion to national departments, R628.3 billion to provinces and R139.9 billion to local government, part of which will contribute to infrastructure investment," he said.

Cross-border trade flows have been identified as economic catalysts that need special attention. "Work is well advanced to modernise the cross-border flows management regime to support South Africa's growth as an investment and financial hub for Africa."

To give impetus to job creation, the President's employment initiative received well over R12.6 billion in this financial year. "We augmented the provincial equitable share by R7 billion to support jobs at fee-paying public schools and government-subsidised independent schools. R600 million goes to employ early childhood development and social workers. R2 billion is allocated to Working for Fire, Working for Water and Working for Forests."

According to Mr Mboweni, work is also underway to improve access to finance by small business entrepreneurs who have been most affected by lockdown regulations. "After extensive consultations between the Banking Association, the National Treasury and the South African Reserve Bank, work is underway to review the loan guarantee scheme to improve business take-ups and to boost business restart efforts."

Well aware that he is presiding over a budget haunted by fraud and corruption, the minister gave an account of how the R500 billion stimulus package was allocated. "It is not true that the R500 billion relief package has been entirely lost to corruption. As pointed out above, it is being used to cushion the impact of the pandemic."

Mr Mboweni cautioned that South Africa needs to curb borrowing to maintain its financial health. "Right now, government is borrowing at a rate of R2.1 billion per day. An untenable predicament. As such, there is urgency to ensure that South African taxes are spent on investment and service delivery mandates rather than on servicing debt."

He explained why countries that find themselves in default see sharp gross domestic product contractions and currency depreciations. "On current trends, more of our taxes are being transferred to bondholders, rather than to critical services for our people."

Part of the fiscal consolidation measures aimed at bringing about improved governance and strict budget management include the notion of zero budgeting. "We must discard those things that we no longer need to do and scale up those that are essential for progress."

Operation Vulindlela will be a critical coordination tool to unlock and fast-track the implementation of the structural economic reform agenda. "Deputy Minister David Masondo is leading this initiative, and a technical team headed by Dr Sean Phillips will draw on expertise and capacity from the public and private sectors. This will ensure that the implementation is well coordinated, sequenced and timeous."

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"ANY SLIPPAGE IN ARRESTING DEBT "WOULD LEAD TO 100 PER CENT MARK OF DEBT THAT WILL BE GREATER THAN THE COUNTRY'S GDP"

SA's debt could be greater than our GDP if we fail to tackle it – Mboweni

*After tabling the Medium-Term Budget Policy Statement (MTBPS) in Parliament, the Minister of Finance, Mr Tito Mboweni addressed a joint meeting of the Portfolio Committee on Finance, the Select Committee on Finance, the Standing Committee on Appropriations and the Select Committee on Appropriations, **writes Abel Mputing.***

During the engagement, Minister Mboweni proclaimed that the most important aspect of the preceding stakeholder engagement is the consensus achieved in the National Economic Development and Labour Council that it is necessary to stabilise the 95 per cent debt to gross domestic product (GDP) ratio.

Any slippage in arresting debt "would lead to 100 per cent mark of debt that will be greater than the country's GDP", he asserted. This is the moral of the fiscal framework that underpins the MTBPS, because "the debt servicing cost could crowd out government social welfare programmes".

The minister was at pains to explain to members of these committees that Treasury had to cut R10.5 billion from other departments to make the funds available to rescue South African Airways (SAA). Committee members asked the minister why the state continues to fund unprofitable state-owned entities. Mr Mboweni replied that the billions of rands going to SAA are not a bail out, but rather an attempt to make SAA a viable asset for investment. "If it were a bail out, more money would be needed to bring that to effect."

Asked by committee members about the possibility of future state funding for SAA, the minister refused to comment, stating that "when I made my comment in this regard in the past I have been told it's not my lane. I don't have an answer to that, because it's not my lane."

Discussing the MTBPS's contribution to alleviating financial distress brought about by Covid-19, committee members asked about national Treasury's ability to assist South Africans during future Covid-19-related lockdowns. The Director-General of National Treasury, Mr Dondo Mogajane, replied: "We are now better paced to deal with any lock measure in future than ever before."

However, this depends on stabilising public sector wages because tax revenue collection has contracted by 300%, according to Mr Mogajane. If expenditure on compensation can be curbed, Treasury "could experience R10 billion reduction in 2021/22 and outer years by R15 billion."

Asked by members of the committees if the current debt trajectory places South Africa in a developmental or survival state category, National Treasury representative, Mr Edgar Sishi, replied: "For the current fiscal anchors to work effectively, they must be supported by a credible set of policies rather than being addressed artificially. That would determine our country's developmental trajectory when it relates to its economic growth framework."

Mr Mboweni also cautioned that the economic reconstruction and recovery plan is not a government plan, but simply a means to unblock business activities. "We all know the major employer is the private sector. This is both a public and private sector plan. Yes, government will take part in implementing some of its milestones, but in the main this plan seeks to unlock the potential of the private sector, to also harness a coordination between public and private sector."

The Chairperson of the Portfolio Committee on Finance, Mr Joseph Maswanganyi, asked the National Treasury to present its debt management strategy to the committees in the near future. "If debt is not managed, it will crowd service delivery programme outside of our budget and that could create social unrest. We have to avoid that."

He also stated that the committees want details on how the new economic plan will be implemented. Lastly, he urged Treasury to fast-track the passing of the Public Procurement Bill that aims to curb expenditure, fraud and corruption and which has been in the works since 2017. "Now there's talk that it will reach Parliament by 2022. There is a lot of stakeholder interest in the Bill."

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strengthening cooperative government;
strengthening legislative capacity.

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R billion	2019/20 Outcome	2020/21 Revised[2]	2021/22 Medium-term estimates	2022/23	2023/24	Average annual growth 2020/21 - 2023/24
Learning and culture	**383,4**	**398,3**	**399,0**	**406,7**	**411,3**	**1,1%**
Basic education	261,1	267,8	267,8	272,0	274,5	0,8%
Post-school education and training	111,8	118,7	119,7	123,0	124,9	1,7%
Arts, culture, sport and recreation	10,5	11,8	11,5	11,8	11,9	0,2%
Health	**223,2**	**226,2**	**235,3**	**242,0**	**246,3**	**2,9%**
Peace and security	**212,8**	**216,8**	**210,7**	**213,3**	**214,5**	**-0,4%**
Defence and state security	50,8	52,0	47,2	47,7	48,1	-2,5%
Police services	104,3	104,8	105,3	106,1	106,4	0,5%
Law courts and prisons	47,7	49,5	49,1	49,7	50,0	0,3%
Home affairs	10,0	10,5	9,1	9,9	10,0	-1,7%
Community development	**197,0**	**208,2**	**221,1**	**232,2**	**236,4**	**4,3%**
Economic development	**196,7**	**211,3**	**224,7**	**236,3**	**242,0**	**4,6%**
Industrialisation and exports	37,2	38,6	41,5	41,5	42,3	3,1%
Agriculture and rural development	28,8	29,1	28,2	28,7	28,9	-0,2%
Job creation and labour affairs	21,4	23,1	24,3	25,3	25,6	3,4%
Economic regulation and infrastructure	92,8	103,9	113,7	123,3	127,3	7,0%
Innovation, science and technology	16,5	16,6	17,0	17,5	17,8	2,4%
General public services	**66,2**	**69,8**	**71,0**	**70,4**	**71,2**	**0,6%**
Executive and legislative organs	15,2	15,2	14,6	14,9	15,0	-0,3%
Public administration and fiscal affairs	43,5	46,6	48,4	47,2	47,8	0,9%
External affairs	7,5	8,1	8,0	8,2	8,3	0,9%
Social development	**298,7**	**315,4**	**312,2**	**329,9**	**335,7**	**2,1%**
Social protection	221,7	227,3	228,4	241,0	242,8	2,2%
Social security funds	77,0	88,0	83,7	88,9	92,9	1,8%
Payments for financial assets	**66,0**	**86,5**	**42,9**	**26,2**	**23,7**	**- 0**
Allocated by function	**1 644,0**	**1 732,6**	**1 716,7**	**1 757,0**	**1 781,0**	**0,9%**
Debt-service costs	204,8	225,9	271,8	317,6	353,1	16,1%
Contingency reserve	- 0	- 0	5,0	5,0	5,0	**- 0**
Consolidated expenditure	**1 848,8**	**1 958,4**	**1 993,5**	**2 079,6**	**2 139,2**	**3,0%**
Consolidated expenditure including June 2020 budget adjustments	**1 848,8**	**2 037,8**	**1 993,5**	**2 079,6**	**2 139,2**	**1,6%**

