



PARLIAMENTARY
MONITORING GROUP

MONITOR

A monthly briefing sheet to keep communities informed about what is happening in Parliament

Did you know?	The Budget
<p>The voter turnout for the local government elections was 48.07% in 2000, 48.40% in 2006 and 57.6% in 2011.</p> <p>South Africa's unemployment rate declined by 1% to reach 24.5% in the fourth quarter of 2015 according to Statistics South Africa.</p> <p>From 2015 to 2018, government departments plan to recruit a minimum of 80 000 unemployed youth and graduates into internship, learnership and apprenticeship programmes. During 2014/15, a total of 44 739 interns, learners and artisan trainees were recruited into the public service. Of these, 6 416 have been employed, with 5 644 being permanently employed and 772 employed on contracts</p> <p>There are more than 200 000 uncollected IDs according to the Minister of Home Affairs. The Department's policy states that documents that are uncollected for a period of six months should be returned to head office where they are kept for a further six months. Should the documents not be collected after 12 months, they are destroyed. However, this policy has been relaxed for the period covering the voter registration and Local Government Elections.</p> <p>Government has established a state-owned pharmaceutical company that will supply anti-retroviral drugs to the Department of Health.</p> <p>The President has decided on a below inflation increase of 4.4% for political office bearers nationally and provincially for the 2015/16 financial year.</p>	<p>The Minister of Finance briefed Parliament on the 2016 Budget. The speech focused on decreasing government expenditure, raising tax revenues and preventing a ratings downgrade. He acknowledged that South Africa faces a difficult period ahead as a result of a weak global outlook and domestic challenges such as low growth, high unemployment, weak business confidence, lower revenue, declining investment, electricity supply constraints and extreme inequality. The economy is expected to grow by just 0.9% this year, after 1.3% in 2015. As a result of the slow growth, resources will be limited and responsible choices will have to be made in allocating them. The 2016 Budget is a reflection of such choices.</p> <p>Expenditure on health, education and social protection is set to grow steadily over the next three years. Social grants play an important role in protecting the poorest households against poverty and the overall expenditure on social assistance will increase from R129 billion this year to R165 billion in 2018/2019. The following increases will take effect: Child support grant will increase by R20 to R350, Foster care grant to increase by R30 to R890 and Old age, disability and care dependency grants will increase from R1 415 to R1505. The expenditure on basic education will increase from R204 billion this year, to R254 billion in 2018/19. By 2018, 510 inappropriate and unsafe schools will be rebuilt, 1 120 schools will be supplied with water and 916 schools with electricity. An additional R16bn is allocated to higher education over the next three years, funded through reprioritisation of expenditure plans.</p> <p>Taxes will rise by R18 billion this year and by a further R15 billion a year in 2017/18 and in 2018/19. This year there is modest personal income tax relief of R5.5bn for low and middle income earners. Government also proposes an overall increase in the monthly medical tax credit allowances; an increase of 30 cents a litre in the general fuel levy; introduction of a tyre levy to finance recycling programmes, increases in the incandescent globe tax, the plastic bag levy and the motor vehicle emissions tax; introduction of a tax on sugar-sweetened beverages; and increases of between 6 and 8.5% in the duties on alcoholic beverages and tobacco products.</p> <p>The Minister announced stringent cost containment measures across all departments. These include: restrictions on filling managerial and administrative vacancies, subject to review of human resource plans and elimination of unnecessary positions; reduced transfers for operating budgets of public entities; capital budgeting reforms to align plans with budget allocations while strengthening maintenance procedures; mandatory use of the new e-tender portal, thereby enforcing procurement transparency and accessible reference prices for a wide range of goods and services; a national travel and accommodation policy and instructions on conference costs; new guidelines to limit the value of vehicle purchases for political office-bearers; renegotiation of government leasing contracts and new centrally negotiated contracts for banking services, ICT infrastructure and services, health technology, school building and learner support materials.</p> <p>Political parties are largely positive about the budget and urge everyone to get behind the Minister's proposals. Parliament will spend the next few weeks/months reviewing and adopting the budget and accompanying bills.</p> <p><i>"This year's budget is focused on fiscal consolidation. We cannot spend money we do not have. We cannot borrow beyond our ability to repay. Until we can ignite growth and generate more revenue, we have to be tough on ourselves" – Finance Minister</i></p>

