

THURSDAY: 27 NOVEMBER 2008

Sitting No. 24

[No. 24 - 2008] Fourth Session, Third Legislature

REPUBLIC OF SOUTH AFRICA

**LEGISLATURE OF THE
NORTH WEST PROVINCE**

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09H00

HON. DEP. SPEAKER:

Honourable Members, we may now observe a moment of silent prayer and meditation. Honourable Members may get seated. Next item.

**SECRETARY: ITEM NO 2:
MINUTES OF THE 20th
NOVEMBER 2008**

HON. DEP. SPEAKER:

Honourable Members, I put before you a set of minutes of the 20th of November 2008 for adoption. Honourable Mokaila?

HON. MOKAILA:

Thanks Deputy Speaker. Your page 93 does not accommodate the following recommendation that I made on behalf of the Portfolio Committee, which said that we tabled what we called the consolidated committee report on annual reports, and in that report we made the follow-

ing recommendation:

- That the finance component of the Annual Report, and that included the Annual Report on the Department of Finance, the Annual Report on Contingency Reserve, would not be debated and we recommended to the House that they be adopted and there was no objection to that recommendation.

We further said that Members of the Committee who will debate today would incorporate reflections of the committee on Second Quarter Report during the debate on the Adjustment Appropriation budget, and having said that Deputy Speaker, I would have dealt with your Item 6 on the Order Paper.

HON. DEP. SPEAKER:

Minutes would accordingly be corrected to include the omissions Honourable Mokaila. Any

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other matter relating to the minutes? In the absence of any other thing, Honourable Members would recall that when we were dealing with the matter, the motion relating to the case that Honourable Mokaila was saying the matter is sub judice, I ruled on the matter that Honourable Baloyi was simply giving us an update or developments on the case, and that area also in the minutes is not covered. Oh, I am told that that area is covered in the minutes, and that is on page 93.

Now Honourable Members, does the House adopt the minutes as amended? Yes. Before we proceed to the next item, may I indicate that our screens are not functional. As we speak, the IT people are busy attending to that technical problem, which I think would be resolved within no time. Let us proceed to the next item.

SECRETARY: ITEM NO. 3, MOTIONS

- a) Motions without notice
- b) Notices of motions

HON. DEP. SPEAKER:
Honourable Members, are there

any motions without notice? Ntate Mahlakeng; Honourable Mampane; Honorable Groenewald.

HON. MAHLAKENG:

Thank you Deputy Speaker, and good morning. Honourable Deputy Speaker, I rise on behalf of the African National Congress to place a motion without notice that let there be water for everyone. Our country's constitution is very much clear that everyone has a right to clean and healthy water. Therefore such right needs to be upheld by all government departments. Early and middle of the year we saw a number of communities protesting about water shortages in their areas. Honourable Deputy Speaker, we already are approaching Christmas time and we all regard Christmas as the time to give. We are therefore pleading with the government departments to ensure that water is available to all areas that were affected by this crisis. We must all note that water is the source of life. I thank you Deputy Speaker sir.

HON. DEP. SPEAKER:

Thanks Honourable Mahlakeng. Before we proceed to

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Honourable Mampane, may I warn Whips of parties, in advance, that after this item we are going to deal with an item that needs the presence of two-third majority in the House. In the absence of two-third majority we would not be able to deal with other issues.

So I am raising this matter in advance, so that Whips of parties attend to this matter, in particular the Whip of the ANC, because it is important for us to have that two-third majority. Otherwise we would not deal with certain items, as you know, part of which is contingency plans that must be presented by the MEC for Finance. Honourable Hattingh?

HON. HATTINGH:

Honourable Deputy Speaker, I know the word two-thirds majority is in the firing line at this stage, but we are not talking about the two-thirds majority here, we are talking about a quorum of two-thirds of the Members of this House. Two-thirds majority is something that is under threat at this stage. Thank you.

HON. DEP. SPEAKER:

No, that is exactly what I am referring to. That is exactly what I am referring to, two-thirds of the House, because I wanted when we arrive at that point we do not have problems. Honourable Mampane?

HON. MAMPANE:

Honourable Deputy Speaker, on behalf of the ANC I rise to place the motion without notice on Johan Nel court decision by Mmabatho High Court. The African National Congress on Friday welcomed the four life terms imposed on Skierlik shooter, Johan Nel, by the Mmabatho High Court. No lesser sentence could possibly have been given for such an appalling crime, motivated purely by racist obsessions.

We strongly believe that the sentence should act as a deterrent to any others who would be racist killers, and that the law should deal with them harshly. Nel was sentenced to four life sentences for killing:

- Enoch Tshepo Motshelanoka, 10 years old.
- Anna Moiphitlhi, 31
- Her 3 month old baby, Elizabeth Moiphitlhi and
- Sivuile Banani, 35 years,

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in a racially motivated shooting spree in the Skierlik informal settlement near Swartruggens on the 14th January. He was sentenced to an additional 68 years for 11 attempted murders, 7 years on each of 8 of the charges, in which his victims were wounded, and 4 years in three instances where he shot at people, but did not hit them. He also received 5 years for possession of a firearm and 3 years for possession of ammunition. A charge of damage to property was withdrawn. The court reportedly ordered that Nel not be considered for parole. It is understood that he intends appealing against the sentence. I thank you Honourable Deputy Speaker.

HON. DEP. SPEAKER:

I agree, I take that the House adopt the motion. Let us proceed to Honourable Groenewald.

HON. GROENEWALD:

Thank you Honourable Deputy Speaker. The DA wants to voice their concern about the raw sewerage flowing through Unit 9 and 15. This has been happening for the past two weeks now, resulting in this sewerage flow-

ing direct into the Modimola Dam. It would appear that nothing is being done about the situation. This could have a serious outcome of waterborne disease such as cholera and even typhoid.

The DA would like to appeal to the relevant authorities to urgently look into this potential dangerous situation that could cause this illness and take innocent lives. I thank you.

HON. DEP. SPEAKER:

I take that the House adopts that motion. Honourable Members, before we proceed to.., we have in fact two notices of motion on the Order Paper and we will start by calling on Honourable Hattingh to read and lead the debate on his motion. Honourable Hattingh?

HON. HATTINGH:

Thank you Honourable Deputy Speaker. Looking at the previous motion that was accepted by this House on the irregularities in the Department of Agriculture and Conservation in the North West, it appears that the recommendations falls short of certain issues. It basically focuses on grants and then

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based a number of other criteria, seven of them, on the allocation of grants.

Honourable Deputy Speaker, the motion that I would like to put to the House is that the investigation that was accepted by this House should actually expand to include all tender and procurement procedures undertaken, specifically including transactions with the following, Smokey Mountain Trading 262 of the at least 2.571 million and Serfontein Kuikens including transactions of at least 484 000. The total is more that 3.056 million.

Now Honourable Deputy Speaker, that is based on the following, that Section 33 of Chapter 8 of the Financial Statements Preparations Guidelines defines related parties and related transaction party, transactions as follows: Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged and then a related party is defined as follows: Parties are considered to be related if one party has the ability to control the other party or

exercise significant influence over the other party in making financial and operating decisions or if the related party or entity or another entity is subject to common control.

It also defines key management personnel as all directors and then specifically where there is a member of the governing party or a whole of government entity who has the authority and responsibility for planning, directing and controlling the activities of the reporting entity and it defines it as a Minister or an MEC.

Honourable Deputy Speaker, it is clear that such transactions did take place and the motion actually will then entail that an investigation into the Supply Management System also be done, expanded to include the transactions as defined in Chapter 8 of the Financial Statement Preparation Guidelines to include all procurement of the part that I have outlined. I thank you.

HON. DEP. SPEAKER:

Now Honourable Members, any Member who is going to wish to speak on this notice of motion, I

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move that those Members must be relevant. Honourable Hattingh simply say he wants, in addition to the debate and decision taken in the last Sitting, he wants to add the procurement procedure in relation to the Supply and Chain Management, and in particular the two matters he has raised, one of which is Serfontein Kuikens and the Smokey Mountain Trading. Now I do not want to reopen the debate of the last Sitting. Any Member who wish to speak, Honourable Mokomele-Mothibi and Honourable Madoda.

HON. MOKOMELE-MOTHIBI:
Thank you Honourable Deputy Speaker. I stand to object on the motion done by Honourable Hattingh, the reasons being, the matter that he is talking about was covered in the previous Sitting, that the Premier will invoke the necessary Section if only the MEC is implicated. I thank you.