The treasury Graph - Consolidated expenditure by function

PARLIAMENT
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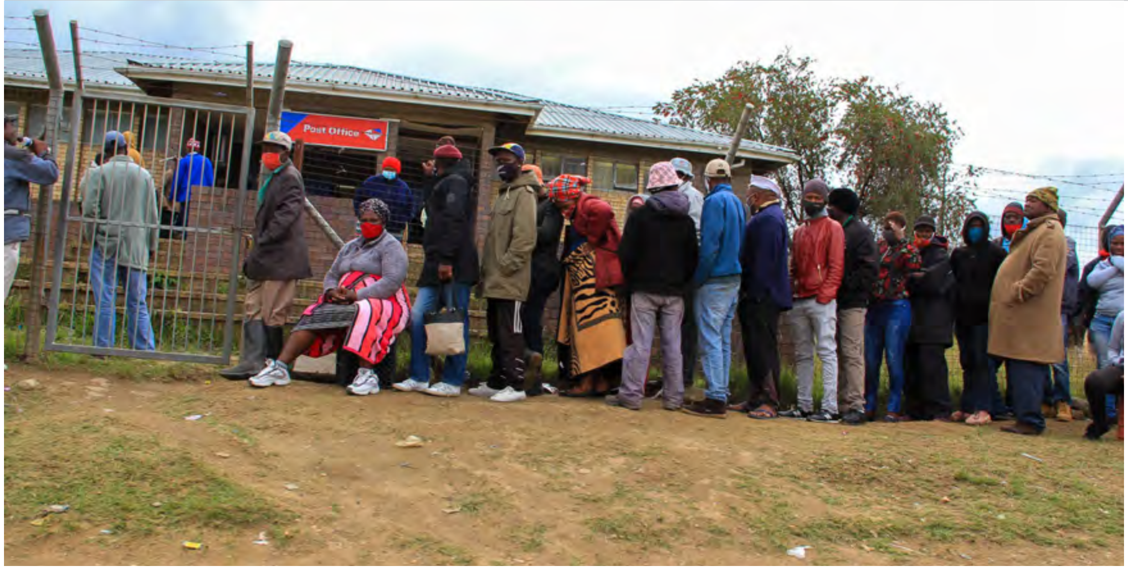
"IF DEBT IS NOT MANAGED, IT WILL CROWD SERVICE DELIVERY PROGRAMME OUTSIDE OF OUR BUDGET AND THAT COULD CREATE SOCIAL UNREST. WE HAVE TO AVOID THAT."

- MR JOSEPH MASWANGANYI



RELIEF: Residents queue for the R350 special grant

Mr Cyril Ramaphosa - President of South Africa

Covid19 caused colossal damage to our economy, jobs and livelihoods, but every dark cloud has a silver lining, says President Ramaphosa

President Cyril Ramaphosa addressed the Joint Sitting of the National Assembly (NA) and the National Council of Provinces (NCOP), on South Africa's economic reconstruction and recovery plan, ***writes Mava Lukani.***

President Ramaphosa requested the Joint Sitting of the National Assembly and the National Council of Provinces to present the plan for the reconstruction and recovery of the South African economy. In contrast to the State of the Nation Address where the President addresses the broad programme of government for the year, the focus of the address was on the extraordinary measures the government must take to restore the economy to inclusive growth following the devastation caused by Covid-19 to people's lives and the country's economy.

The objectives of the plan, according to President Ramaphosa, are clear and include the following:

- To create jobs, primarily through aggressive infrastructure investment and mass employment programmes;
- To reindustrialise our economy, focusing on growing small businesses;
- To accelerate economic reforms to unlock investment and growth;
- To fight crime and corruption; and
- To improve the capability of the state.

All these objectives are linked to the government's vision, set out in the National Development Plan (NDP). Explaining the devastating effects of the Covid-19 pandemic, Mr Ramaphosa said poverty and inequality have deepened, threatening many South Africans with hunger and a sudden loss of income. "Our economy, like other economies, has contracted sharply, businesses have closed down and jobs have been lost," he said.

Notwithstanding these challenges: "We were duty bound to respond as a government and the nation to this pandemic in a way that demonstrated our care for the lives and livelihoods of our people. Our response to the pandemic was therefore three-pronged – firstly, a robust health response, secondly, social and economic relief, and now economic recovery."

In anticipation of the impact of the pandemic on the livelihoods of the people, President Ramaphosa reminded Members of Parliament (MPs) about his government's response of providing massive social and economic relief in a package of R500 billion, or around 10% of the gross domestic product (GDP). It is the biggest on the African continent and compares favourably with other countries in the G20 to support companies, workers, households and individuals in distress.

Despite the interventions of the government and the private sector, President Ramaphosa said the damage caused by the pandemic to an already weak economy, to employment, to livelihoods, to public finances and to state-owned companies (SOEs) has been colossal.

More than two million people lost their jobs in the second quarter of this year. "Our economy contracted by 16.4% when compared to the previous quarter. The National Treasury expects a significant shortfall in revenue collection. This economic shock is unprecedented in our country, and it will take an extraordinary effort to recover from it," the President emphasised.

Nonetheless: "As even the darkest of clouds has a silver lining, we need to see this moment as a rupture with the past and an opportunity to drive fundamental and lasting change. It is an opportunity not only to recover the ground that we have lost over the course of the pandemic, but to place the economy on a new path to growth."

South Africa's economic reconstruction and recovery plan builds on the common ground established by government, labour, business and community organisations through intensive and detailed consultations over the last few months.

At the centre of the plan is the creation of jobs. "We must get our people back into the jobs they lost due to the pandemic. We are determined to create more employment opportunities for those who were unemployed before the pandemic or who had given up looking for work."

President Ramaphosa said this plan directly responds to the immediate economic impact of Covid-19 by creating jobs and expanding support for vulnerable households. "We aim to do this primarily through a major infrastructure programme and a large-scale employment stimulus, coupled with an intensive localisation drive and industrial expansion."

President Ramaphosa outlined bold plans, time frames and priority interventions:

He said to achieve sufficient, secure and reliable energy supply within two years, the government must:

- Create and support over 800 000 work opportunities in the immediate term to respond to job losses;

- Unlock more than R1 trillion in infrastructure investment over the next four years;
- Reduce data costs for every South African and expand broadband access to low-income households;
- Reverse the decline of the local manufacturing sector and promote reindustrialisation through deeper levels of localisation and exports; and
- Resuscitate vulnerable sectors such as tourism, which have been hard hit by the pandemic.

According to the modelling done by the National Treasury, the implementation of this plan will raise growth to around 3% on average over the next 10 years. "Our recovery will be propelled by swift reforms to unleash the potential of the economy, and supported by an efficient state that is committed to clean governance," the President said. He assured MPs that the plan will be transformative, inclusive, digital, green and sustainable.

Several projects connected to the plan are already in construction, including human settlements projects such as Matlosana N2 in North West, Lufhereng in Gauteng, Greater Cornubia in KwaZulu-Natal and Vista Park in Free State. Transport projects currently under construction include the N1 Polokwane and N1 Musina with a total value of R1.3 billion.

Within the next six months, the government will embark on the modernisation and refurbishment of the commuter rail network, including the Mabopane Line in Tshwane and the Central Line in Cape Town. It also plans to expand the national rural and municipal road rehabilitation and maintenance programme using labour-intensive methods.

Separation of Eskom

The work of restructuring Eskom into separate entities for generation, transmission and distribution continues and will enhance competition and ensure the sustainability of independent power producers in the future.

To achieve this, a long-term solution to Eskom's debt burden will be finalised, building on the social compact on energy security recently agreed to by social partners. "Through these measures, we aim to achieve a sufficient, secure and reliable energy supply within two years."

Plans for revenue collection

The turnaround at the South African Revenue Service (Sars) has begun in earnest, and significant areas of tax evasion and tax fraud have already been identified. Sars is rebuilding its capacity to reverse the decline, improve compliance and recover lost tax revenue.

"We are working to clamp down on the illegal economy and illicit financial flows, including transfer pricing abuse, profit shifting, VAT and customs duty fraud, under-invoicing of manufactured imports, corruption and other illegal schemes."

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"AS EVEN THE DARKEST OF CLOUDS HAS A SILVER LINING, WE NEED TO SEE THIS MOMENT AS A RUPTURE WITH THE PAST AND AN OPPORTUNITY TO DRIVE FUNDAMENTAL AND LASTING CHANGE."

- PRESIDENT CYRIL RAMAPHOSA

Members of Parliament respond to the President's economic recovery plan

As expected, a vigorous debate ensued on President Cyril Ramaphosa's economic reconstruction and recovery plan in both the National Assembly (NA) and the National Council of Provinces (NCOP), in a Joint Sitting of the two Houses of Parliament, ***writes Abel Mputing.***

Opening the debate, the Minister of Tourism, Ms Mmamoloko Kubayi-Ngubane, said: "We need to monitor and evaluate our interventions to oversee that the economic reconstruction and recovery plan's mission does not run adrift."

She said an economic cluster has been established to report to the Presidential Economic Council. "The Presidential Economic Council's task is to analyse the report to determine if there are any deviations to the targets set out in the plan. And also what is its impact and who are those who perform accordingly or not, so that they can be held accountable."

Kubayi-Ngubane - 'Our economy will rise again'

Previous plans were criticised for they slowness and indecisiveness. "The Presidential Economic Council will exercise its political oversight to hasten decision-making processes to ensure that critical milestones of the plan are implemented."

The Vulindlela Initiative and the Presidential Economic Council, she pointed out, are now charged with the task of overseeing implementation and of ensuring that our country's growth path is aligned to its pressing economic needs.