Socio-Economic Rights for All

The Portfolio Committee on Trade and Industry heard about government's plans to tackle **overindebtedness** of households and offer consumers more protection. According to a government study, credit providers tend to overlook affordability tests and extend credit based on listing information on the credit bureaus. With the new regulations in place, the Minister of Trade and Industry is empowered to issue binding regulations around affordability assessment criteria to ensure that credit providers no longer choose to bypass risk management processes associated with defaulting debtors by approving credit without first making the proper checks. The study highlighted other concerns that needed addressing: reckless lending, abuse of credit insurance, high cost of credit, judgments and garnishees, lack of education and awareness about credit, listing requirements, discretionary credit guidelines, honesty and disclosure by credit providers and consumers and claims and collections on prescribed debts. According to the National Credit Regulator statistics as at September 2015, out of 23.11 million credit active consumers: 12.70 million (55.0%) are in good standing and 10.41 million (45%) are impaired. The decision to review interest rates was made in Parliament in 2013 after public hearings on the National Credit Amendment Act. The research conducted on over indebtedness showed that the interest rates charged to consumers are very high and coupled with that, no review of interest rates and fees had been conducted since 2007. The final Notice on the Limitations of Fees and Interest Rates Regulations was as follows at the date of publication:

- Unsecured Credit decreased from 32.65% to 27%, (Repo Rate + 21%)
- Mortgage agreements increased from 17.65% to 18%, (RR + 12%)
- Credit Facilities decreased from 22.65% to 18%, (RR + 12%)
- Developmental Credits increased from 32.65% to 33%, (RR + 27%)
- and other credit agreements increased from 22.65% to 23%, (RR + 17%)
- Short-term credit transactions remained at 5% per month for first loan and 3% for subsequent loans within the same calendar year.
- Incidental credit agreements remain unchanged at 2%
- Service Fees have been increased from R50 to R60.

The Limitations on Fees and Interest Rates Regulations as reviewed will come into effect on 6 May 2016 and will only affect new credit agreements entered into on and after the effective date

Several Members raised queries about interest rates; suggesting that long term loans must also be covered in limitations of fees and interests, and that the rates for unsecured and developmental loans were too high. A DA Member was particularly concerned that they were too high in respect of mortgages, did not feel that the limitations were meaningful and wanted to know if they had been benchmarked. He urged the Committee to reject those proposals, but the dti said that it would present the results of benchmarking to Parliament on another date. Members from all parties expressed their concern about hidden charges by banks, and also cautioned that a balance must be found to ensure that if regulations went too far in protecting consumers, this might affect the industry, which was a creator of jobs. It was pointed out that this was still work in progress and perhaps reductions needed to be done in phases.

Parliament hosted a two-day workshop on **Food Security and Safety** with experts to examine what structures are in place to ensure that the country's food supply is sufficient and nutritious, and to come up with an action plan to address national problems of food security and safety. According to the Department on Agriculture, Forestry and Fisheries, 14 million (26%) South Africans are still predisposed to hunger and malnutrition. The provincial outlook shows that Limpopo is the best performing province with only 11.4% of people having inadequate access to food while the North West province was the worst at 43.7%. Limpopo has such a low rate because many people produce their own food in that province. High prices, climate change and poor infrastructure were highlighted as contributing factors to food insecurity. The ongoing nationwide drought and its effect on the harvest of staple foods, especially white and yellow maize contributed to the food security challenge. In addition, food inflation is expected to increase 12% by August 2016. An expert told MPs that there had been no significant reduction in household food insecurity or much improvement in child and adult nutrition since 1994. This was despite the multiplicity of government projects and the expansion of the social grant system to about 16-million people. Food insecurity was driven by factors at a national level (such as crises like the energy crisis which increases transport and cooking costs / poor economic growth) and at household level (for example poverty and unemployment / poor health which were all consequences and drivers of food insecurity). In South Africa, poor co-ordination and duplication of effort are the main reasons that the government's attempts to address food insecurity are being less successful than they should be, given the level of investment.

On food safety, not all food testing laboratories are accredited thereby limiting reliability of their results. There is a lack of educational opportunities in the food industry. A food safety authority was needed, with close ties to bodies such as the South African Bureau of Standards. The tendency to have one standard for export and a different, lower standard for the local market should be checked. MPs said that it was not enough for government to make good policies, but to make practical policies and called for the reintroduction of food economics as a subject in school. They suggested tighter control of school feeding schemes to ensure they provided healthy food, and called for a single department to take ultimate responsibility for food security interventions.