HON. DEP. SPEAKER:
Honourable Madoda?

HON. MADODA:
Honourable Deputy Speaker, I really do not want to complicate it. Let me pull back.

HON. DEP. SPEAKER:
Now Honourable Members, notice of motion is presented and there is a descending view on that motion. Now the rule says if that is the case, the motion falls off. Just before you come in Honourable Hattingh, the people in front of me here, their work is to advise and they are doing that. Nobody is qualified to do that. I am now going to request Honourable Serfontein, whether he would want to respond on the matter. Honourable Serfontein?

HON. MEC SERFONTEIN:
Thanks Deputy Speaker. All I want to respond to is that the case is sub judice because in the last Sitting we agreed to investigate everything and the results will come soon.

HON. DEP. SPEAKER:
Now does the House adopt the motion? Honourable Hattingh?

HON. HATTINGH:
Thank you. You must listen to the wise man Honourable Deputy Speaker. Honourable Deputy Speaker, I first rise to inform Honourable Mokomele-Mothibi that she is wrong, and I want to read her what are the

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terms of reference, and this is specifically why I bring this motion actually to expand the investigation, to clear Honourable Serfontein and anybody else that is involved because there is now a cloud hanging over their heads because of certain publications and allegations made in the media, regardless whether it is sub judice or not. Sub judice has actually become a very obscure word to hide things.

Let me read to you what the terms of reference are, and it is actually signed by the Deputy Speaker himself. The terms of reference are the following, it is 8 points and nowhere it actually refers to what I have put on the table here today.

Terms of Reference - The allocation of grants: The people who qualify to such grants, criteria used for the allocation of such grants, procedures followed in the allocation of such grants, which companies were allocated such grants, the directors of such recipient companies, whether such a transaction borrowed on any conflict of interest and any other matter relating to the above and that is

grants that may prove the allegation.

I am not talking on this motion about grants. We are talking about suspect procurement policies and procedures in the Department of Agriculture over a number of years. We are talking about the Supply Management System, which is not addressed by the criteria. I am sure even Honourable Mokomele-Mothibi will agree with me that it is not included here.

What I am saying is, let us become transparent. Let us clear the MEC, let the investigation clear the MEC of any suspicions. Let us open this up. There is nothing to hide, or do we believe there is something to hide?

All I am saying Honourable Deputy Speaker, let us expand the investigation to include procurements, specifically where it relates to those people who are now under a cloud as referred to and defined by Chapter 8 of the relevant documents that I referred to. Thank you.

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I have noted Honourable Mokaila.

HON. HATTINGH:

Honourable Deputy Speaker, just a point of order. I thought that I have concluded the debate on this motion.

HON. DEP. SPEAKER:

Does the House adopt the motion? No. Now I hear Members saying yes, no.

HON. MOKAILA:

I wish to amend this motion Deputy Speaker, if I may be allowed.

HON. DEP. SPEAKER:

No, you are not allowed, because if I allow you Honourable Mokaila, to amend the motion, that is going to be interpreted as having giving you an opportunity to participate on the debates after they are closed. So the point at which we are now is whether or not we adopt the motion.

HON. MOKOMELE-MOTHIBI:

We do not adopt it Honourable Deputy Speaker.

HON. DEP. SPEAKER:

Now if the House does not

agree that the motion be adopted, the motion falls off.

HON. HATTINGH:

Honourable Deputy Speaker, may I ask for a vote and specifically a division of the House?

HON. DEP. SPEAKER: Yes, those who are saying they agree with the motion, let them raise their hands, and those who are saying we do not agree with this notice of motion, let them raise their hands. We have 4 (four) Members who are for the motion and we have 13 (thirteen) Members against the motion, and 1 (one) abstaining.

HON. HATTINGH:

Honourable Deputy Speaker, I have asked for a division. So it means that the bell should ring, the doors should be closed and no Member should abstain.

HON. DEP. SPEAKER:

No, we can still follow that procedure that we said Honourable Hattingsh is right, that we need to follow. Can we arrange for that? We expect service. Sergeant at Arms, re batla go vouta, re batla gore dikgoro di tswalwe, go nne le bele e e lelang, e e bontshang gore go a voutiwa, go seke ga nna le ope yo o

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tswelang kwa ntle mo bathong
ba ba mo Ntlong.

Right Honourable Members. All doors are closed. Honourable Members are inside. Those who are for the notice of motion please raise your hands again. Thank you, and those who are against the motion please raise your hands. I am saying those who are against the motion. Thanks. The division of the House serves as follows: 4 Members for the notice of that motion and 14 Members against.

Honourable Members, the motion falls off because there is no common ground for Members on the notice of motion. Honourable Members we proceed to the next notice of motion. The second notice of motion was a motion of Honourable Groenewald. As we were preparing for this Sitting, I engaged with Honourable Groenewald on this motion. We have agreed that this motion will stand over to the next Sitting. We proceed to the next item.

**SECRETARY: ITEM NO. 4,
STATEMENTS BY MEMBERS**

HON. DEP. SPEAKER:

Does any Member wish to make a statement Honourable Members? Honourable Madoda?

HON. MADODA:

Honourable Deputy Speaker, I rise on behalf of the ANC to make a statement about the 1st of December World Aids Day. Now 27 years since the first case was reported, AIDS has changed the world.

It has killed millions of people, it has infected many more millions, it has become the world's leading cause of death amongst both women and men aged between 15 and 59. It has inflicted the single greatest reversal in the history of human development. In other words it has become the greatest challenge of our generation. For far too long the world was in denial, but over the past years attitudes have changed, the world has started to take the fight against AIDS very seriously.

Deputy Speaker, financial resources are now being committed like never before to the fight against HIV/AIDS. People have access to anti-retroviral

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drugs and several countries are managing to fight the spread like never before. However, the number of infections continues unabated. We therefore need to improve on our work.

Honourable Deputy Speaker, we cannot let the advances that we have already made so far be reversed. We must not jeopardize the work that has already been done in the fight against AIDS. The challenge therefore now is to deliver in the promises that have been made, including the Millenium Development goals that were agreed to by world governments.

We are therefore calling leaders at every level to recognize that holding the spread of AIDS is also a prerequisite for reaching most of the other goals of the Millenium Development Goals, which together form the international communities agreed blue print to building a better world in the 21st century.

Deputy Speaker, in conclusion most of us will soon be stepping down as Members of the Legislature. We are therefore called on to continue spreading the message wherever we go,

that World AIDS Day should not only be talking about AIIDS on this day, but we should do it day in and day out. I thank you Honourable Deputy Speaker.

HON. DEP. SPEAKER:

Thanks Honourable Madoda. Does any Member wish to comment on the statement? None, can we proceed to the next item?

SECRETARY: ITEM NO. 5, ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS**HON. DEP. SPEAKER:**

Let me now start by inviting MEC Rasmeni to table the PCA Annual Report for 2008/2009.

HON. MEC RASMENI:

Honourable Deputy Speaker, let me take this opportunity to table before the House the Annual Performance Plan 2008/2009 for Provincial Council on AIDS to the House. Thank you very much.

HON. DEP. SPEAKER:

Honourable Members, this report stand referred to Health and Social Development Portfolio Committee. Let us

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now proceed by inviting MEC Yawa to table the next report.

HON. MEC YAWA: Deputy Speaker of the House, please allow me to table the Annual Performance of the Municipalities Report Section 47, and I must also emphasize Honourable Deputy Speaker, that I have done the same, forwarding the same report to the Minister and the Chairperson of the NCOP, in accordance with the Act. Thank you very much.

HON. DEP. SPEAKER:
In compliance with provisions of the Act?

HON. MEC YAWA:
Yes.

HON. DEP. SPEAKER:
Honourable Members, this report also stand referred to the Portfolio Committee on Provincial Affairs. Next is Honourable Mokaila.

HON. MOKAILA:
Thanks Deputy Speaker. Let me also table the committee reflections on the Adjustment Budget 2008.

HON. DEP. SPEAKER:

This brings us to the end of tabling. Now we move to the next item.

**SECRETARY: ITEM NO. 6,
DEBATES ON COMMITTEE
REPORTS**

- 6.1 Department of Finance Annual Report 2007/8
- 6.2 Contingency Reserve Annual Report 2007/8
- 6.3 Second Quarterly Report of Expenditure as at 30/09//2008

HON. DEP. SPEAKER:
Ntate Mahlakeng.