Ms Kubayi-Ngubane commended the tourism sector for its resilience in very trying times and mentioned joint marketing initiatives to rebuild the country's brand and put it on a competitive footing, as before. She urged South Africans to support domestic tourism as a means "to reignite and rebuild the economy". "Our economy will rise again," she reassured South Africans.

The leader of the Democratic Alliance (DA), Mr John Steenhuisen, stated from the onset that he wanted to clear a misconception about the plan. "This plan is not meant to recover our economic losses due to Covid-19. It's not Covid-19 that brought our economy to its knees. Our economic outlook should be blamed on poor governance; to claim otherwise would be disingenuous. Before Covid-19 our economy was already in recession, it has already been relegated to junk status. Of course our lockdown, which was the longest compared to others across the world, has contributed to the closing down of factories and has destroyed our tourism industry," he said.

Turning his attention to the plan at hand, he claimed that "this is not a plan, it has no timelines, it has no resource allocation. At best, it's a wish list, if not a letter to Santa."

Besides, all that was stated in this plan from infrastructure investment, diversification of energy supply, lowering of data cost, to the opening up of broad band spectrum are not new issues. Mr Steenhuisen maintained that South Africa won't be able to stimulate its economy if it does not make its labour market more flexible, cut the huge public sector wage bill and ensure that state-owned enterprises are efficient and debt is arrested. The state can't be the driver of economic development and job creation, rather the private sector should drive economic development. "If these aspects are not addressed meaningfully, we are merely dancing in the dark," he said.

The Chief Whip of the Economic Freedom Fighters (EFF), Mr Floyd Shivambu, said: "This plan is underwhelming, it won't expand our economy and it won't dent the multi-dimensional poverty we are currently experiencing as long as it does not make pronouncements about the need for the expropriation of land without compensation."

He asked: "What kind of an economic plan in South Africa today that does not address the question of land? Land is at the centre of our economic recovery. The reason that it's not mentioned is the belief that black people's emancipation from poverty depend on white capitalist males rather than their own economic independence that can be derived from land ownership."

This plan holds a view that black people should continue to rely on white people and must continue to be suppliers of cheap labour. Black people must own land, banks and industries and break the monopoly of colonialism and apartheid.

The leader of the Inkatha Freedom Party (IFP), Prince Mangosuthu Buthelezi, urged political parties to put their political agendas aside and rebuild the economy. But with little left in the national budget to stimulate growth, not much can be expected from this plan. "It's said that out of every R10 that government gets, R3 goes to grants, another R3 to servicing debt and another to the public wage bill and only R1 is left to be invested in infrastructure development and to stimulate the economy. Where will government investment come from to fund this plan?" he asked.

The leader of the African Christian Democratic Party (ACDP), Rev Kenneth Meshoe, said: "We wonder if corruption won't derail this plan. It's scandalous that the R50 billion meant for personal protective equipment went to the politically connected. This is unfair and unethical and it calls for the review of our procurement system. We hope that these ill-gotten funds will be recovered by the Hawks and Sars."

The Chairperson of the Standing Committee on Appropriations, Mr Sfiso Buthelezi, said the plan's dedicated focus on industrialisation and manufacturing is poignant because the economic histories of countries such as Germany and China have shown that they are the sources of economic growth.

The promotion of black industrialists will play a critical role in opening up the energy sector, digital economy and logistics, he claimed. Even more significantly, the plan seeks to open up critical value chains related to health, medicine, and consumer goods. This will assist in developing our small and medium enterprises which play a critical role in the growth of many economies.

The localisation of procurement, as stated in the plan, "could increase our country's GDP and take the economy forward to bring about inclusive growth and economic transformation".

The leader of the United Democratic Movement (UDM), Mr Bantu Holomisa, said: "We have heard plans before. If government is serious about it, it must publish which projects and when it will implement them. What worries me most is that we have not heard of any commitment from big businesses. And the fear of tender fraud, abuse of public funds and corruption is always lingering."

Echoing the same sentiments, Dr Petrus Groenewald, the leader of the Freedom Front Plus (FF+), stated that no government project remains unaffected by corruption. How will this plan be immune to it? Despite plan after plan, and reassurance from the President, "corruption remains the deadliest pandemic in this country, not Covid-19, and it has derailed other plans that came before this, such as the defrauding of the Covid-19 stimulus packages".

Mr Mandlenkosi Galo of the African Independent Congress (AIC) said state incapacity and mismanagement have always been a threat to service delivery. How will these anomalies be countered to defend government's long-term growth strategy? "If we are serious about economic growth, we can't turn a blind eye to corruption, especially by people who are entrusted with public funds, who are now expected to champion this plan."

Responding to Members, in his concluding remarks, President Ramaphosa pointed out that the plan may sound familiar, but if examined carefully, "it has brought new milestones. It brought a new dawn and new determination not seen before. I may have mentioned the need for infrastructure investment now and before; it's because infrastructure development is what defines a nation. And as stipulated in this plan, we are on the curbs of an aggressive infrastructure development programme never seen before.

"The economic reforms contained in the plan will increase the competitiveness of our industries, of the relief measures for our households and public investment in job creation at a scale never experienced before. We have a new resolve that is born of the critical and urgent situation we are now faced with. In the recent past, we have witnessed a severe economic contraction. That's why we call on all South Africans to work together to achieve a common economic growth purpose.

"We make this call because exceptional circumstances call for exceptional responses that are not theoretical, but that will have a direct bearing on the livelihood of many South Africans faced with economic hardships. As such, this plan has the best interests of all South Africans at heart."

More than ever before, he maintained, this plan foregrounds the fact that the private sector is the major employer. "We therefore seek to do all we can as government to remove any impediment to the investment and job creation potential of our private sector. In the main, this plan seeks to unleash the capacity of the private sector to create jobs at a far greater scale. Let's uplift ourselves from the economic decline, while we seek to undo structural distortions," he said.

WE THE PEOPLE

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"WHAT KIND OF AN ECONOMIC PLAN IN SOUTH AFRICA TODAY THAT DOES NOT ADDRESS THE QUESTION OF LAND? LAND IS AT THE CENTRE OF OUR ECONOMIC RECOVERY."

Ms Tsakani Maluleke

NA recommends Deputy Auditor-General, Ms Tsakani Maluleke, as new Auditor-General

The National Assembly (NA) unanimously resolved to recommend the current Deputy Auditor-General, Ms Tsakani Maluleke, to the President for appointment as the new Auditor-General of South Africa.

The House's decision follows its consideration and approval of the recommendation of the report of the Ad Hoc Committee on the Appointment of the Auditor-General of South Africa. The report of the committee was a culmination of an extensive process that entailed public invitations to potential candidates, public comments and interviews involving 71 applicants, eight of whom were shortlisted for interviews.

The committee was satisfied with Ms Maluleke's performance during the interviews, including her demonstrated ability, experience and suitability for the position. Her experience as the current Deputy Auditor-General since 2014 was an added advantage, as was her extensive experience, and her accounting and auditing qualifications. She is a qualified chartered accountant.

Section 193 of the Constitution specifies, among other things, that the appointment of a person as Auditor-General must have approval of the House with a supporting vote of at least 60% of members of parties represented in the NA.

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"CURRENT DEPUTY AUDITOR-GENERAL, MS TSAKANI MALULEKE, TO BE RECOMMENDED TO THE PRESIDENT FOR APPOINTMENT AS THE NEW AUDITIR-GENERAL OF SOUTH AFRICA."

Ms Maluleke takes over from the late Kimi Makwetu

President Cyril Ramaphosa appointed Ms Tsakani Maluleke as Auditor-General of South Africa, with her term beginning on 1 December 2020.

Ms Maluleke has been the deputy Auditor-General since 2014 and was the first woman to hold that office. She succeeds the late Mr Kimi Makwetu, who passed away from cancer on 11 November 2020, just weeks before the expiry of his term of office.

In appointing Ms Maluleke, President Ramaphosa congratulated her on reaching this remarkable personal milestone and wished her well in her leadership of an institution charged with advancing public sector accountability and contributing to the building of an ethical and capable state.

Ms Maluleke is a chartered accountant and auditor. She holds a Bachelor of Commerce (Accounting) degree from the University of Cape Town, a post-graduate diploma in accountancy from the same establishment, as well as a University of Witwatersrand post-graduate diploma in development and public management.

She is described by her peers in the auditing sphere a seasoned business leader with a wealth of corporate governance experience gained through participation on numerous corporate boards and strategic committees.

According to her curriculum vitae, Ms Maluleke has more than 20 years of experience in the private and public sectors, spanning diverse areas including auditing, consulting, corporate advisory, development finance, investment management and skills development agencies.

According to the Presidency media statement that was issued after Ms Maluleke was appointed, Ms Maluleke has also served on the Presidential BEE Advisory Council. There she led a sub-committee responsible for developing recommendations for amendments to legislation and regulations around broad-based black economic empowerment.
Ms Maluleke has worked with various business and accountancy organisations, including Business Unity South Africa and African Women Chartered Accountants, and was the president of the Association for the Advancement of Black Accountants of Southern Africa. She is currently the non-executive chair of the Board of the South African Institute of Chartered Accountants.

PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

Basic Education Committee commends department for getting matrics ready for exams

The Portfolio Committee on Basic Education expressed its gratitude and thanks for the commendable work done thus far to ensure that Grade 12 learners are ready for the National Senior Certificate (NSC) examinations under the difficult circumstances of the Covid-19 regulations, ***writes Rajaa Azzakani.***

The NSC exams began on 5 November 2020 and will run until 15 December 2020. Results are expected to be released on 23 February 2021.

Committee Chairperson Ms Bongiwe Mbinqo-Gigaba said a lot of work was done in the background to ensure Grade 12 learners are ready to sit for the final examinations. "We further note that 1 058 699 candidates have registered for the exams. This includes full-time and part-time candidates, as well as those candidates who were supposed to have written examinations in June this year, which were cancelled due to the outbreak of Covid-19. This is a mammoth task."

Ms Mbinqo-Gigaba said the committee was assured by the Department of Basic Education (DBE) and the Council for Quality Assurance in General and Further Education and Training (Umalusi) that the class of 2020 covered the full spectrum of the curriculum. "This means that this class will be just as equipped to enter the world after school as any other Grade 12 learners before them."

The committee has, however, raised concerns regarding the dwindling number of candidates registering for mathematics, opting instead for mathematical literacy. "It looks like our learners are running away from this. However, it then becomes difficult when they want to register for certain programmes at institutions of higher learning," said Ms Mbinqo-Gigaba. The DBE said in response that the introduction of technical mathematics and technical physical science has contributed to lower registration rates for pure mathematics.

The committee heard that most provincial education departments (PEDs) have employed additional markers and invigilators and acquired extra marking centres in an attempt to cope with the higher number of candidates sitting for the examinations.

Umalusi informed the meeting that it has evaluated the DBE's and PEDs' state of readiness. Umalusi was able to engage with the reports and evidence presented by the DBE and PEDs. "Extreme effort was made by the DBE and the PEDs in relation to the restrictions brought up by the Covid-19 outbreak. Acceptable levels of readiness and related measures are in place to ensure the conduct of credible examinations by the DBE, and PEDs were noted and this is appreciated. Based on our observation and the reports on the state of readiness, Umalusi is satisfied that the DBE, through the nine PEDs, is ready to conduct the merged June and November 2020 examinations," Umalusi assured the committee.

Ms Mbinqo-Gigaba said the committee will closely monitor the examinations. "We cannot but commend the DBE, PEDs and the education sector for the hard work they have done during extremely difficult times."

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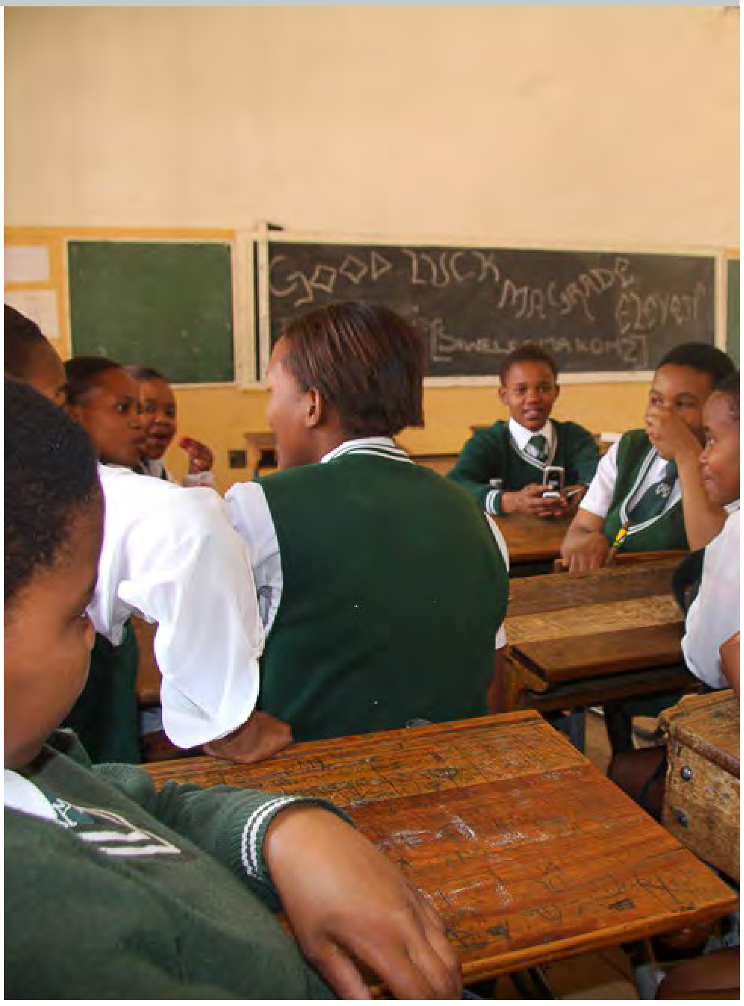


Scopa pleased with progress of SIU's investigations at Eskom

The Standing Committee on Public Accounts (Scopa) received a report from the Special Investigation Unit (SIU) on the investigations it is conducting at Eskom recently, ***writes Faith Ndenze.***

The Chairperson of Scopa, Mr Mkhuleko Hlengwa, said the committee was happy with the progress thus far. "We are happy with the progress, but this must also translate into consequence management through successful prosecutions, and in the recovery of losses that the state has incurred," he said.

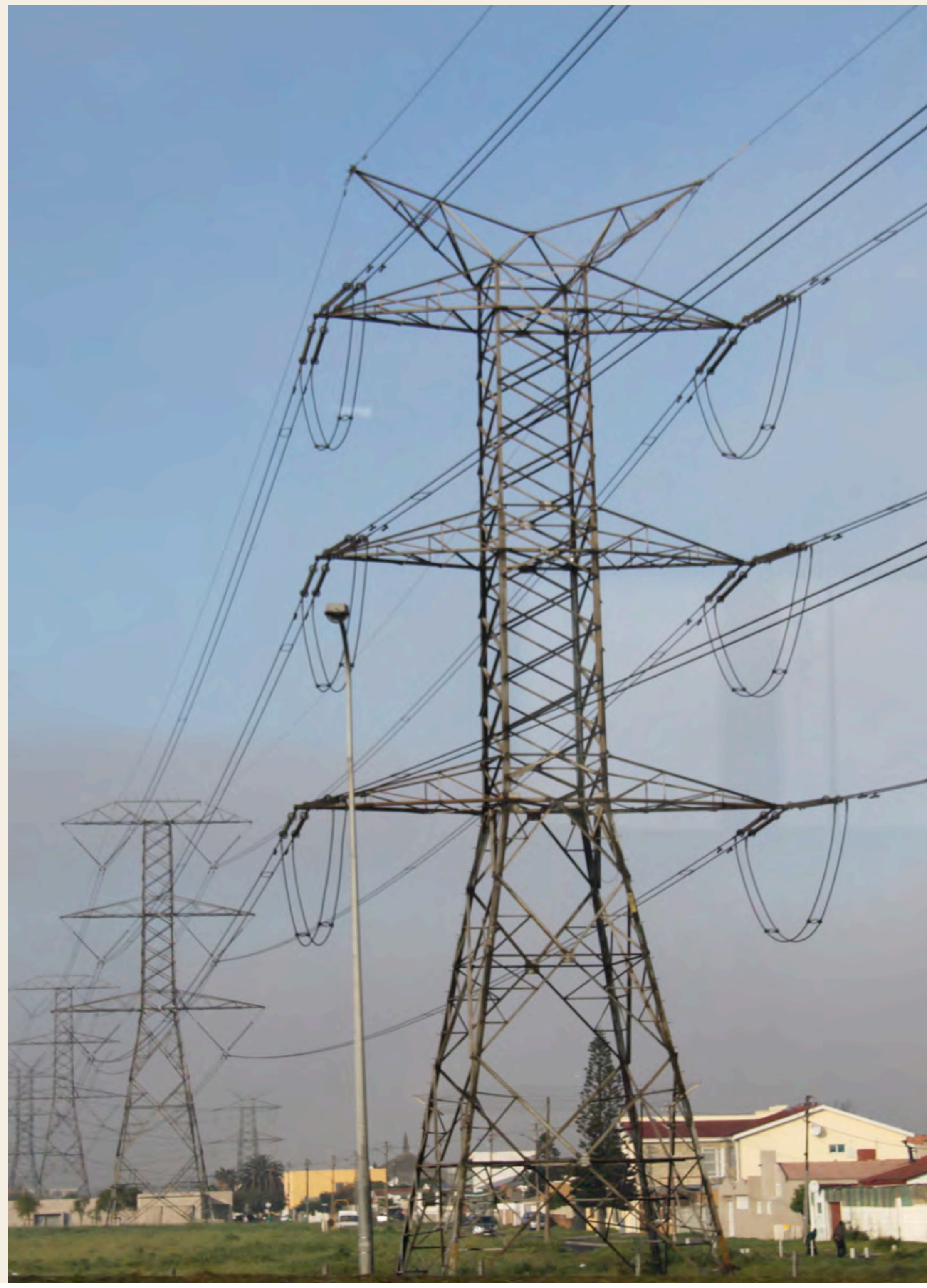
Members of the committee also commended the SIU on its work. Mr Sakhumzi Somyo said the SIU's report gives the committee hope that things will normalise at Eskom. The SIU reported, among other things, that it has made 39 referrals to the National Prosecuting Authority (NPA), 32 referrals to the Asset Forfeiture Unit (AFU) and has assisted Eskom to save R400 million. It is hoping to make R8.7 billion in recoveries.