The Minister of Energy informed MPs that the R1 trillion figure being speculated in the media as the cost of the **nuclear energy programme** proposed by government, was not a figure derived from her office and emphasised that the government has not signed a nuclear deal with anyone. A funding model for the programme was being worked out and only after this is completed, will the government be able to state the exact cost of the nuclear programme. She also made a strong case for the nuclear energy programme by stating that in the long run it would be cheaper for the people of South Africa since the life span of a nuclear plant is about 100 years. Though coal will remain a part of the energy mix, the share of nuclear energy as a cleaner energy source will grow as a result of the Nuclear New Build programme. The gas-to-power independent power producer programme aims to generate in excess of 3 000 MW, giving the private sector an opportunity to collaborate with government.

Members asked why government was introducing more coal power stations rather than phasing them out; about the limited public participation organised by NERSA on Eskom's pricing; about the coal independent power producer programme being ready within two months; the time lines for the bidding process for the nuclear programme and the roles of the Auditor-General and National Treasury; the current status of the solar water heater programme and the viability of long term job creation via this programme; promotion of the use of solar energy; about the recovery of the R14 billion lost by PetroSA; the link between nuclear energy and desalination; why the Integrated Energy Plan was not subject to public participation as was done in 2010 and 2013; about the investigation into NERSA; why the vetting of potential appointees for board appointments; what the current status of the shale gas project is; when the funding model of the nuclear programme will be concluded so one knows the actual cost and if government intended to solely fund the programme; and why the nuclear procurement programme should be operated under the Independent Power Producer's office.

The Department of Cooperative Governance and Traditional Affairs reported that in the second phase of the **Back to Basics (B2B) project**, national government will engage in more active monitoring and accountability measures. This includes unannounced municipal visits, spot checks of supply chain management processes, the implementation of recommendations of forensic reports, site visits of Municipal Infrastructure Grant-funded projects, and increased interventions to assist struggling municipalities. Despite the efforts and initiatives implemented by Government, there are remaining challenges. The observations from the B2B project revealed this worrying picture:

- Weak capacity in provincial CoGTA departments correlates with extent of regression in municipal performance in those provinces;
- Dysfunctional municipalities are still characterised by political instability, weaknesses in governance and poor delivery of services;
- There is correlation between poor political leadership, senior management vacancy rate, poor appointments and lack of functionality of municipalities;
- Bloated organogram not aligned to core business, weak human resource management systems, weak internal controls, no consequence management and accountability and non adherence to or disregard of laws and regulations;
- Debt owed to Eskom and water boards still remains a challenge
- Some municipalities continue to experience perennial systemic challenges that are beyond their control, e.g. viability, low or non existent revenue base, inability to attract qualified expertise, tariff setting and non revenue losses on services (water and electricity);
- Section 139 interventions not yielding the desired result due to lack of sustainability and the inability to resolve perennial systemic challenges;
- Citizen engagement generally weak in municipalities categorised as dysfunctional and at those at risk, in terms of their reporting back to communities, complaints management systems and functionality of the ward committees;
- Inability to plan, procure, project-manage infrastructure delivery resulting in poor infrastructure grants spending, fraud and corruption;
- Poor budgeting for maintenance, refurbishment and replacement of aging infrastructure resulting in poor quality and breakdown of service;
- Whilst progress is being made in addressing government debt, municipalities are still owed huge amounts by governments, business and households;

MPs wanted to know how dysfunctional municipalities were going to be fixed but cautioned that a single approach would not work because municipalities faced different challenges daily.

B2B is based on five pillars of putting people first, promoting good governance, sound financial management, building institutional capacity and delivering basic services. The new COGTA Minister Des van Rooyen has announced that he fully supports and will continue to implement the Back-to-Basics (B2B) approach introduced by Minister Gordhan last year, saying, "Over the coming months, as part of the B2B programme, we will intensify our hands on monitoring and support of local government to accelerate service delivery.

Legislative developments....

The implementation of the new [tax law](#) will be postponed until 2018. The controversial provision to end the full pay-out of provident fund monies over R247 000 was widely criticised by COSATU and it threatened to embark on strike and court action if the law went ahead. Government has committed to meeting with all stakeholders for further consultations.

Cabinet approved the publication of the [Deeds Registries Amendment Bill](#) of 2015 for public comments.

Cabinet approved the submission of the [Plant Health Bill](#), [Protection, Promotion, Development and Management of Indigenous Knowledge Bill](#) and [Courts of Law Amendment Bill](#) to Parliament.