HON. MAHLAKENG:
Deputy Speaker, I do not know if there was communication but then we were ready to table the three PSC reports which were referred to us, but I do not know, I am in your hands. The report has been circulated.

HON. DEP. SPEAKER:
Honourable Mahlakeng I am told that there was no communication to that regard. Honourable Members, I will now invite Honourable Mokaila to lead the debate on the committee report on the scrutiny of the Annual Report of the

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Department of Finance, Contingency Reserve and the Second Quarterly Report of Expenditure ending 2008/2009.

HON. MOKAILA:

Deputy Speaker, may I rise on a point of order. We have earlier corrected the minutes, which after correction had dealt to the item that you wish us to address now, and the summary of that is that we tabled a recommendation in the last Sitting for the House to adopt the reports and question and indicated that the committee had resolved not to debate the said reports. We corrected that in the minutes this morning and it is to accept that therefore consequently then leads to no debate on this matter.

HON. DEP. SPEAKER:

This correction was made earlier on this morning on the minutes, Honourable Mokaila is correct, which then takes off our Order Paper the debates on Finance, except to invite Honourable Modiselle. We will now invite Honourable Modiselle to take us through the contingency plan.

Honourable Members, this morning we were given a

Speakers' List on the Department of Finance. Now the correction of the minutes on what Honourable Mokaila has just said, it then says we will not be having a debate on this department, and that Speakers' List will no longer apply, and I hope all Members have the same understanding. Now Honourable Modiselle you may proceed.

HON. MEC MODISELLE:

Thank you very much Honourable Deputy Speaker.

HON. DEP. SPEAKER:

Sorry Honourable Modiselle. Let us hear Honourable Matladi.

HON. MATLADI:

Thank you Honourable Deputy Speaker. My understanding is different from yours. I was thinking that the committee Chairperson in the previous Sitting requested that we debate the Adjustment Appropriation, together with the Second Quarterly Report and that list on Speakers is based on such a debate.

HON. DEP. SPEAKER:

This cancels then the debate on the Annual Report on the

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Department of Finance, but the Speakers' List on the Contingency Plan still stands. The list will then apply, I mean Adjustment. Next item.

SECRETARY: ITEM NO. 7, PROCEEDINGS ON BILLS

Introduction and First Reading
North West Provincial
Adjustment Appropriation Bill

HON. DEP. SPEAKER:

Okay, let me now invite Honourable Mokaila to lead the discussion on this Bill.

HON. MOKAILA:

Thank you Deputy Speaker. Let me just, as I did in the last Sitting, take the opportunity to make just broad reflections on the committee's response on the Adjustment Bill, and as I have indicated, also take an opportunity to link the two debates, being the debates on the Second Quarter Expenditure Report.

I think just as a beginning it is important to take note that we are tabling this Bill at the time when the world is experiencing the global economic crisis which was last seen during the great depression of 1929, and devel-

oping economies like that of South Africa, though primarily not responsible for the current economic crisis, will definitely not escape its negative effect. Of particular importance to us as public representatives is how this current global economic climate affects the ability of governments of developing countries to remain committed to undertakings we have made in bettering the lives of our people.

During the last few months what has become economic orthodoxies of the last decades have been turned on its head and that would relate to the basic understanding that at all times the market has the capacity to take care of itself and therefore take care of all of us. We now are wiser than yesterday, that the market does not have all answers of our current problems and that it cannot even take care of itself.

The implication of this to South Africa and the North West in particular Deputy Speaker, is that we have seen a steady decline in growth though on very nominal in South Africa. We are expecting a shrinking of sectors of the economy, in particular the

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automotive industry and we are expecting some job losses around the textile industry, which some analysts already believe has reached recession, and I do not want to enter a debate about what constitute a recession and what does not, and of particular importance to the North West is that since January the price of platinum has dropped by 37%, which indicates owing to fluctuations in the commodity market and this being the largest contribute of our GDP as a province should constitute the largest concern of us in the current climate.

Having made this general observation, let me now deal with the Adjustment Budget itself. One of the concerns that the committee has is that as reflected in the Second Quarter Expenditure Report, we have seen a nominal 1% increase in general government expenditure in the same period, compared to last year, which means that generally provincial departments are still unable to exercise and to spend the budget that we pass through this House.

It is very clear to the committee that there has still not being

coherent policy grounding between what the information that is produced in the Second Quarter Expenditure Report and how that information informs the allocation during the complication of adjustment estimates. What you see is the disjuncture where particular departments, which are still showing in their capacity, a negative growth in terms of expenditure pattern, still be accommodated in allocations in the Adjustment Budget.

Overall government expenditure seems to have grown by 2% compared to the same period last year despite the fact that there was a reported EXCO moratorium during the same period. Expenditure, capacity to spend on infrastructure has declined by 2%, from 41% the same period last year to 39% this year.

Overall, the departments are expected to roll over, over R156 million on conditional grants which could not be spent. The view of the committee is that there is a very disjointed coordination of when do you apply for conditional grants and whether there is capacity to spend such conditional grants, and what role

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should Treasury play in ensuring that once conditional grants are applied for, there is actually capacity on the grant to spend them. For an example, the Department of Agriculture has only spent 8% of its allocated conditional grants which translate to R10.275 million of the R131 million allocated to conditional grants.

Our view as a committee is that what we need in the province probably, is to build a capacity within Treasury, in consultation with other departments, where a strategy will be developed on how conditional grants are going to be applied for, what they will be used for and how they are going to be spent, and that may translate into appointing a capacity within the department that will look specifically at how conditional grants are applied for, assisting departments to draft business plans and how those conditional grants are going to be utilized.

The concern of the committee is that our continued and ability to spend this conditional grant, and our increasing appetite to apply for them actually affects the province's standing nationally in

terms of our capacity to generate future assistance in that regard, and lastly the committee would then, having made this broad reflection, wish to propose that, I must before I deal with conclusions, to indicate that the committee was tempted to a very large extent to temper with the current adjustment budget.

We have not done so this financial year, despite the fact that compared to previous years, there was actually more compelling reasons for the committee to interfere and actually to strike off certain allocations, but we have decided not to do so, and having not done so we therefore recommend that there is a need for EXCO to establish a mechanism through which the incapacity of the department to spend on their baseline budget, we do not even talk about additional funds through donations and other means of sources, just the capacity to spend baseline budget should be increased and EXCO should be seized with this matter.

We therefore are of the view that there is a need for a much more coherent policy coordination at the executive level to

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match policy pronouncements and actual budgetary allocation. Our view is that what we have now is the disjuncture between pronouncements that we make at the policy level and actual practical allocation of the resources that we do through the budget.

We also recommend that one of the reasons why there is capacity to spend funds in general, including infrastructure grant funds is actually bad planning within the department, but it also related to problems of procurement and adjudication in valuation of tenders and so forth, and our recommendation is that maybe the province was a little bit hasty in decentralizing the procurement responsibilities simply because there was a new legislation in place, being PFMA, without necessarily I think, having assessed the extent to which there is capacity within the department to make sure that such massive and substantial areas of procurement are actually coordinated and there is strict adherence to procedure to the law and so forth, and maybe there is a need at this point, I think having experienced in the last financial years,

problems around procurement, around how planning of substantive expenditure on infrastructure, other massive tenders within the provincial departments has been a problem.

Maybe there is a need to re-look at the policy level, whether time has not come to look at the system of possible decentralization of the procurement system in the province, and I think there is back to practice in other parts of the province where comparison can be made in Limpopo, in Gauteng and other provinces in the country where such I think, policy option have taken and there have been minimal challenges or problems.

I think having made this broad reflection Deputy Speaker, the committee agrees with the department that we proceed with the three readings and that the department be allowed to table the Adjustment estimate and that the committee will support such.

HON. DEP. SPEAKER:

Honourable Members, and Honourable Modiselle in particular, let me apologize. There has been some confusion. In fact

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Honourable Modiselle was supposed to have presented the figures to the House before the Chairperson starts the debate, but what has confused the procedure is that we got into the House with the understanding that there is going to be a debate on the Annual Report and the Speakers' List. I think the confusion came as a result of that.