The Head of the SIU, Adv Andy Mothibi, said in some instances, once an investigation is underway, some companies come forward and approach the SIU and Eskom with offers to settle. "In that matter, we will make seriously sure that there are no prejudices on the part of Eskom and government in general. We will ensure that any matter that is settled, is settled in the interest of Eskom. The value of matters in which counsel has been briefed is about R3.9 billion of contracts that will be set aside, and we are looking at recoveries of R8.7 billion," he said.

In response to the SIU's report, Mr Hlengwa also raised a concern about the issue of people who resign as a result of an investigation and in this way avoid disciplinary processes. This is something that Scopa has looked at before and it is something the committee will need to pay a particular attention to.

"We need to interact with the Department of Labour, the Department of Public Service and Administration and the Department of Cooperative Governance and Traditional Affairs so that we can tie this down. Consequence management cannot be sacrificed at the altar of an escape on the part of those who do wrongdoing, and then emerge somewhere else. This constant recycling of people in the public service who have clouds hanging over them, but then the processes are compromised by these resignations, cannot be right," he said.

Mr Hlengwa explained that the meeting was in preparation for a meeting with Eskom on the basis of a reporting format it had scheduled for Eskom. "Consequence management and investigations are at the heart of what we want to see as the key focus for Eskom," he said.



Committees in brief

The Portfolio Committee on Agriculture, Land Reform and Rural Development welcomed the announcement recently by the Minister of Agriculture, Land Reform and Rural Development, Ms Thoko Didiza, about the release of state land for land reform purposes.

In his State of the Nation Address this year, President Cyril Ramaphosa announced that around 700 000 hectares of state land will be released for agricultural production and prioritised for youth, women and people with disabilities as well as people who have been farming on communal land. The President also spoke about the new beneficiary selection policy which includes compulsory training for potential beneficiaries before land can be allocated to them. This training includes training on the respective commodity, financial training and enterprise development.

The Chairperson of the Portfolio Committee on Agriculture, Land Reform and Rural Development, Inkosi Zwelivelile Mandela, said: "We are indeed excited that new opportunities are arising during this very difficult period of the Covid-19 pandemic and that our people who have been disadvantaged are now being given a life line to grow in this sector, many of whom have already been working on farms for decades. In this light we want to acknowledge the government, which has made vacant and under-utilised land available in seven provinces.

The Portfolio Committee on Cooperative Governance and Traditional Affairs (Cogta) sought to establish the health of Mogalakwena Local Municipality by interacting with the Mogalakwena Local Municipality; the Office of the Auditor-General of South Africa; the South African Local Government Association; Provincial Treasury; the Provincial Department of Cooperative Governance,

ACCOUNTABILITY: Departmental officials appear before a joint committee meeting for accountability.

Human Settlements and Traditional Affairs; and the Department of Cooperative Governance. This meeting was a follow-up on matters emanating from the portfolio committee's previous interactions with Tzaneen and Mogalakwena municipalities.

In Tzaneen, the committee first dealt with the matter of the suspension of the municipal manager (MM) in connection with the Mulati access road and the Codesa to Hani Street road construction projects. It was resolved that the suspension of the municipal manager was unlawful and illogical, a stance which a court subsequently confirmed. The committee also agreed that the termination of the two contracts was within the MM's fiduciary responsibility as the accounting officer, as prescribed in the Municipal Financial Management Act. The committee then envisaged a final discussion with the municipality to close the matter.

The Chairperson of the Select Committee on Education and Technology, Sports, Arts and Culture, Mr Elleck Nchabeleng, expressed his immense appreciation to teachers and members of the education sector on World Teachers Day. "As we celebrate World Teachers Day, we acknowledge and extend our immense appreciation to our educators who have, over the past few months especially, sacrificed and worked tirelessly to ensure that no child is left behind," Mr Nchabeleng said.

"As the country was thrust into a period of great uncertainty," he continued, "our educators proved to stand steadfast against the panic and fear which grappled our great nation, holding together our education sector with vast strength and adaptability. We cannot thank them enough."

Mr Nchabeleng also pays tribute to the many teachers who have sadly passed away as a result of Covid-19 and other related illnesses. "We have lost many unsung heroes during this time, and today we pay tribute and give thanks for the many young minds they have inspired and developed, and we pray that they rest in perpetual peace."

The Portfolio Committee on Higher Education, Science and Technology received a briefing from the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, recently on saving the 2020 academic year.
The committee also received presentations from Universities South Africa (USAF), an organisation representing the country's university vice-chancellors, and the South African Union of Students, a union representing the country's universities' Student Representative Councils (SRCs).

In April 2020, Minister Nzimande announced that the government will be providing all NSFAS (National Student Financial Aid Scheme) qualifying students with laptops to assist them to participate in remote learning and teaching methodologies as part of the department's response to the lockdown imposed by the President due to the outbreak of Covid-19. It is now six months since the announcement was made and university and TVET NSFAS students remain without the laptops.

The Standing Committee on Public Accounts (Scopa) joined by the Portfolio Committee on Employment and Labour today conducted an oversight visit to the Unemployment Insurance Fund (UIF).

Scopa is concerned with the lack of human capacity at UIF, particularly at the call centre, which is where e-mails, online applications and calls from the public are processed. Scopa was informed that the call centre currently has a backlog of 444 000 e-mails from the public with only eight call centre agents to attend to those e-mails. It gets an average of 30 000 calls a day, but can only attend to 3 000 of those calls. This has a negative outcome on service delivery and on everyone that requires services from the UIF.

Scopa welcomes the consequence management process that the Minister of Employment and Labour has undertaken in response to the corruption and irregularities that have occurred at the UIF. Scopa remains concerned with the challenges plaguing the UIF, as it is clear that the issues run deep and date to a period before Covid-19. The pandemic has simply exposed pre-existing weaknesses.

The Select Committee on Transport, Public Service and Administration, Public Works and Infrastructure received a briefing from the Passenger Rail Agency of South Africa (Prasa) on its plans to deal with the damage caused by vandalism and theft of its infrastructure.

The committee heard that arson and vandalism increased during lockdown. The committee urged Prasa to embark on a media campaign so that when those who commit acts of vandalism, arson or sabotage are arrested, a strong message is conveyed that criminals will face the full might of the law.

The central line in Cape Town and the Mabopane line in Tshwane are not operational and Prasa provided dates for the rehabilitation and completion of the corridor recovery programme for phases 1 and 2. The delay is due to Covid-19, theft and vandalism. The non-operational lines impact directly on the poor and the working class who use the trains to get to work.

NCOP passes Social Assistance Amendment Bill

The National Council of Provinces (NCOP) passed the Social Assistance Amendment Bill at one of its October plenaries and the Bill was sent to President Cyril Ramaphosa for assent.

The Bill (Bill 8B of 2018), which amends the Social Assistance Act of 2004, aims to provide for additional payments linked to social grants. These include providing for:

- payment of a social grant to a child responsible for a child-headed household;
- and social relief of distress in the event of a disaster.

The Bill also aims, among other things, to streamline and improve the process of appeals against decisions of the South African Social Security Agency, by providing for an Independent Tribunal to these appeals.

The NCOP's passing of the Bill, without further amendment, follows consideration of the Bill by the parliamentary committees of both Houses of Parliament and consultation with the public on the Bill.

The Portfolio Committee on Social Development considered and finalised its consideration of the Bill on 17 March, following public hearings and submissions involving the Black Sash Trust, the Children's Institute, the Centre for Child Law, the Catholic Parliamentary Liaison Office, the Children in Distress Network and Ms Nomhle Nkwanyana. Following these public hearings in February, the committee invited the Department of Social Development to respond to the issues raised in the submissions.

The Select Committee on Health and Social Services finalised its report on the Bill on 14 October, without amendments. This followed briefings and public hearings in all provinces and, on 7 October, submission of negotiating mandates from all provinces.

Objectives of the Bill

The objectives of the Bill include:

- to amend the Social Assistance Act, 2004, so as to insert new definitions;
- to provide for additional payments linked to social grants;
- to provide for payments of benefits to child-headed households;
- to provide for social relief of distress in the event of a disaster;
- to repeal the internal reconsideration process;
- to provide for an Independent Tribunal to consider appeals against decisions of the Agency;
- to provide for the establishment of the Inspectorate as a government component; and
- to provide for matters connected therewith.

To read the report of the Select Committee on Health and Social Services on page 55, in Parliament's official Announcements, Tablings and Committee Reports dated 14 October 2020, please click: https://www.parliament.gov.za/storage/app/media/Docs/atc/a0f8aa8e-552d-47a2-96c7-fb58aed5d9ef.pdf

To read the report of the Portfolio Committee on Social Development from pages 10 to 11, in Parliament's official Announcements, Tablings and Committee Reports dated 19 March 2020, please click: https://www.parliament.gov.za/storage/app/media/Docs/atc/daa45289-71d6-4b37-ba84-ae016d4ee72c.pdf.