The Department of Agriculture Forestry and Fisheries invites the public to comment on the [Draft Aquaculture Bill](#). Comments can be emailed to aquabillcomments@daff.gov.za by no later than Thursday, 31 March 2016.

Parliament passed the [Local Government: Municipal Electoral Amendment Bill](#).

The [Special Economic Zones Act](#) was put into operation by presidential proclamation on 8 February 2015.

The [Expropriation Bill](#) is one step closer to becoming law after it was passed by the National Assembly. The Bill will enable the state to pay for land at a value determined by a government adjudicator and then expropriate it for the "public interest." The Bill has been transferred to the NCOP for concurrence.

The Portfolio Committee on Communications received a briefing on the [Films and Publications Amendment Bill](#), which seeks to regulate the distribution of videos and content online, including on social media networks. Other topics in the bill include hate speech, propaganda for war, incitement of violence, child pornography, and revenge porn. MPs agreed that wider consultation was needed on the Bill.

Parliament held public hearings on the [Unemployment Insurance Fund Amendment Bill](#). The proposed law extends UIF payments and widens the net of those who will qualify for cover. The Bill also prohibits any person from demanding charges for assisting in submitting UIF claims. The public hearings were attended by labour representatives, academics, employers' association, and the general public, who mostly supported the bill.

Together with his 2016 Budget, the Minister of Finance tabled three bills in Parliament: [Division of Revenue Bill](#), [Appropriation Bill](#) and [Revenue Laws Amendment Bill](#).

The draft Regulation of Land Holdings Bill has been renamed the [Regulation of Agricultural Land Holdings Bill](#). The proposed law will place a ceiling on land ownership at a maximum of 12 000 hectares and will prohibit foreign nationals from owning land. They will be eligible for long term leases. The Bill will be presented to Cabinet in the first semester of the year and is expected in Parliament around August/September.

The Department has made a special request to include an amendment in the already tabled [Public Service Commission Amendment Bill](#). The new proposal would see the President appoint a commissioner to act in the absence of the chair and the deputy chair rather than leave it up to the Commission.

Public hearings on the [Higher Education Amendment Bill](#) were held in February. A balance has to be found between public accountability and institutional autonomy (which the vice chancellors fear will be encroached) at a time when institutions have been rocked by a series of student protests calling for radical change. Meanwhile, COSATU/NEHAWU welcomed the objectives of the Bill. MPs will begin their deliberations in March.

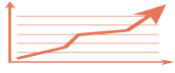
Khoi-San leaders voiced their opposition to the [Traditional and Khoi-San Leadership Bill](#) during public hearings on the proposed law. The bill was further criticised for entrenching apartheid tribal boundaries. MPs will undertake hearings across the country, particularly with communities that will be directly affected by the bill.

The [Marine Living Resources Amendment Act](#) of 2014 has come into operation.

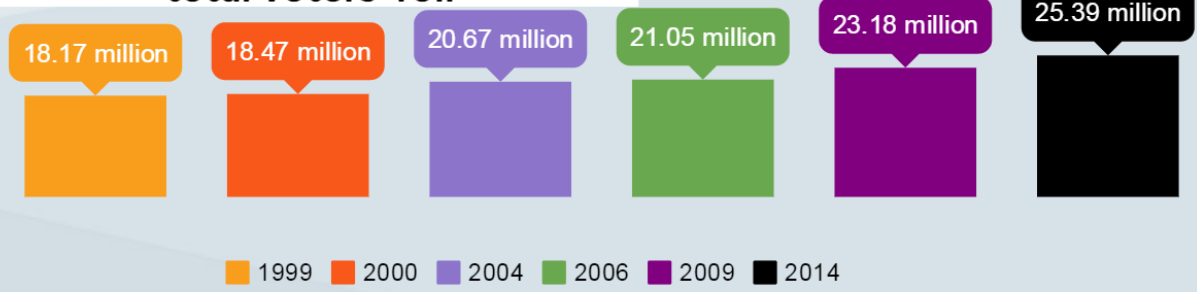
A [Public Procurement Bill](#) is being finalised and will be released for comment in the first half of 2016 and a new infrastructure bill is awaiting Cabinet approval before being released for public comment.

The [Mineral and Petroleum Resources Development Amendment Bill](#) has been reclassified and referred to the National House of Traditional Leaders for consideration.