Now after minutes were corrected, it then removed from the Order Paper the debate on Finance. So my apology Honourable Modiselle. You are supposed to have presented figures before the Chairperson speaks, but can we now allow you an opportunity to do that before we proceed to the second speaker.

HON. MEC MODISELLE:

Thank you Honourable Deputy Speaker. Budgets are not about markets, bonds or statistics. Budgets are about people. This is a timely reminder because we have just lived through one of the most turbulent months in modern economic history - the United States of America's economic meltdown. Because when a trader presses a button

in New York City, it has an effect on the lives of millions of people around the globe.

Bearing this mind, it is government's responsibility to ensure that what happens in the rest of world economy and how it happens is communicated properly to our constituencies.

Therefore Honourable Deputy Speaker, this Adjustment Budget is about how to respond to what Minister Trevor Manuel calls an international strength. As usual today, we must prioritize education, health, rural development, housing, water, roads, sanitation, electricity and so on. We must continue to adopt policies which support growth and development. Most important, we must continue to invest in a better life for all.

Honorable Deputy Speaker, it is on the basis of the global economic trend that provision has been made in Section 31 of the PFMA for the Member of the Executive Council for Finance to table the 2008 Adjustment Budget to your august House for its consideration. I am pleased to respond to the requirements of the PFMA and accordingly,

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table the Adjustment Appropriation Bill of 2008.

In terms of this section of the PFMA an adjustment budget may contain the following:

- Additional funds that have become available to the province
- Unforeseen and unavailable expenditure
- Money to be appropriated, which was not announced in the main budget speech
- Money approved by the Member of the Executive Council for Finance in terms of Section 25 of the PFMA
- Shifting funds within and between votes
- Funds rolled over from the preceding financial year
- Utilization of savings under a main division within a vote.

Honourable Deputy Speaker, the budget shortfall in the province is still as a result of the disestablishment of the municipal boundaries and affected the outer years of the MTEF. The reduction of the infrastructure budget in 2008/2009 with a view to addressing the shortfall created by the municipal demarcation has to a greater extent affected

the growth on infrastructure funding and the level of service delivery.

To ensure that the number of officials and assets transferred to and received from Gauteng and Northern Cape Provinces reconcile perfectly, we have established the provincial team to verify the information.

The increase in inflation, fuel, electricity and food prices has further contributed in the reduction of the service delivery levels. The global economic strength compels us to be more careful in allocating funds to address government priorities that contribute to the wellbeing of the people. However, the decrease in oil prices will definitely help to bring inflation to a single digit number at least.

Honourable Deputy Speaker, the Treasury has established partnerships with all departments to ensure that available resources are directed to fund priorities that have more impact to the community of the people of the North West. The 2008 Adjustment Estimate is a joint product of the interaction with Chief Financial Officers and

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Heads of Departments, where the province was put first before narrow interests of departments.

Honourable Deputy Speaker, cost saving measures have been identified as a means of improving budget efficiency in departments. In about four months we would have developed provincial policies which will further unlock funds, mainly in administration, to be used to address priorities in the province.

I move now to the Adjustment Budget. Honourable Deputy Speaker, I wish to remind this House that the financial resources allocated to provinces are in the main earmarked for Education, Health and Social Development, but lately we include Housing.

Provincial spending as at the end of September was R8 217.037 billion (eight billion, two hundred and seventeen million and thirty seven thousand rand), about 48% of our equitable share. However, some under spending on conditional grants and infrastructure has been identified in some areas up to the end of September 2008.

Plans have been developed by departments with the assistance of the Infrastructure Development Improvement Program and support by Technical Advisors from the National Treasury to improve on our spending.

Honourable Deputy Speaker, by the end of October 2008 capacity to spend had improved significantly in the departments, to 58% as a result of our intervention. In spite of this improvement, Treasury will continue to assist and monitor spending by departments.

I move now to the adjusted figures for the 2008/2009 financial year.

Revenue sources: The revenue made available to fund expenditure in the 2008/2009 Provincial Adjustments Budget makes provision for an additional amount of R836.091million (eight hundred and thirty six million ninety one thousand rand).

The available revenue is allocated as follows:

- Unspent funds from the financial year 2007/2008 is

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R33.7million (thirty three million seven hundred thousand rand)

- Additional equitable share funding received from National Treasury is R322.9 million (three hundred and twenty million and nine hundred thousand rand)
- Additional conditional grants funding received from National Treasury is R139.700 million (one hundred and thirty nine million and seven hundred thousand rand)

Other available revenue is as follows:

- R78.100 million (seventy eight million one hundred thousand rand) which is R33.076 million (thirty three million seventy six thousand rand), our own provincial revenue and R52.8 million (fifty two million eight hundred thousand rand) for amounts rolled over into the Contingency Reserve.

Surrenders by departments:
The following departments surrendered funds to be allocated to address the provincial budget pressures.

- The Department of Agriculture, Conservation and Environment: R18.500 million

(eighteen million and five hundred thousand rand)

- The Department of Education: R17.398 million (seventeen million three hundred and ninety eight thousand rand)

- The Department of Economic Development and Tourism R2 million (two million rand)

The departmental adjustments are as follows:

- The total additional allocated to be included in the adjustments budget amounts to R836.091 million (eight hundred and thirty six million ninety one thousand rand). This amount represents an increase of 4.9% of the original budget of R16 937.569 billion (sixteen billion nine hundred and thirty seven million five hundred and sixty nine thousand rand) to R17 773.660 billion (seventeen billion seven hundred seventy three million six hundred and sixty thousand rand).

This is allocated as follows to the various departments:

- The Office of the Premier: The department's main budget increased by R2.390 million (two

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million three hundred and ninety thousand rand) to R250.685 million (two hundred and fifty million six hundred and eighty five thousand rand). An amount of R2 million (two million rand) has been provided for the Research Project.

- The Provincial Legislature: With additional funds amounting to R14.479 million (fourteen million four hundred and seventy nine thousand rand), the total budget for the Legislature increases to R120.890 million (one hundred and twenty million eight hundred and ninety thousand rand). This increase is for the improvement on conditions of service, opening of the Legislature which is R4 million (four million rand) and community public hearings amounting to R4.5 million (four million five hundred thousand rand).

- The Department of Health: The department's main budget increases by R2 222.575 billion (two billion two hundred and twenty two million five hundred and seventy five thousand rand) to R4 445.124 billion (four billion four hundred and forty five million one hundred and twenty four thousand rand). The

increase of R32.7 million (thirty two million seven hundred rand), covers the higher than anticipated medical equipment and medicine costs exerting pressures on current health budget due to inflation.

A total of R16.614 million (sixteen million six hundred and fourteen thousand rand) has been rolled over from the 2007/2008 financial year mainly for tuberculosis and this includes conditional grants amounting to R6.857 million (six million eight hundred and fifty seven thousand rand). The department has also received an additional amount of R69 million (sixty nine million rand) to assist in dealing with the pressures arising from the Occupation Specific Dispensation for nurses. R3 million (three million rand) has been received for the introduction of two new vaccines, the pneumococcal conjugate and rotavirus, R38 million (thirty eight million rand) for the comprehensive HIV and AIDS program to meet the demand for the faster ARV take up rate and R7 million (seven million rand) for the Forensic Pathology services.

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Provision was made for learnership funds amounting to R1.588 million (one million five hundred and eighty eight thousand rand) which includes a donation of R290 000 (two hundred and ninety thousand rand) from the Health and Welfare SETA in order to support learnership programs.

- The Department of Sport, Arts and Culture: The department's main budget increases from R327.150 million (three hundred and twenty seven million one hundred and fifty thousand rand) by R28.501 million (twenty eight million and five hundred and one thousand rand) to R355.651 million (three hundred and fifty five million six hundred and fifty one thousand rand).

An amount of R2.864 million (two million eight hundred and sixty four thousand rand) was rolled over for the upgrading of the Mmabatho Stadium, Library Services and the Archive building.

An amount of R21 million (twenty one million rand) was provided partly to fund the budget pressure on the construction of

the library and archive building.

- The Department of Economic Development and Tourism: The total adjusted budget for the Department of Economic Development and Tourism amounts to R259.668 million (two hundred and fifty nine million six hundred and sixty eight thousand rand), which is an increase of R26.281 million (twenty six million two hundred and eighty one thousand rand). Included in this amount is R10.868 million (ten million eight hundred and sixty eight thousand rand) for rollovers mainly for the Mafikeng Industrial Development Zone. The department also received an amount of R2.5 million (two million five hundred rand) to address the salary shortfall in MIDZ.