WE THE PEOPLE
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Fiscal framework and revenue proposals receive thumbs up from both Houses of Parliament

The National Council of Provinces (NCOP) and the National Assembly (NA) recently agreed to the fiscal framework and revenue proposals contained in the 2020 Medium Term Budget Policy Statement (MTBPS). This followed recommendations for its adoption from the NCOP's Select Committee on Finance and the NA's Standing Committee on Finance.

Parliament will now consider the 2020 Division of Revenue Second Amendment Bill and the 2020 Second Adjustments Appropriation Bill. The Minister of Finance, Mr Tito Mboweni, tabled these Bills, the revised fiscal framework and the proposed 2021 medium-term fiscal framework on 28 October, when he delivered the 2020 MTBPS to Parliament.

The Select and Standing Committee on Finance held a series of meetings on the revised frameworks with the Minister of Finance, the Deputy Minister of Finance and the National Treasury. The committees also received analyses and submissions on them from the Parliamentary Budget Office and the Financial and Fiscal Commission.

The committees also invited public comments and, in response, received submissions from the Congress of South African Trade Unions, the South African Institute of Chartered Accountants, the Organisation Undoing Tax Abuse, the Fiscal Cliff Study Group, the Healthy Living Alliance, Mr Peter Meakin, the Budget Justice Coalition, the Pay the Grant Campaign, the Katsia Capital Partners, the Dear South Africa Campaign, Old Mutual Investment and Amandla.Mobi.

In their reports, the committees note that the 2020 revised and proposed fiscal frameworks come three months after Parliament passed the 2020 special adjustment budget in July, which was presented in response to the Covid-19 global pandemic's health and socio-economic crises. The 2020 MTBPS, with the theme "Securing economic recovery beyond Covid-19", complements social and economic measures, which President Cyril Ramaphosa announced in March and April, and also follows Parliament's adoption in October of the Economic Reconstruction and Recovery Plan, which the President tabled before Parliament.

The committees raised a range of concerns and recommendations in their reports. These include the need for more details on how the R10.5 billion allocated to South African Airways will be spent and a recommendation for speedy establishment of the proposed Presidential State-Owned Enterprises Council, which would provide strategic oversight of state-owned companies and ensure an end to their dependence on the fiscus.

To read the committees' reports in full in Parliament's Announcement, Tablings and Committee Reports dated 10 November 2020, please click https://tinyurl.com/y2qltqwg. The NA's Standing Committee on Finance report starts on page 6 and the NCOP's Select Committee on Finance report starts on page 52.

NCOP discusses plans to curb deepening poverty

The National Council of Provinces (NCOP) held the Statistician-General's ministerial briefing session on South Africa's poverty index to gain insight into the impact of poverty and what policy directions should be pursued to avert its spread, ***writes Abel Mputing.***

RELIEF: A queue for government assistance.

"This presentation will afford the delegates to the NCOP a range of strategic approaches to address job creation, infrastructure development and the basic consumption needs of South African households, many of whom still live below the poverty line." This is what the Chairperson of the NCOP, Mr Amos Masondo, said in his opening address.

While he commended the efforts made to reduce poverty, the gulf between the poor and the rich is widening. From this session, the NCOP must forge new ways to realise the government's National Development Plan, which "directs us on how to eliminate poverty and inequality in 2030 by raising the living standard of our population through employment, economic growth and development".

In keeping with the spirit of the Constitution, Mr Masondo pointed out that delegates should use statistics and adhere to the values on non-racism and non-sexism, which are enshrined in the Bill of Rights. This is not an easy task, "but we should not tire to pursue this mission that belies the fundamental values of our society and influence our work across all spheres of governance".

Statistician-General Mr Risenga Maluleke's presentation gave a broad perspective of the poverty index, using the South African Multi-Dimensional Poverty Index. The picture he painted is bleak and is tied to South Africa's dire economic outlook, mired in unemployment and inequality.

To determine poverty levels, the Statistician-General looks at three indexes to arrive at its findings: education, health, and income. The last-mentioned has a direct correlation to the rising unemployment because people who don't have income are bound to experience high levels of poverty.

Years of schooling are also influential. Access to education has a direct bearing to poverty levels because one's level of education influences future prospects, quality of life and social mobility. That is why there is a need to promote education as a direct intervention to high levels of poverty.

When it comes to the income index, the entity utilises money metrics which use one dollar per day per household expenditure as a universal comparative measure of basic poverty lines. This is critical, he said, because it is related to expenditure of households on food and non-food items. "When we measure households' access to food, we do so in relation to the number of calories they consume per day, and whether they consume enough calories for daily energy requirements," he said.

But according to the entity's report poverty is still racialised. "The black majority still experience high level of poverty as compared to the white population. Little has changed in this regard and much more needs to be done to turn this tide around," he said.

Given that the presentation reflected on the 2016 stats, there is no data to reflect on current poverty trends. "We don't know how many people are at the risk of hunger currently," he said. But he assured members of the NCOP that "grants provide a greater intervention to poverty in the country".

Ultimately, "apartheid's spatial configuration has a bearing on the current poverty lines that South Africans experience today. And much more needs to be done in terms of policy interventions to address this problem because, if it is not addressed, it could have a devastating effect on the government's endeavour to eradicate poverty and its interconnectedness to inequality and unemployment."

Delegates to the NCOP responds to the presentation

During members' inputs, Mr Dennis Ryder commented that "your stats should be the basis of every department's work", while Ms Sonja Boshoff asked: "Twenty-six years on, how did the government fail to address income inequality so dismally?"

Mr Mohammed Dangor interjected: "The stats should also reflect the disinvestment and tax boycott that have led to gross inequality and unemployment. And it is sad to see that those who were privileged in the past are still privileged today, and those who were disadvantaged in the past are still disadvantaged even today, because of disinvestment and tax boycott by those who were privileged by our past."

"It is not acceptable that our food economy is still in the hands of white people, who are resistant to the idea of eradicating inequality," said Mr Andrew Arnolds. He also said that given the rising tide of poverty, "it would be unwise to cut the R350 Covid-19 grant. It should be continued because we need a permanent solution for those in distress".

There is a need to offset the plight of women who are subjected to poverty, said the Deputy Chairperson of the NCOP, Ms Sylvia Lucas. "We must reflect on the grants against the general cost of water and electricity. Poor people, most of whom are women, can't survive on grants alone. This shows that we are sitting with a real challenge."

This presentation is important in filling the policy gaps on what are the major poverty drivers and what are their multi-dimensional nature, said the Chief Whip of the NCOP, Mr Seiso Mohai. He said the spread and impact of poverty is complicated by the changing patterns of the labour market, which further alienates women. He decried the fact that data on poverty and consumption is still defined by race, class and gender, which are perpetuated by the apartheid spatial planning, whose impact can be felt to this day.

What is clear is that poverty and inequality have deepened, said Mr Mohai. He commended the government's R40 billion intervention for providing assistance to more than seven million households during the lockdown, which lifted many people above the poverty line. The Statistician-General report will, in his view, "be an instrument that will inform the NCOP's oversight work, going forward".

Northern Cape Delegation to the NCOP makes recommendations to ailing municipalities to save them

Ms Sylvia Lucas – NCOP Deputy Chairperson

The Deputy Chairperson of the National Council of Provinces (NCOP), Ms Sylvia Lucas, explained the objectives of the Provincial Week Programme, and the 2020 programme in particular, to all those who briefed the NCOP delegates on a number of issues. The 2020 programme, she explained, is prioritising interaction with municipalities following the 2018/19 Auditor-General's audit outcomes report which reflects poor financial management and lack of service delivery in municipalities, ***writes Mava Lukani.***

The delegation met with MECs for cooperative governance and finance, mayors, municipal and other senior municipal managers, councillors and heads of provincial departments working closely with municipalities. The delegation's aim is to ensure that the delivery of basic services to the people, which is clearly enshrined in the Constitution, takes place.

The NCOP also invited the national Department of Cooperative Governance (Cogta) and National Treasury to be part of the 2020 Provincial Week Programme, as both departments play a key support role for municipalities.

