

21 September 2009  
Volume 1, Issue 15

# Parliamentary Newswatch

*Keeping Business Informed*

## In this issue...

	<i>Page</i>
<b>Tabled in Parliament</b>	<b>2</b>
Municipal Property Rates Amendment Bill	
Prevention and Combating of Trafficking in Persons Bills	
Double Taxation Agreements	
<b>Public Hearings - High Cost of Mobile Calls</b>	<b>3</b>
<b>Cabinet Responses to Parliamentary Questions</b>	<b>4</b>
Government's response to the global economic crisis	
<b>In Committees - Further Education and Training Colleges</b>	<b>5</b>
Plans to revamp FET colleges and boost enrollment	
<b>Bills Status</b>	<b>6</b>





## Municipal Property Rates Amendment Bill

The [Local Government: Municipal Property Rates Amendment Bill](#) has been tabled in Parliament by the Minister for Cooperative Governance and Traditional Affairs.

The Bill aims to amend the Local Government: Municipal Property Rates Act of 2004 to provide for the extension of the period of validity of municipal valuation rolls.

In a written reply to a parliamentary question, the Minister elaborated that the Bill is an attempt to rescue 12 municipalities that failed to successfully implement a valuation roll by 1 July 2009 as required by the Act and which therefore stood to lose approximately R410 million in property rates revenue for 2009/10.

Five other municipalities have also failed to compile new valuation rolls but had not previously collected rates and were not at risk of financial loss.

# Tabled in Parliament

## Double Taxation

Double taxation occurs when two different countries impose similar taxes on the same taxpayer for the same item/income.

This double levy can be detrimental to international trade and investment., and to avoid it many countries conclude bilateral agreements known as Double Taxation Agreements or Treaties.

To view a full list of countries with whom South Africa has negotiated double taxation agreements, [click here](#).

## Prevention and Combating of Trafficking in Persons Bill

The [Prevention and Combating of Trafficking in Persons Bill](#) creates a comprehensive legislative framework for the criminalisation of trafficking in persons, which to date has been fragmented across various statutes.

Trafficking in persons is one of the world's most lucrative criminal activities and, though few South Africans are the victims of trafficking, South Africa is regarded as a transit country and country of destination for the trafficking of persons.

The proposed Bill stems from an investigation and subsequent legislative proposals by the South African Law Reform Commission on human trafficking.

## Double Taxation Agreements

On 10 September the Ministry of Finance tabled the following double taxation agreements:

- Agreement between the Republic of South Africa and the **Federal Republic of Germany** for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital
- Agreement between the Republic of South Africa and the **United Mexican States** for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes and Income.

# Public Hearings - Telecoms

## Bringing Down Cellular Costs

The Communications Portfolio Committee will hold public hearings on the high cost of mobile connection rates in South Africa on the 13th and 14th of October.

After briefings by the Independent Communications Authority of South Africa (ICASA), the Competition Commission and the Department of Communications on 15 September, the Committee published a report slating the high costs of mobile and fixed line telecommunications as having impacted adversely on the South African economy and negatively on citizens, particularly the poor and marginalised.

High interconnection rates (R1.25/min during peak hours) were labeled by the Committee as “exorbitant and excessive” and blamed on the “historical collusion” between the country’s mobile operators.

The Committee has proposed that mobile and telecoms operators drop their interconnection rates to 60c/min during peak times with effect from 1 November 2009, and thereafter by a further 15c annually until 2012.

A further proposal suggests that reductions in interconnection rates between 2009 and 2012 be accompanied by “concomitant reductions in the actual consumer retail prices of telecommunications”. However, the proposal does not stipulate concrete percentage reductions for the retail price of calls.

## Strengthening ICASA

In its report to the National Assembly, the Communications Committee called on ICASA to act “professionally, effectively and boldly” to regulate interconnection rates in South Africa as a matter of urgency.

The Minister of Communications has been requested by Parliament to finalise the performance management system of ICASA Councillors by 30 November 2009.

## New Legislation

In a rare move, the Committee announced its willingness to introduce in the next session of Parliament, a Committee Bill to amend the Electronic Communications Act of 2005 to enable ICASA to act swiftly on the matter.

## Comments / Queries

To make a submission or for more information on the public hearings contact: Communications Portfolio Committee Secretary, Noluthando Skaka, on [nskaka@parliament.gov.za](mailto:nskaka@parliament.gov.za), 021 403 3751 or 083 709 8520.