- The Department of Finance: The adjusted budget of the department increases by R11.824 million (eleven million eight hundred and twenty four thousand rand) to R267.111 million (two hundred and sixty seven million one hundred and eleven thousand rand).

An amount of R9 million (nine million rand) has been provided

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for the Provincial Information Technology, licenses and the maintenance contracts mainly due to the change in the rand and dollar exchange rates.

- The Department of Education: The total additional allocation for the department amounts to R216.853 million (two hundred and sixteen million eight hundred and fifty three thousand rand), increases the adjustment budget for this department to R7 212.335 billion (seven billion two hundred and twelve million three hundred and thirty five thousand rand).

The rollover of R995 000 (nine hundred and ninety five thousand rand) was on HIV and AIDS conditional grant, has been provided for from the previous year. The department received a donation of R40 million (forty million rand) from the Netherlands Embassy for the Education Development Support Centre. An additional R22 million (two million rand) has been provided for inflationary adjustments on the National School Nutrition Program conditional grants.

- I move now to the

Department of Developmental Local Government and Housing. This department has been allocated an additional amount of R116. 916 million (one hundred and sixteen million nine hundred and sixteen thousand rand), increasing the total budget to R1 261.661 billion (one billion two hundred and sixty one million and six hundred and sixty one thousand rand).

An amount of R89.662 million (eighty nine million six hundred and sixty two thousand rand) was rolled over for the Integrated Housing Resettlement grant and learnerships allocation amounting to R2.150 million (two million one hundred and fifty thousand rand).

The allocated budget includes the provision for the establishment of township development and tribunal boards as well as the monitoring of the housing project.

An additional amount of R18.631 million (eighteen million six hundred and thirty one thousand rand) has been received as an inflationary adjustment to protect the real value of spend-

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ing of the Integrated Housing Development grant.

- I move now to the Department of Transport, Roads and Community Safety. The department receives an additional allocation of R59.808 million (fifty nine million eight hundred and eight thousand rand) increasing the original budget to R1 721.185 billion (one billion seven hundred and twenty one million one hundred and eighty five thousand rand).

The department received a donation of R21 million (twenty one million rand) from the Bojanala District Municipality for co-funding the construction of road projects. An amount of R10 million (ten million rand) has been provided for the commuter bus subsidy and R12 million (twelve million rand) for the maintenance of the government fleet.

- The Department of Public Works: The department receives an amount of R32.336 million (thirty two million three hundred and thirty six thousand rand), increasing the original budget to R622.279 million (six hundred and twenty two million

two hundred and seventy nine thousand rand).

Of the additional allocation, R1 million (one million rand) was rolled over from the previous financial year for major and routine maintenance. An amount of R12.719 million (twelve million seven hundred and nineteen thousand rand) has been provided to accommodate the increase in construction costs.

- The Department of Social Development: The adjusted budget of this department amounts to R614.429 million (six hundred and fourteen million four hundred and twenty nine thousand rand), increasing to R6.906 million (six million nine hundred six thousand rand). An additional amount of R3 million (three million rand) has been provide for the secure care centers.

- The Department of Agriculture, Conservation and Environment: The department's budget increased to R645.378 million (six hundred and forty five million three hundred and seventy eight thousand rand), a net increase of R99.958 million (ninety nine million nine hundred

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and fifty eight thousand rand).

An amount of R59.865 million (fifty nine million eight hundred and sixty five thousand rand) was mainly for the drought relief and was rolled over from the previous financial year.

The department receives an additional conditional grant of R51.723million (fifty one million seven hundred and twenty three thousand rand) which is for Comprehensive Agricultural Support Program, R9.723 million (nine million seven hundred and twenty three thousand rand) for the Letsema projects, R40 million (forty million rand) for the Agricultural Disaster Management and R2 million (two million rand) was received from the National Treasury.

- On the Contingency Reserve: The contingency reserve is a holding vote approved by this Legislature and provides mainly for unforeseen and unavoidable expenditure. The closing balance in this vote is zero.

The budget we are tabling today amounts to R836.091 million (eight hundred and thirty six million ninety one thousand rand).

This increases the provincial budget for 2008/2009 to R17 773.660 billion (seventeen billion seven hundred and seventy three million six hundred and sixty thousand rand). This then completes my adjustment budget presentation and I thank you for your attention.

Honourable Deputy Speaker, I am going to be guided. The Chairperson of the Portfolio Committee has already presented his report. I was wondering if perhaps it would not be prudent for me to move then to address some of the concerns that were raised.

HON. DEP. SPEAKER:

Honourable Modiselle you are correct. You indeed need guidance. We are not going to allow you to respond on the concerns raised by the Chairperson. We are going to request you to take your seat, we proceed with our Speakers' List so that when Speakers have spoken, you may come back and respond, starting to the Chairperson's input and to the last person, so that you respond to all comments at once, not in a single approach.

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HON. MEC MODISELLE:

Thank you very much Deputy Speaker.

HON. DEP. SPEAKER:

Thank you very much Honourable Modiselle. I now invite Honourable Matladi to take part in the debate.

HON. MATLADI:

Thank you Honourable Deputy Speaker. Let me also take this moment to greet the Honourable Speaker of the House, whom we have missed for so long. She is welcomed, Honourable MECs present today, my colleagues and the community members in the august House.

Honourable Deputy Speaker, by the end of September 2008 the expenditure of the provincial budget was at 48% and my Chairperson and the Honourable MEC have already attributed to the fact that it was only an improvement of 1% from the previous financial year expenditure by the very same time, 2007. We have noticed the departments that improved their expenditure plans from 2007/2008 financial year to 2008/2009 and they are the following:

- The Office of the Premier: From 38%, they have moved to 42%
- Health Department, from 33% to 52%
- Sports, Arts and Culture, from 42% to 49%
- Economic Development, 35% to 53%
- Finance, 38% to 47%
- Transport, Roads and Community Safety, from 47% to 52%
- Public Works, from 50% to 53%
- Social Development, from a lousy 28% to 38%, still the lowest in the category.
- Agriculture, Conservation and Environment was under spending during both financial years, at 39%.
- The Provincial Legislature, Education, Local Government and Housing were down in expenditure during 2008. Instead of improving, they went down.

The concern we would like to raise is the high personnel expenditure in the province, as well as the administrative expenditure at 51% and 57% respectively. Four departments were already above the estimated expenditure by the end of the

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second quarter, namely: Health, Economic Development and Tourism, Transport, Roads and Community Safety and Public Works.

Again, by the end of September this year only 41% of the conditional grants budget was spent and departments that were doing badly on these conditional grants are the following:

- The Department of Agriculture, Conservation and Environment, was only spending 8% instead of 50% of this conditional grant;
- Department of Public Works was at 30% instead of 50%
- Sport, Arts and Culture at 31%

All the departments failed to reach 50% estimated expenditure and their unspent conditional grants for 2007/2008 was at 190 million (one hundred and ninety million). We are worried that if departments are under spending in this conditional grant, it would be spelling out to the national government that the North West Province does not need the funds. Therefore we might get a decrease in what is allocated in these grants to us if

our departments are not pulling their socks.

Infrastructure budget was also being under spent by departments during the end of the second quarter. Again, Agriculture, Conservation and Environment was at 13%, the lowest of them all, followed by Social Development, it is a pity that the Honourable MEC has left, at 19%; Education at 21%; Economic Development and Tourism at 31%. The Department of Public Works and the Office of the Premier were overspending at 72% and 61% respectively.

The 250 million (two hundred and fifty million) was the under spending during 2007/2008 in the infrastructure budget. We support that the departments that cannot spend their budgets should surrender their budgets to the Treasury so that departments that have capacity to use the funds can do so. Looking at the allocation presently on the Adjustment Appropriation Bill, we find that Health Department has been allocated 222.5 million (two hundred and twenty two point five million) but we have a concern

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to raise, especially about the 9.5 million (nine point five million) which will be used for litigations, because we understand that litigations are an indications of negligence especially on the side of clinical operations in the Department of Health.