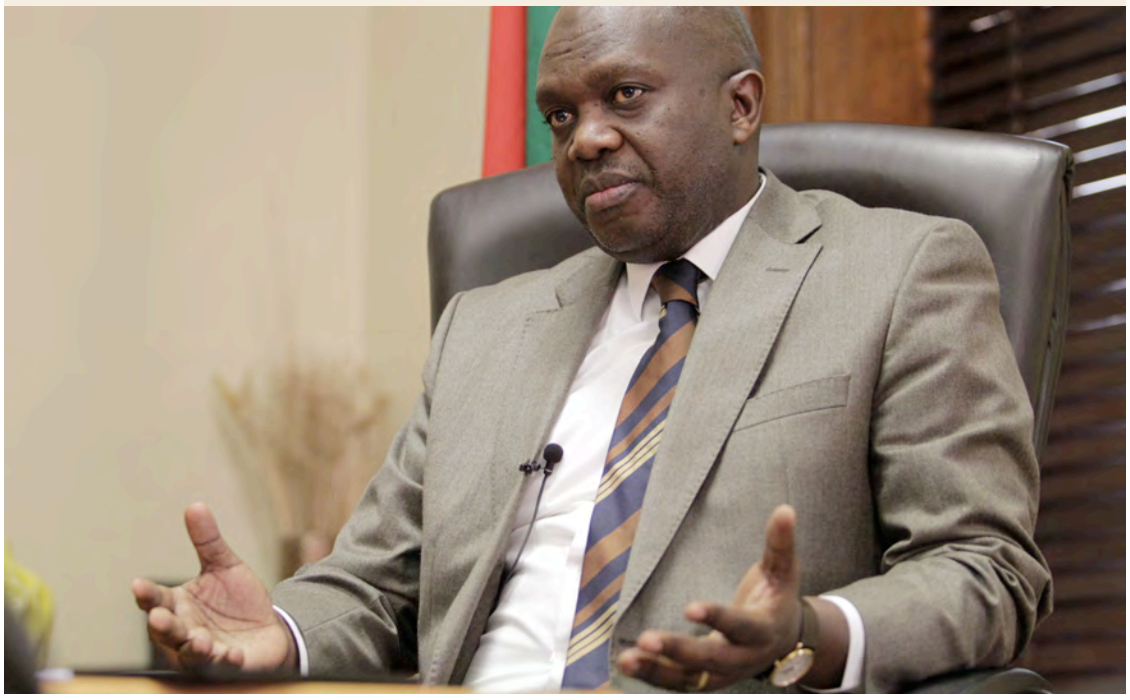
The delegation which was accompanied by Members of the North West Legislature and officials from National Treasury and the Department of Cogta interacted with Joe Morolong Local Municipality, John Taolo Gaetsewe District Municipality, Phokwane Local Municipality and Dikgatlong Local Municipality. The engagements took the form of briefings on the state of affairs in these municipalities, paying close attention to stability at political and administrative levels, governance, financial management, revenue collection, service delivery, Eskom debt, unfunded budgets, and maintenance of infrastructure.

The delegation expressed unhappiness about the lack of consequence management for the perpetrators of deviations from the prescribed legislation and policy. It was also unhappy about the lack of improvement on recommendations made some time ago, as part of a strategy to improve the current poor state of municipal service delivery. However, the delegation did applaud municipalities for the progress that has been made.

The municipalities shared various challenges, including political and administrative instability; poor work ethic; lack of internal controls and financial management, which results in wasteful and fruitless expenditure; over-reliance on consultants; and lack of consequence management on the perpetrators of wrong doing.

The delegation made recommendations on every challenge and called on municipalities to apply effective consequence management and adhere to the recommendations and guidelines of the Auditor-General. It was recommended that municipalities improve their audit, financial and procurement plans and deal with delinquent staff. There should also be ongoing discussions among municipal management and communities to fight vandalism.

In addition, there should be penalties for government departments who owe the municipalities money, and these penalties should also apply to the mines who owe the municipalities money. A mechanism for penalties for defaulting payments should therefore be implemented accordingly within the municipality. The recovery of debt will ensure that the municipality has sufficient funds for service delivery.



Mr Seiso Mohai, National Council of Provinces (NCOP) Chief Whip

NCOP Chief Whip calls for resolution of conflicts

National Council of Provinces (NCOP) Chief Whip Mr Seiso Mohai has called on provincial and local government leaders in the Free State to resolve the debilitating conflicts that are hampering service delivery in the province, ***writes Modise Kabeli.***

Chief Whip Mohai made the call when addressing the last day of the week-long NCOP Provincial Week programme in the province on the theme: "Ensuring capable and financially sound local government".

He said: "It is extremely worrying that, as opposed to forging co-operation between the provincial and local government to accelerate service delivery, the relationship has become riddled by debilitating conflict. A case in point is Metsimaholo, as reported by Cooperative Governance and Traditional Affairs over the last three days. The persistent non-cooperation between the provincial government and the municipality is a reflection of deep leadership failures."

Permanent delegates to the NCOP, accompanied by their Free State Legislature counterparts led by the Deputy Speaker Ms Lucy Mapena, met with political and administrative representatives of Mangaung Metro, Matjhabeng, Maluti-A-Phofung and Metsimaholo local municipalities to assess interventions to improve financial state, governance challenges and the state of service delivery.

Municipalities across the province are facing the following key intersecting challenges: poor political and administrative leadership; poor planning and lack of nexus between the integrated development plans and budgets; poor governance and uncoordinated political oversight; poor financial planning, controls and accountability; poor revenue and credit controls; poor supply chain management; disregard for audit outcomes and recommendations; and the persistent debt to Eskom and water boards.

"Among the key manifestations of the declining state of local government in the Free State is the high number of municipalities placed under administration, some being placed under administration for over two years without any prospects of recovery. This brings into sharp focus the fundamental question: whether the section 139 interventions were based on sound imperatives and whether they have assisted?" said Mr Mohai, adding that one feature that characterises the decline of municipalities is the persistently high levels of municipal debt to Eskom and the water boards.

"This problem has and continues to inflict untold suffering to our people, as they are from time to time subjected to electricity and water cuts, which are basic human rights. The attention to this problem should therefore be one of the strategic priorities," said Mr Mohai.

This year's Provincial Week was a follow-up on discussions held during the NCOP Local Government Week, from September 8 to 11, which also focused on ensuring capable and financially sound local government. Provincial Week is one of the NCOP's high-level strategic flagship programmes to deepen the integration and cooperation between the three spheres of our government.

"At the core of the NCOP Provincial Week programme is a conscious interface with provincial and local government to monitor the quality of work discharged at this level of government. This is necessary to ensure the people of South Africa get services to which they are entitled in terms of the Constitution," concluded Mr Mohai.

PARLIAMENT
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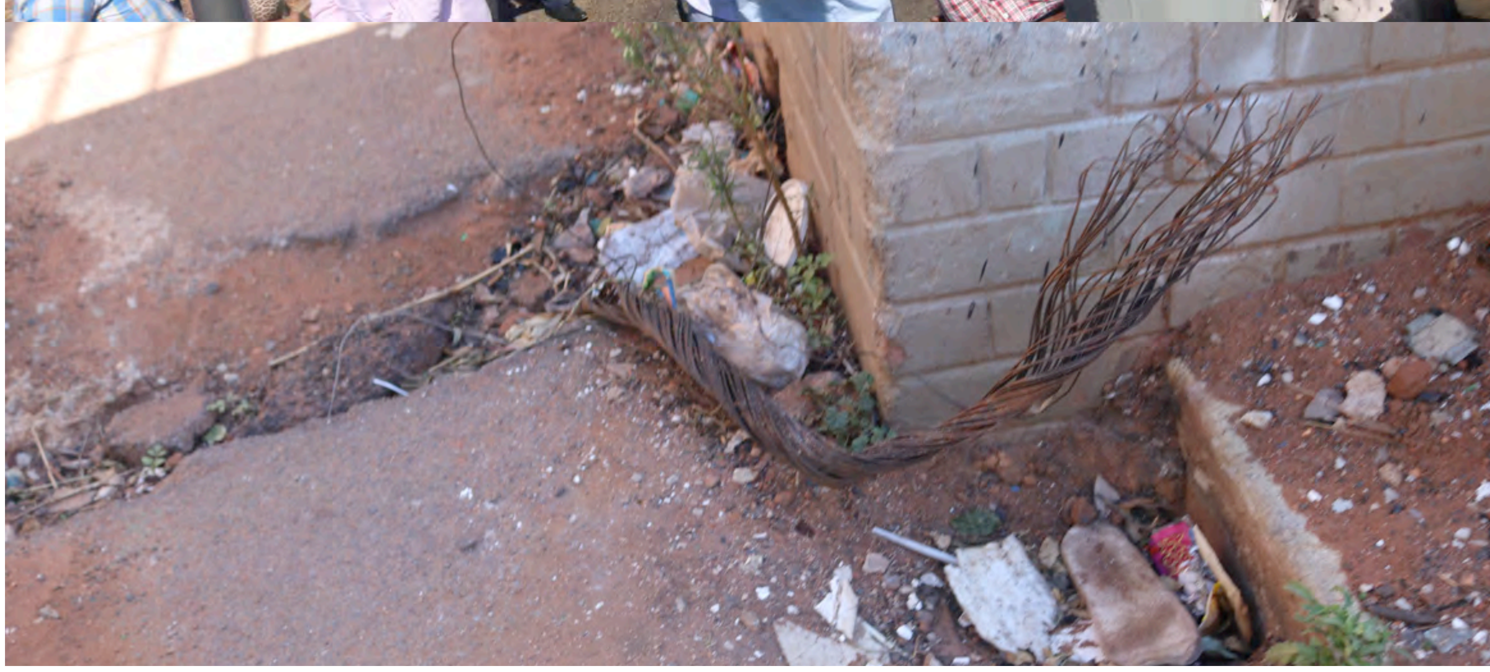
"PRASA REPRESENTATIVES ADMITTED THE FAILURE OF THE ENTITY AND ASSURED THE DELEGATION IT WOULD PROVIDE THE INFORMATION REQUESTED."