### A New Mobile Player

“Telkom is currently at a very sensitive stage of the deployment of its mobile strategy”, was the response drawn from the Minister of Communications when questioned by a Member of Parliament on the status of Telkom’s mobile strategy. The Minister declined to furnish details, citing the sensitivity of current negotiations.

He did however elaborate that, no longer encumbered by its agreement with Vodafone over Vodacom, Telkom was now free to deliver its own mobile service in South Africa.

Acquiring mobile capability was integral to Telkom’s growth strategy and half of the proceeds from the sale of its 15% share in Vodacom would be used to wards this purpose.

## Responses in Numbers

**US\$510 million** - loan amount sanctioned by the IMF to **rebuild Zimbabwe**.

[In a response from Deputy President Kgalema Motlanthe, reiterating government's commitment to assisting the Zimbabwean government.]

## Global Economic Crisis: Government Relief

In late August, a Member of Parliament questioned the Minister of Finance on the resources that government would make available for industrial policy interventions, and whether tax relief would be provided for low-income workers, the poor and companies in distress.

In a written reply, the Minister stated that:

- Final regulations on previously announced industrial policy tax incentives will soon be published. This incentive will provide for additional deductions for qualifying manufacturing companies, amounting to tax relief of R5.6 billion over a 3 to 5 year period.
- The Department of Trade and Industry's budget for transfers and subsidies has increased by 70% since 2006/7 and 30% since last year to R5.3 billion in 2008/9.

## Q&A

**52** - the number of service **delivery protests** in 2009, as a result of lack of service delivery, corruption, and high utility charges.

**R87 million** - the amount budgeted for **Traditional Councils** for 2009/10.

**R14.7 billion** - tax revenue earned from customs **tariffs on vehicles** in the last 2 years.

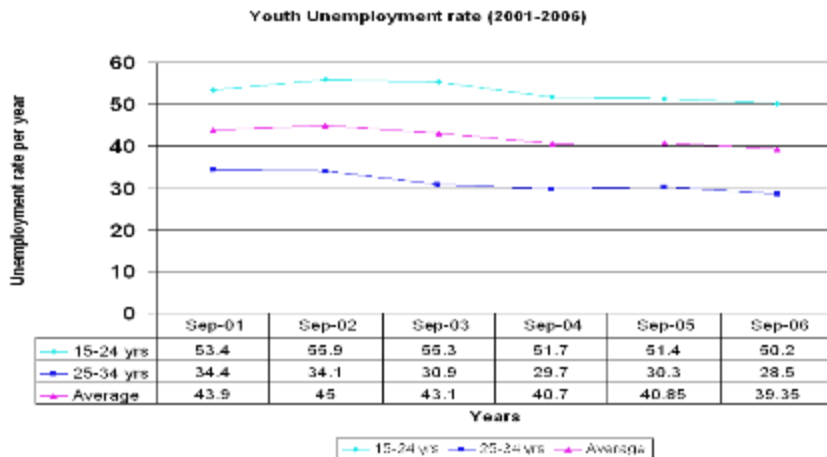
- The economic crisis prompted government to request Development Finance Institutions to consider mitigating the effects of diminishing access to finance.
- The Development Bank of South Africa's capital structure will be enhanced by quadrupling its callable capital to R20 billion. This will help DBSA to leverage on its borrowing up to R140 billion.
- The Industrial Development Corporation intends injecting more than R70 billion into the economy over the next five years, of which R6.1 billion is set aside to assist distressed companies through the financial crisis.
- Government has increased its guarantee to the Land Bank from R1.5 billion to R3.5 billion, which will be converted to capital injections over the next four years.
- Individuals have been granted tax relief in the form of favourable tax treatment for withdrawals from retirement savings upon involuntary retrenchment.
- Additional tax measures to support poor households will be announced in the February 2010 Budget. Income support to households will currently be maintained through social grants.
- Unemployment Insurance Fund claims hit an all time high in July 2009 with 85 562 new claims—a 38% increase from July 2008.
- Company tax relief would also be announced in the 2010 Budget. Qualifying companies in distress will be considered for support measures through a facility to be managed by the Industrial Development Corporation.



## Reshaping FET Colleges

A recent briefing by the Department of Higher Education to Parliament showed that the rate of education institution attendance among 15-24 year olds has remained relatively steady since 2002.