We also looked at the performance of Provincial Council on AIDS, you can really bare me out on this one, we have just received their annual report, today is the 27th November when the annual report could have been submitted or tabled by the 31st September, they are only tabling it now and I believe when you look into it, it is empty, no service delivery in that annual report, and we would really like to say, if this Department of Health does not pay attention to the PCA and implement the resolutions on the House on PCA, whatever transfers that could be going to PCA in this adjustment budget should be withheld until the necessary steps have been taken to address the weaknesses in PCA.

In the Department of Economic Development and Tourism, the transfer of R10.2m which should be transferred to MIDZ also is a

concern, because as I am standing here the entity has not even presented or tabled its annual report for the past eight years. Letters have been written to the House to explain problems that they had, and so on and so on and that maybe they could table in January, so if they have not yet accounted for eight years of the funds transferred to them, why give them another R10m to do what with.

We are of the believe that they do not need it now, let them account for what they have had before, then, after accounting, after the Portfolio Committee would have looked into the matter, is then that they can be given the transfer when we are sure that it could be used accordingly.

Education Department is also another department which gets R124.2m for Public Ordinary Schools Section 21. This one we cannot defer, but we need to comment that it is a huge amount that has to be monitored in the schools. The reports that we have received is that this money is paid into schools where Principals, SGBs are not trained on how it has to be

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used. Then it is used for other things not particularly what it was meant to be used for, especially in rural schools as well as farm schools and we are told that some of the schools do not have accounts where this R124.2 m has to be distributed through.

So these are the issues that would like Treasury to look into the Department of Education before transfers be made. The last one Chair, I have been talking about Agriculture, the Department of Agriculture, Conservation and Environment and to it there is a sum of R99.9m and the department has shown a trend of under spending also in the conditional grants in the infrastructure as I was referring to 13%, then the question is will they be able to use now the R99.9m that is being transferred to them at this time.

I have presented the concerns Chair and I would raise them to say with these concerns that I have tabled, we support the Department of Finance when it says it is going to request departments to write their plans down on how they would be using their budgets for the last

quarter of the financial year so that they can avoid what is called fiscal dumping which always happens in the last quarter of the financial year where departments would just be using finances or budget because they want to have 90% or 100% expenditure reported, so also to say where they do not agree with things that would be including purchases that are unplanned for trips that were never planned for and others, they must stop them and money should be taken back to Treasury in order to be used properly in the following financial year.

With these points Honourable Deputy Speaker, I would like to echo the same sentiments of the Chairperson of the Portfolio Committee in Finance and say let this Adjustment Appropriation Bill pass. I thank you.

HON. DEP. SPEAKER:

The next speaker on my list is Honourable Hattingh.

HON. HATTINGH:

Thank you Honourable Deputy Speaker, with only few words may I speak to support the MEC for the implementation of the

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adjustment budget but we have just one major concern. Honourable Deputy Speaker, if I could refer to that, is who is actually responsible for one third of the rollovers of all the departments in the province. The department who really suffers to expend their budget, the department was currently under investigation amongst others for procurement processes...[Inaudible] situation.

I am talking about the Department of Agriculture, Conservation and Environment and really Honourable Deputy Speaker, I fail to understand where the same MEC was stated in Parliament that we do not have, of the Department of Agriculture can actually double the amount of the rollovers by topping it up to R100m where the department cannot really expand their current budget also not the pass the budget, Honourable Matladi has stated that they are expending the figure for that period was at 39%.

We really do not have the capacity and it appears not to have a political role to expend it. I can just mention one example, this province comes out of

severe drought period. It only succeeded to expend 9.46% of the conditional grants allocated for drought relieve, for the total amount of R49.795m was rolled over. I cannot think that a responsible government can actually allow this to happen where their people are suffering.

This is one of the most difficult periods in South Africans history to be an agriculture and still we still with the poor filling department, which under spend on land care, under spend on comprehensive agriculture support program cars, on agricultural support communal land, settlements grants and specifically very high on drought relieve.

Then there are other assets. We also have rollovers and unexpenditure also under the same control that is disaster management even the equipment to control our air quality. Everything is being under spent, the department is under stressed. So Honourable Deputy Speaker, with those few words we support it, but I think we have to go back to the previous debate we have had in this House. Remember we sit now with HOD on extended leave,

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we sit with still to be implemented, I believe, a resolution of this House that a political Head of the Department be relieved from some of his duties pending the investigations, we sit here with an indication that all process of procurement will be investigated, and then we sit with a situation that in the last three months of this financial year an additional R100m needs to be expended.

It simply cannot be done. It cannot be done by this administration. Our previous request was that the administration of this department should be taken over by Treasury under the Department of Finance, I think now more than ever stands. We support the budget, I thank you Deputy Speaker.

HON. DEP. SPEAKER:

Thank you Honourable Hattingh, the last speaker is Honourable Kekesi.

HON. KEKESI:

Thank you Honourable Deputy Speaker. Honourable Madam Speaker present here today, Honourable Members of EXCO, Honourable Members of this august House.

Honourable Deputy Speaker, allow me also to join those Honourable Members who have participated for the debate of Finance Committee.

Honourable Deputy Speaker allow me to go straight to the point.

I stand here not to defend any departments, nor to be sympathetic to any departments. All these departments are the same; they have failed to spend their budgets. All of them they have roll over while the people down there are suffering. I just want to check with the Honourable MEC for Finance her role with regard to monitoring of these departments and failing to spend.

You go to the Department of Economic Affairs and Tourism, they have failed to account for R90m plus R60m all in all it was R150 they have failed to account to that money but they have requested also an extra fund. So how do you give such a department extra funds again while they are failing to account for the funds that they were given at that beginning of this year.

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You go straight to MIDZ, we are told that MIDZ have failed to spend their budget on personnel, they have spent their budget on something else that was not indicated to us it was just said something else while the PFMA says that though shall not, but the Department of Economic and Tourism have done that.

You go to the Department of Health, where I come from there is no clinic, we do not have a clinic, but the department has got the roll over. I do not know Honourable Deputy Speaker because now lately we read from the newspaper, the Mail about the tender that was awarded to some security people from Health. Now the other day Honourable Matladi wanted to know about that tender and then the Honourable Rasmeni responded by saying that, that tender was not awarded by Department of Health, it was awarded by the Department of Public Works. I do not know who is fooling who, whether the Department of Health or the Department of Public Works about that tender.

Honourable MEC for Finance

we are still waiting for that answer we want to know, because the department has failed to have spend for twelve months and given budget, come 2009 they will be able to spend it within 2 months time. It means money is just going to lie low in the streets, throwing down, we are going to see tenders mushrooming from January to February. So it is unfair, we feel very much sorry Honourable MEC because there is no service delivery, like Honourable Hattingh has indicated that you go to ward 15 here in Mafikeng, there are no roads while at Transport the money has been shifted from one program to the other, in short in the departments ke bo mashonisa department engwe e tsaya chelete e fa engwe jalo jalo gobe gonna le tender e kima kima.

All these departments are the same. You go to Local Government and Housing, there are no houses. People are waiting there and they even have been evicted now lately, tenants from the flats, they want accommodation and there is no accommodation but you have got a roll over of such a huge amount. We are very much

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concerned about those roll overs.

We go to Social Development, consistently so, they have failed to spent, why, that is why we are asking the Honourable MEC for monitoring with regard to this departments. Honourable Deputy Speaker, with regard to municipalities they have all collapsed, go to Naledi Dr Ruth Mompoti Municipality, they do not have cents to can pay their personnel. You go to Ditsobotla, that one Ditsobotla o kare ke pina fela ya tshwene there is no municipality there but there is a roll over, why one does not know.

I am saying all these departments are the same. You go to education whereby there is this feeding scheme even today not all the schools are getting this program of feeding scheme. Even today people from Khutsong are still complaining about their funds to be paid every month but the department has got the roll over. Honourable MEC we would like to know about the R156m which is a roll over. Can you please categorize that to us so that we know, this department has got

how much.

There is nothing that one can say or do except to support the Adjustment Bill. Thank you Honourable Deputy Speaker, we hope there will be an improvement.

HON. DEP. SPEAKER:

Now we can allow the MEC to respond, your response will then be holistic Honourable Modiselle.

HON. MEC. MODISELLE:

Thank you Honourable Deputy Speaker. Firstly on behalf of the Department of Finance I would like to thank the Portfolio Committee on Finance and Economic Development and Tourism for their interaction with our department. A special tribute to the leadership of the Chairperson, Honourable Sam Mokaila and all speakers who participated in the debate today.

