




FRONTLINE AFRICA
— ADVISORY —

Legislative and Regulatory highlights

July 2024



 Info@frontlineafrica.co.za

 010-591-5066

 www.frontlineafrica.co.za

Introduction

- Following the composition of the 7th Parliament, the National Assembly and the National Council of Provinces have established committees to operationalise the work of Parliament.
- This report covers the various committees established, including the election of key principals in both Houses for effective governance.
- As the 7th Administration gets down to business, we cover various Budget Debates, as well as some of the legislative and regulatory developments for July.

The National Assembly – Formation of Portfolio Committees

- Between 8 and 12 July , portfolio committees were established and convened to elect their Chairpersons. This saw the African National Congress (ANC) take up majority of the committees.
- Some of the key appointments include:

Parliament Appointments	Portfolio Committee Chairpersons	Pan African Parliament Representatives
<ul style="list-style-type: none">•Dr Willem Koornhof as Parliamentary Counsellor to the President (ANC)•Ms Thembi Siweya as Parliamentary Counsellor to the Deputy President (ANC)•House Chairpersons:•Cedrick Frolick (ANC)•Werner Horn (DA)•Zandile Majozi (IFP)	<ul style="list-style-type: none">•Mzwandile Masina - Trade, Industry and Competition (ANC)•Ian Cameron - Police (DA)•Dr Sibongiseni Dhlomo - Health (ANC)•Nqabisa Gantsho - Forestry, Fisheries and Environment (ANC)•Songezo Zibi - Public Account (Rise Mzansi)	<ul style="list-style-type: none">•Mdumiseni Ntuli (ANC)•Mergan Chetty (DA)•Duduzile Zuma-Sambudla (MK)•Mr Vuyani Pambo (EFF)

The National Council of Provinces – Formation of Committees

- On 11 July, the NCOP elected Select Committee Chairpersons.
- The election of Chairpersons for the Select Committees occurred among the 54 Permanent Delegates of the NCOP, each select committee shadows the work of more than one national government department.
- Appointments include:

Select Committee Chairpersons
<ul style="list-style-type: none">•Makhi Feni – Chairperson of the Select Committee on Education, Sciences and Creative Industries. (ANC)•Desery Fienies – Chairperson of the Select Committee on Social Services. (ANC)•Seboletswe Mananiso – Chairperson of the Select Committee on Security and Justice. (ANC)•Ofentse Jeremiah Mokae - Chairperson of the Select Committee on Public Petitions and Executive Undertaking. (DA)•Sonja Boshoff - Chairperson of the Select Committee on Economic Development and Trade. (DA)•Mpho Modise - Chairperson of the Select Committee on Agriculture, Land Reform, and Mineral Resources. (ANC)•Frederik Badenhorst - Chairperson of the Select Committee on Public Infrastructure and Minister in Presidency. (DA)•Thomas Kaunda – Chairperson of the Select Committee on Cooperative Governance and Public Administration. (ANC)•Sanny Ndhlovu – Chairperson of the Select Committee on Finance. (ANC)•Tidimalo Legwase - Chairperson of the Select Committee on Appropriations (ANC)

Budget Votes

Presidency Budget Vote



- Minister Ntshavheni stated that government is strengthening and building capabilities to proactively combat emerging cyber threats on communications environment.
- The department will look to accelerate the implementation of the National Cyber Security Framework to improve the government's integrated approach to address cybersecurity threats and vulnerabilities.
- It will also be improving GCIS' reach to ensure citizens accessibility to government information.
- The department plans to re-engineer the household survey programme through the introduction of a continuous population survey that aims to integrate various household surveys to improve efficiency and effectiveness of data collection.
- The budget vote was highly critiqued by the EFF and MK respectively. The EFF rejected the budget attributing it to the slow pace of transformation, calling the Secret Services Agency useless and unproductive.
- The MK criticised the agency's lack of capacity to protect the country against cybersecurity threats.

Commentary

- As the most sophisticated economy in Africa and a significant player in the digital economy, South Africa faces real cyber security threats. The commitment to fast-track the implementation of the National Cyber Security Framework should be commendable.
- However, the framework could be outdated, as it was approved in 2015. Its review is therefore of utmost urgency and importance. South Africa, according to the 2021 Interpol African Cyberthreat Assessment Report, is not just the most attacked country in Africa, but also the third most attacked country in the world. It is reported that in 2021 alone, the country recorded 230 million threat detections, compared to Kenya with 72 million and Morocco with 71 million
- Effort to drive GCIS towards more communication campaigns, stakeholder engagement, and integrated crime management, among others, will go a long way in addressing public trust deficit.