Gauteng delegation to the NCOP hears how technology will secure rail infrastructure



The Gauteng permanent delegates to the NCOP received a briefing from the Passenger Rail Agency of South Africa (Prasa). While the focus of the 2020 Provincial Week Programme was on local government, the delegation invited Prasa as the entity is responsible for transportation of thousands of South Africans to and from work, ***writes Liezel Visser.***

Prasa's presentation centred on vandalism of the rail infrastructure and security, intervention, partnerships with the South African Police Service (SAPS), resumption of train service and compliance with Covid-19 protocols.

The presentation painted a bleak picture about Prasa, especially on the security of passengers and infrastructure. The delegation heard from the plan that the entity presented that CCTV and drone surveillance technology, as well as armed response teams and control rooms to upgrade security will be used to secure the infrastructure.

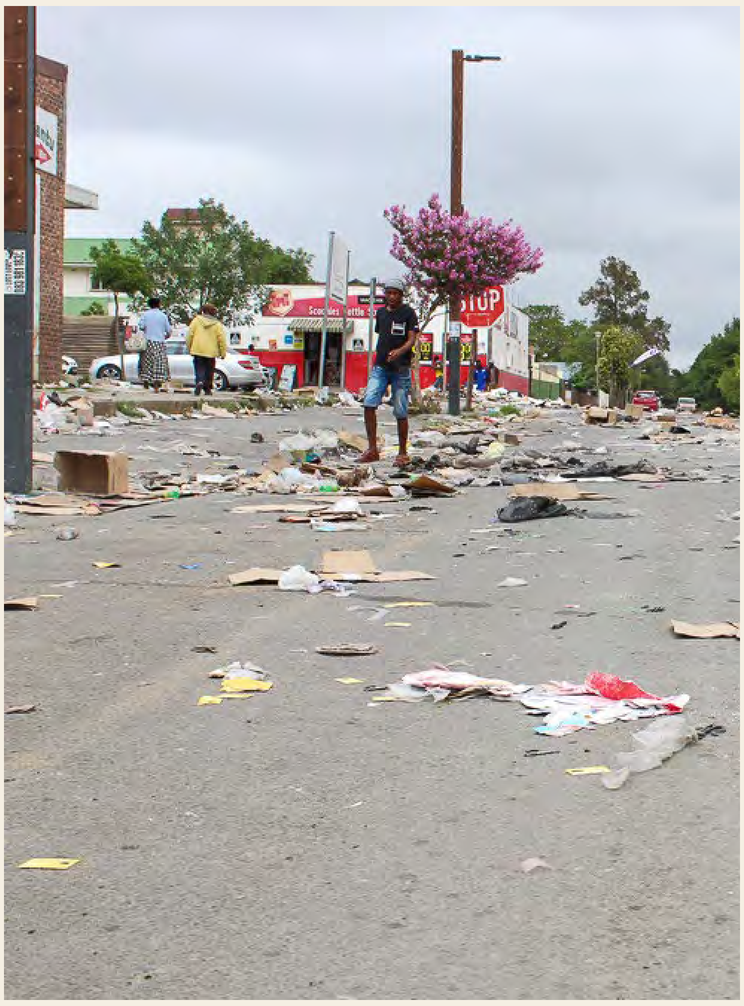
The delegation also heard that protracted legal action following the termination of private security companies after they failed to secure new tenders and the entity's decision to insource security have had a debilitating effect on the entity's ability to safeguard its staff and assets.

The delegation, which was accompanied by Members of the Gauteng Legislature, expressed their shock at this state of affairs. After the briefing, the delegation embarked on site visits to three train stations, Katlehong, Kliptown, and Maraisburg train stations. The delegation discovered that all the three stations have been literally ransacked through vandalism, cables and other building material have been taken, and the buildings are seriously damaged. As a result, the buildings pose a serious safety risk to the communities where they are located, as they are citadels for criminals.

The delegation recommended that Prasa present a clear plan indicating the kind of assistance the entity requires to resuscitate rail service, especially to disadvantaged workers who can't afford other means of transport to go to work. Prasa representatives admitted the failure of the entity and assured the delegation it would provide the information requested.

KZN NCOP delegation assured by the Premier about provision of support to municipalities under section 139

The KwaZulu-Natal (KZN) delegation to the NCOP received virtual briefings from Umzinyathi and Uthukela district municipalities and Mpofana Local Municipality on their municipal audit outcomes, financial management, financial controls, revenue collection, municipal debt, fruitless expenditure, the usage of consultants and the status of war rooms in their wards, ***writes Sureshinee Govender.***

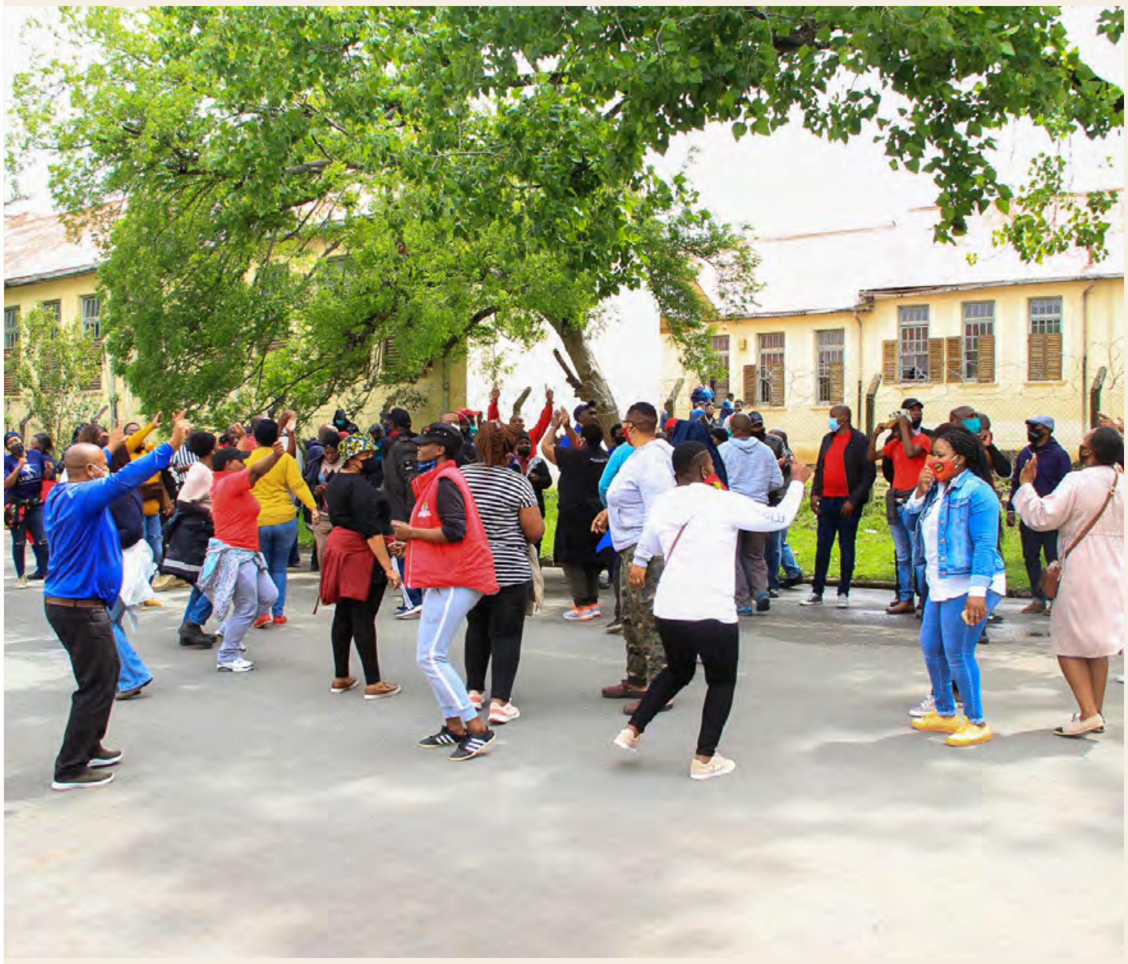


The delegation discovered that Umzinyathi, Uthukela and Mpofana municipalities experience similar challenges, such as provision of water, debt to Eskom, lack of revenue collection as the areas are largely rural and the communities are indigent. The Provincial Department of Cooperative Governance and Traditional Affairs has allocated R339 million to address the water challenges in KZN.

Premier Sihle Zikalala, who also briefed the delegation, said the MEC for Cogta, Mr Hlomuka, signed a Memorandum of Understanding with all the municipalities under Section 139 (1) (b) to ensure that municipalities are viable and sustainable.

The delegation heard from the provincial representatives that all 388 war rooms were fully functioning, albeit some that experienced some challenges, such as the lack of participation by the South African Police Services, dilapidated infrastructure, lack of water and electricity, and lack of understanding of the common guidelines and framework on the functioning of war rooms.

Premier Zikalala assured the delegation that Operation Sukuma Sakhe is being reengineered and it will be mandatory for key government departments, the district and local municipalities to support their respective war rooms. Each provincial MEC who serve as a district champion will receive regular briefings and will process those issues.



PEACEFUL PROTEST: Municipal workers demand salary increase