The interactions of the quarterly and annual reports for the 2007/08 were very fruitful and educative. The department has indeed you see results of the interactions to develop further strategies in order to improve on our performance.

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However Honourable Deputy Speaker, I would like to respond just to a few number of issues which were raised particularly in the report of the Portfolio Committee on Finance. Firstly, on failure or reluctance by the Treasury to take active leadership in directly financial performance and accountability of all provincial departments as envisaged by the PFMA almost all speakers who have spoken have highlighted this,.

I wish to respond as follows:

" The provincial Treasury operates mainly in terms of the functions and powers of Section 80 of the PFMA.

" The department prepares the provincial budget, exercises control over its implementation through mostly quarterly and by annual assessment of progress made.

" We also assist provincial department in building capacity in financial management and

" Enforced the PFMA where compliance is lacking.

" It is through this active leadership of the Treasury that the Provincial Departments collectively played an active role in the allocation of the resources in terms of the provincial priorities

this year.

" Further claiming and spending by department has increased compared to the previous years and infrastructure expenditure is improving gradually.

On poor oversight by the Provincial Treasury on the financial management and accountability of the Provincial Public Entities I wish to respond as follows:

" In 2006 the Provincial Treasury established a monitoring unit to improve oversight over the Public Entities like MIDZ.

" As at October 2008 the reporting compliance had increased to 92% compared to almost 10% in 2006.

" The Treasury conducts very straining programmes to improve financial capacity of all public entities.

" The plan is expand this intervention to areas such as reporting and in case financial capacity building.

" However there is a need to develop a provincial policy to address the in reading of skilled human resources across the departments in the province.

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On failure to introduce a comprehensive service delivery monitoring strategy across provincial departments with the view to ensuring value for money in how public financial resources are utilized in the province. I wish to respond as follows:

" The Provincial treasury regularly assesses and discusses monthly report with the respective departments.

" Quarterly reports are discussed at broader EXCO meetings and submitted to the Executive Council for monitoring of progress in the implementation of the budget.

" We also hold biannual meetings with departments where the National Treasury accuse to assess provincial performance on revenue as expenditure management.

" The oversight role performed by the budget oversight committee does assist Treasury to improve the monitoring and review of departmental revenue and expenditure.

This House will agree that the impact of the disestablishment of municipalities in our province was a huge challenge over the

last two financial years and our province survived this challenge or that storm mainly because of the provincial treasuries oversight role. All the delay or failure in introducing or implementing a comprehensive strategy to deal with shortages and loss of skills, financial, human resources in the province.

There is a high implement of skilled financial human resources at technical level due to different grading of these provisions in departments and provinces. Currently the National Treasury is leading a task team comprising officials from other provinces to develop a national benchmark for these provisions in order to address the movement of scarce skills across provinces in South Africa. However there is a need to develop a provincial policy on inbreeding of skilled human resources between departments in the province.

On failure of low progress in building internal capacity to give effective oversight and monitoring over Municipal Financial Management Act it has been challenged to attract and

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retained qualified and experienced staff to support municipalities in the province. We have currently managed to appoint 4 Deputy Directors to support municipality in financial management and the appointment of the Chief Director to head this unit is at the very advanced stage.

Honourable Deputy Speaker I would like to report that for the first time since the introduction of the MFMA, a reliable consolidated statement on the performance of the municipalities in 2007/08 has been produced and presented to this House. We are ready to table the consolidated statement on municipal performance for the first quarter of 2008/09 financial year.

On the unimpressive expenditure pattern by provincial departments, particularly on conditional grant, I wish to say the following:

" The spending patterns on conditional grants are low in some departments due to the inflexible conditions attached to access give grants.

" However, capacity is required in some departments to plan and implement compliance in the use of these grants.

I do not think that we touched on the poor revenue collection, so I will pass that. On a poor asset management strategy across provincial departments is highlighted by consistent repetitive qualifications by the Auditor General. Asset Management currently remains a challenge in government and it attracts audit qualifications by the Auditor General. In addressing the above challenges, an asset management framework and policy and procedure manual have been designed and approved.

The Provincial Treasury has also established a centre of excellence to assist provincial departments to implement the asset management framework. This unit is currently fit with recruitment of 30 B.com graduate as interns and fair project managers for a period of 12 months.

On uncoordinated and disjointed intergovernmental competition for scarce financial human resources resulting in destructive paid differentiation across departments and between local and provincial government wish to state the following:

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" The provincial government salary structure is different from the municipality salary payment system due to different legislation.

" The National Government is in the process of developing a system for a single public service in the country.

" The implementation of the Municipal Financial Management Act has resulted in the creation of provisions and internal audit and risk management which attract officials from the provincial government.

" The movement of scarce skills across departments will require the development of a provincial policy in order to regulate such movements.

Though expenditure patterns across departments have slightly improved during the current term of government, infrastructure spending remains a challenge to the provincial government and no adequate response has been implemented by the Treasury. In other words we conceal a lot on ourselves in administration and I wish to respond as follows:

" The total expenditure level

and infrastructure development project as at 2005/06 in the province was at 89%.

" In June 2006 the province decided to adopt and implemented the infrastructure delivery improvement program which was jointly given by the Provincial Treasury DBSA, the CIDB and the National Department of Public Works.

" The Provincial Treasury was mandated by National Treasury to drive the program with three technical assistants located in the Department of Public Works, the Department of Health and the Department of Education in order to improve the challenging areas of planning processes increasing capacity and addressing delivery and the implementation issues.

" This intervention improved the spending on infrastructure from 89% to 94% in 2006/07.

" The spending decreased to 91% in 2007/08 due to insufficient capacity, however spending less improved again even though the challenges and concerns are still evident, such as lack of capacity in planning and project management by departments.

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" Currently, the Provincial Treasury chairs monthly meetings of all infrastructure delivering departments and they are implementing agents. This is to address planning and delivering challenges proactively.

" The infrastructure development improvement program principles are now ruled out and implemented in all infrastructure delivery departments in the province.

Deputy Speaker, the Provincial Treasury has introduced now this is regarding fraud and fraud prevention and all sorts of things that are inappropriate that may effect or fiction but I wish to say the following:

" Madam Speaker, the Provincial Treasury has introduced the electronic payment system in order to reduce the turn around time on payment of days and also

" To improve on custody of documents for audit purposes.

" In addition, the fraud prevention campaign was ruled out ruled out in order to encourage people to report frauds and corruption in particular on procurement.

" So I urge Members, to

please, report this there is even a toll free number if you do not want to be identified and this number is 0800 701 701. I think that this number is making an impact but I must confess the detailed analysis has not been done as yet, but we hear from national that they are getting a lot of calls from our province, so there is something that is being done.

Regarding increase expenditure on administration, I want to make a plea that there is an EXCO resolutions to decrease expenditure on administration by at least 2% and that we must fill only critical posts. This policy still stand and I am requesting that when Honourable Members interstates with other departments to make sure this happens that is the time Treasury comes in is of the fact people have been employed already.

Honourable Deputy Speaker, anyway I have not exhausted all the concerns that have been raised, I undertake however to respond in writing for tabling in this Honourable House at the next Sitting, those issues that I did not touch on, my HOD is here and he was making pro-

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fusely. I thank you for your attention.

HON. DEP. SPEAKER:

Now Honourable Members please I beg your pardon. I am supposed to be requesting the secretary to read the Bill for the first, second and for the third time before the House adopt the Bill. Now there is requirement that for us to pass this Bill we must, at least out of the 33 seats we have in the Legislature there must be 22 Members present.

I cautioned parties at the beginning of this Sitting about this matter, but Whips of parties in particular the ruling party has been very soft and very slow in addressing this matter. Now I am concluding, I conclude this matter to adjourn the House for about 10 minutes. After 10 minutes you will come back to the House and I hope that we will reach that number because I have been doing some interaction. We will reach the number that will allow us to touch the Bill, if we do not reach that number, no salaries for Members that the MEC for Finance has announced.

We certainly have to defer it in the next Sitting and comply with the requirements of the Standing Rules of the Legislature. Honourable Members this House stand adjourned for 10 minutes.