SA's voting landscape

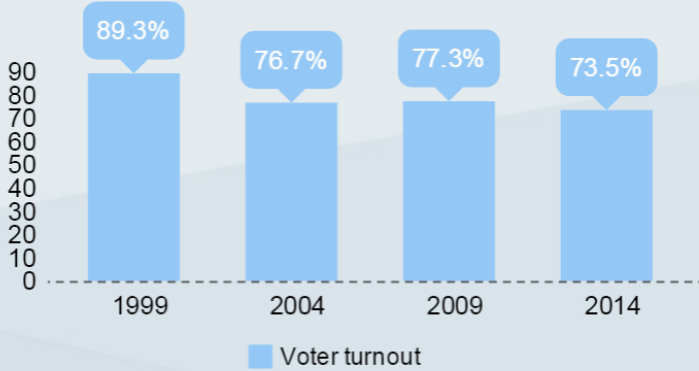


1999 to 2014 - 40% growth in the total voters' roll

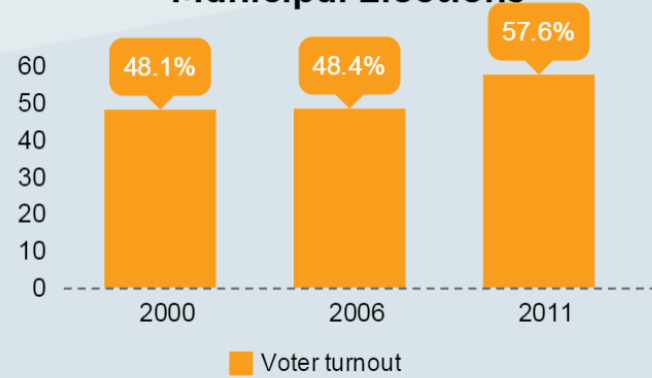


Voter turnout and Non-voters

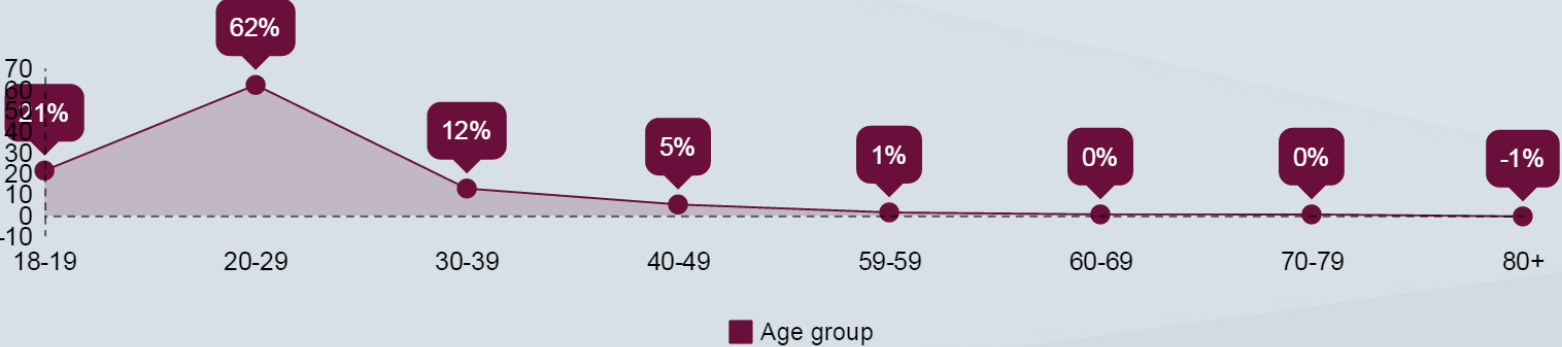
National and Provincial Elections



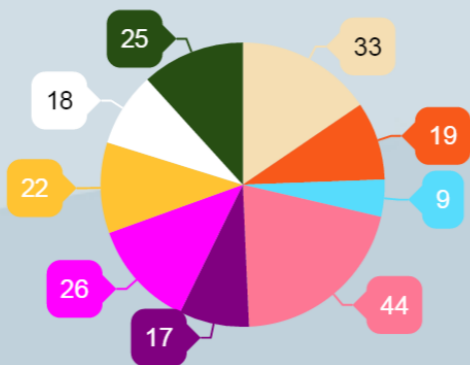
Municipal Elections



StatsSA: Estimate a 31.4 million voting age population (VAP) where the 18-29 age group make up targets non-voting population = approx. 5 million



Municipal landscape



Number of local municipalities reduced to 213 from 234 - most in KZN (44), EC (33) and NC (26)

EC (15%) FS (9%) GP (4%) KZN (21%) MP (8%) NC (12%) LP (10%) NW (8%) WC (12%)