Youth unemployment also followed a consistent pattern between 2001 with 25-34 year olds experiencing a lower unemployment rate, and 15-24 year olds a higher unemployment rate than the national average.



## In Committees - Education

Data collected by the Department suggests that there is room for increasing enrollment in the Further Education and Training (FET) college system and that the following groups should be targeted: unemployed matriculants, unemployed young people who have completed grades 10 and 11 and adults seeking to acquire specialist skills for meaningful economic participation.

### Proposed Expansion

Government's proposed reshaping of FET colleges envisages a dramatic expansion of enrollment from 120 000 students in 2009 to 800 000 by 2014.

Revamped FET colleges will:

- Advance plan for student enrollment
- Develop capacity and infrastructure
- Provide student bursaries and support services
- Make increased use of ICT
- Provide a link between further education and higher education
- Centralise assessment, examination and quality assurance
- Provide Lecturer training, development and support



# Bills Status

[AS AT 21 SEPTEMBER 2009]

Title	Date of Introduction	Status
<b>In the National Assembly</b>		
Traditional Courts Bill [B15-2008]	7 July 2009	Justice and Constitutional Development Portfolio Committee: Briefing 26 August 2009
Criminal Law (Forensic Procedures) A/Bill [B2-2009]	Revived 7 July 2009	Still to be referred to a committee.
Safety at Sports and Recreational Events Bill [B7-2009]	8 July 2009	Committee Briefed on 11 August. Public Hearings in Parliament 18-21 August 2009. Hearings in Provinces 7, 9, 11, 14 & 16 September 2009.
Constitution 17th A/Bill [B8-09]	13 August 2009	Referred to Justice and Constitutional Development Portfolio Committee— committee to set programme.
Protection of Personal Information Bill [B 9-09]	25 August 2009	The Justice and Constitutional Development Portfolio Committee is expected to advertise call for comments Mid-September. Public Hearings expected in October.
Taxation Laws Amendment Bills [B10-09] and [B11-09]	1 September 2009	Deliberated on 2 September 2009. Finalised by National Assembly 10 September 2009. Tabled for consideration in the NCOP.
Local Government: Municipal Rates Property Amendment Bill [B12-2009]	15 September 2009	Referred to Portfolio Committee on Cooperative Governance and Traditional Affairs.
Prevention and Combating of Trafficking in Persons Draft Bill	15 September 2009	Referred to the Portfolio Committee on Justice and Constitutional Development and Select Committee on Security and Constitutional Development
<b>In the National Council of Provinces</b>		
National House of Traditional Leaders Bill [B56B-09]	Revived 7 July	To be referred to committee.
Cooperative Governance & Traditional Affairs	Revived 7 July	To be referred to committee.
Traditional Leadership & Governance Framework Amendment Bill [B57B-08]	Revived 7 July	To be referred to committee.



ONE VOICE OF BUSINESS

**NATIONAL OFFICE**

First Floor, 3 Gwen Lane, Sandown, 2196  
P.O. Box 652807, Benmore, 2010  
Tel: +27 11 784-8000/1/2/3 | Fax: +27 (0) 86 609 8248  
E-mail: [busa@busa.org.za](mailto:busa@busa.org.za) | Website: [www.busa.org.za](http://www.busa.org.za)

**PARLIAMENTARY OFFICE**

9 Church Square, 1st Floor Graaffs Trust Building  
Cape Town, 8001  
P.O. Box 3867, Cape Town, 8000  
Tel: +27 21 465 1633 | Fax: +27 21 461 5470

*Parliamentary Newswatch* is produced by the BUSA Parliamentary Office (BPO). Unless stated otherwise all content has been generated by the Information Manager. The views contained in this newsletter do not necessarily reflect those of BUSA and any inaccuracies are the authors' own. *Parliamentary Newswatch* may be freely distributed to members of organised business.

Queries and comments may be submitted to:

Lee Padayachee  
Information Manager  
BUSA Parliamentary Office  
Email: [lpadayahee@bpo.co.za](mailto:lpadayahee@bpo.co.za)  
Tel: 021 465 1633  
Fax: 021 461 5470



**PRESIDENT:** Brian Molefe **CHAIRMAN:** Andre Lamprecht **VICE PRESIDENTS:** Frans Barker Penuell Maduna Mthunzi Mdwaba Buhle Mthethwa **CEO:** Jerry Vilakazi