HOUSE RESUME:**HON. DEP. SPEAKER:**

Honourable Members may get seated. Honourable Members we needed to be 21 in the House for us to continue to pass the Bill. We cannot proceed because we do not have that number in the House. Now I am tabling a proposal to you because it is important that we pass this Bill, Honourable Modiselle it is important. If we do not do that, it will certainly affect service delivery which is the core function of this House. I would then table to the House that we adjourn and reconvene at 12H00 but between now and 12 I would want the Whips in particular of the ruling party, to move with speed and make sure that when we reconvene at 12H00 we have in the House 21 Members as we speak we are 19, agreed?

Now Whips of parties, the

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House has not yet adjourned. Whips of parties must even make sure that those Members who are not here please they must be present. I think we are now 20 with the presence of Honourable Yawa, oh he has been here so we still running short of 2 Members. Please Honourable Madoda, Honourable Mothibi let us move with high speed, the House is adjourned until 12H00

HOUSE RESUMES**HON. DEP. SPEAKER:**

Honourable Members may get seated. Honourable Members for us to pass this Bill at our initial number in the House, you would recall that our House constitutes 33 seats Honourable Hattingh. One Member has resigned, Honourable Mangqo which leaves us with 32 and that in itself has an impact on the 22 Members we needed to pass the Bill which reduce our number to 21. Honourable Hattingh you will have an opportunity to speak I am still speaking, I will give a chance, this reduce our number to 21 and as we are seated in the House here if my reading and my counting is correct we are 21 but let us listen

to Honourable Hattingh's argument after that we will then speak on way forward, Honourable Hattingh.

HON. HATTINGH:

Honourable Deputy Speaker, yes you are right that we are now 32 Members unfortunately the Member who regular come to the House is not here today that would solve the problem, but the Honourable Deputy I will not refer to struggle mathematics, but if one will take two thirds of 32 you come indeed to 21 but that is only the half truth.

The full truth is 21.33 now obviously we haven't got a child member who we says is .33 we need a full grown up person to seat and that's again takes us back to 22 , so I do not want the very important Adjustment Bill to suffer because of struggle mathematics and a wrong interpretation. Thank you.

HON. DEP. SPEAKER:

I thought you would also advise on the way forward.

HON. HATTINGH:

Honourable Speaker, there are several ways forward in think the ANC should cope with the

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problem and get their Members in here, it is an ANC created this problem and they should solve it, we have already given the ANC some time they did not respond. So I think Honourable Deputy Speaker, and the Speaker is here, put the ANC on terms it is a party that is giving us more and more trouble in this province, thanks.

HON. DEP. SPEAKER:
Honourable Members,
Honourable Madoda

HON. MADODA:
Chair but what gives Honourable Hattingh the right to say .33 is equal to 1 full human being, because if it is less than half normally we wind it down to the nearest zero which is lower, I am therefore saying you know the rules that he is reading are not definitive on that matter and as the House therefore I propose that we go on.

HON. DEP. SPEAKER:
No ntate Tselapedi, ke a itse gore wena you are very impatient. I am not talking mathematics now, I am speaking arithmetic, arithmetic says if it is 21.3 it is still 21, it will become 22 if it is 21.5, you round it off to the

nearest 1 it gives you 1 and it becomes 22. I am speaking arithmetic. I am going to allow Honourable Hattingh to speak. Let us have patience ntate moruti, ga ke itse gore o moruti yo o ntseng jang yo o senang patience.

HON. HATTINGH:
Honourable Deputy Speaker, unfortunately it does not work that way where you have a quorum, you need the full number, you cannot work on that, this is not mathematics. But Honourable Deputy Speaker, I believe and this will solve your problem and make it very, very clear, I do not believe that with 21 Members can take the legitimate decision, if you wish to proceed with this I would like to excuse myself and obviously will solve the problem as well, thank you.

HON. DEP. SPEAKER:
No, no you see I do not want to contaminate the environment upon which we operate. I would also not want to take the House into taking a decision that would not be standing, I would also not want the House to take the decision that might be understood to be illegal in future, I do not want

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to do that.

Now, it is only safe Honourable Madoda that we adjourned the House at this moment, reconvene, call another Sitting only for purposes of coming to pass this Bill with more than the number required Honourable Modiselle, so that tomorrow we are not seen as the Sitting that has passed the Bill with less than the number required of Members present in the House. This in my view, takes care of all views, both the view that says we come to seat and the view that says let us proceed, now as a presiding officer I must make sure that the decision that we take is legal, constitutional and legitimate.

So I would appeal again to all Members, we will call another Sitting next week Tuesday nate Moalusi, it is my plea to all Members including those Members who are not here that please next week Tuesday when we call the Sitting, just to come and pass this Bill so that do not hold process of service delivery at ransom. We do that and we make sure that, that Bill is passed on that particular day with more than the number

required, so that we do not have a doubt of whether the decision of the House is legitimate, legal or illegal, constitutional or unconstitutional.

Honourable Members we close this debate with that understanding Honourable Modiselle. But I must express Honourable Groenewald and Honourable Mahlakeng.

HON. GROENEWALD:

Thank you Honourable Deputy Speaker, it makes very difficult and we arranged already in our constituencies for the coming week because we were supposed to close last week Tuesday and now we are continuing and continuing and we never get in to our constituencies. So it is a very difficult situation, then you must excuse the DA next week. Thank you.

HON. MAHLAKENG:

Honourable Deputy Speaker, I understand what the Honourable Hattingh is saying in terms of this mathematics and arithmetic. The difficulty that I have is that arriving at something called two thirds, you really still use any of the two terms that both of you have been

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using and what Honourable Madoda was explaining whether is mathematics or arithmetic is that if it is 21.3 it then means that you bring it to the nearest which in this case would be 21.

Now in the like of what Honourable Groenewald has also said, I would plead with Honourable Hattingh that indeed I honestly think that the number as it is stand in the House it is a legitimate number and a constitutional number that he should not threaten to walk out of the House and accept that we pass this Bill, please.

HON. DEP. SPEAKER:

You know Honourable Members I have closed this debate. I have closed it and when I closed it, I have taken into account both arithmetic and mathematics. The rounding off to the nearest 21 and 22, I have mentioned that.

I have said as a Presiding Officer I want to satisfy my self that the decision we have taken is constitutional, is legal and is legitimate and the only way of arriving at this decision it is when we have more than the number we required. I also

understand the concern of the DA. It is a legitimate concern, because according to our program it is supposed to be the last Sitting. I agree and I really understand that part of what transpired today will also have impact only the program of political parties.

That is why earlier on I was pleading that, because that Sitting of Tuesday I do not think that it will take more than 10 minutes. I understand and I apologize for the inconvenience that we shall have caused to you. but really in the interest of the province as a whole, I would have requested that we sacrifice that 10 minutes of our constituency work, just to come in to allow this process to continue then we take it up from there.

We are confronted with the challenge here which is the challenge of the House, we cannot run away from it, so Honourable Members please, Honourable Groenewald I respect your view, I respect the view of the DA, but I am pleading that for next week Tuesday if you could come for 10 minutes, do this work and go back to your constituency work and we apologize for the incon-

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venience we caused, Honorable Hattingh.

HON. HATTINGH:

Yes Honourable Deputy Speaker I think it is an excellent idea. We will certainly be here for 10 minutes, however we cannot be here before 05H00 in the afternoon so if you could arrange the Sitting at 05h0 then we can finish our work and come here for 10 minutes then we go home because we have got commitments during the day and you say everybody should sacrifice and we are prepared to sacrifice coming all the way.

HON. DEP. SPEAKER:

Honourable Members please let us not complicate this matter. To me, whether it is 0500 in the morning or 05H00 in the evening or 12H00 midnight, what is important is to achieve this task that we need to achieve. Let us agree that we will come her for that 10 minutes when... [INTERRUPTION]

HON MOKAILA:

Honourable Deputy Speaker may I rise on a point of order please. It does not matter what the circumstances that led us to this debate are. It has never

been a practice of this House to debates logistics and arrangement for adjournment for another Sitting. There is a working committee where all parties including the Whip of the DA and official opposition are represented, these matters are think are best place debated there on what the logistics of the next Sitting would be, not in this forum. It has never happened, I do not know what this debate is intended to achieve.

HON. DEP. SPEAKER:

Your order is sustained, and those of you who are members of the Working Committee would understand that we have arranged for the Working Committee immediately after the Sitting, maybe Honourable Mokaila is correct we must defer this matter to the Working Committee, debate it there and Whips of parties will be there, we will then brief our Members accordingly. Thank you very much Honourable Members, the House stand adjourned.

HOUSE ADJOURNED