National Treasury Budget Vote

- In his speech, Minister Enoch Godongwana outlined the department's focus towards stabilising public finances and ensuring inter-generational fairness and the preservation of critical public services.
- Treasury is speedily implementing the action plan agreed to by the country and the Financial Action Task Force (FATF), as it looks to exit from the grey-list as early as the "first period of 2025".
- The department is working on signing a memorandum of agreement, similar to the agreement governing the Independent Power Producers Office, in the transport and water sectors. This is to fast track, in a programmatic way, private sector participation in these sectors.
- Treasury has projected debt-service to surpass R380 billion in the current fiscal year, which is likely to divert resources away from essential service delivery.
- However, government continues to prioritise stabilising government debt. The goal is to narrow the deficit 3.4% of GDP by 2026/27 and stabilize debt-service costs relative to revenue.
- The Economic Freedom Fighters (EFF) and uMkhonto WeSizwe (MK) Party objected. The Democratic Alliance (DA) supported the report but reserved its position on the Budget.



Commentary

- *Operation Vulindlela*, which has been largely successful in effecting structural reforms is set to continue. This has the potential to place the economy on a growth trajectory.
- Treasury's commitment to fiscal consolidation will likely continue to be tested by higher wage demands in the public sector, as well as the funding gap for major public spending programmes such as the NHI. A risk of tax hikes remains a possibility.
- The recent passing of the Public Procurement Bill, which also establishes the Public Procurement Office within National Treasury, is another important development that will close wastage leaks in the current fiscal system.

Forestry, Fisheries and Environment Budget Vote



- Following the promulgation of the Climate Change Bill, Minister Dion George has prioritised implementing actions through the Sectoral Emission Targets and Carbon Budget Allocations to major companies to reduce greenhouse gas emissions leveraging the Just Energy Transition Investment Plan.
- The Department will be working closely with municipalities in increasing waste diversion from landfill sites through recycling focusing on packaging waste such as paper, plastic, and glass through EPR schemes.
- Through the National Environmental Management: Biodiversity Bill, the department has profiled 59 bankable businesses on the Biodiversity Sector Investment Portal towards attracting investments to develop a management plan and implement a biodiversity credit system.
- The budget vote received an overwhelming majority vote due to the quality of the content. The EFF rejected the adoption of the budget vote report due to lack of responses from stakeholders, specifically the South African Weather Services (SAWS).

Commentary

- The department will be working closely with the entire Cabinet to ensure that all state entities are able to support the country's economic development, without compromising its carbon emission targets.
- Key bills and policies around the development of a circular economy will need to be finalised soon, as the business community continues to identify ways to alternatively operate without incurring extensive climate related expenses.
- A big concern remains in municipality's ability to carry out basic services, which has been identified across the nation as one of the biggest growing risks to a sustainable and clean environment, conducive for investment and economic growth.

Police Budget Vote

- Minister Senzo Mchunu delivered his budget vote, emphasizing on the need to expand workforce to enhance visibility and community responsiveness.
- The department will also focus on modernisation initiatives that include upgrading ICT infrastructure, improving connectivity, and deploying mobile technologies.
- Minister Mchunu also outlined the need to collaborate with internal and external stakeholders for enhanced forensic and crime intelligence that will assist in protecting economic infrastructure that is continuously compromised.
- The budget vote received major criticism from the EFF and MK. The EFF rationale that the Minister's strategy lacked any comprehensive plan to prevent crime. This includes the SAPS' knowledge of protagonists related to criminal activity without any work to combat their actions.
- The MK raised its concerns around the failure of the budget to address capacity challenges at entities such as the Detectives Services and Crime Intelligence Division. The opposition party also highlighted the insufficient regulation of firearms and the lack of progress in implementing community-oriented policing.



Commentary

- The use of IT to combat crime in the medium-to-long-term, while welcome, does not address some of the current challenges the SAPS, such as police visibility and budgetary constraints. This is because developing IT solutions may take time, while public safety and public infrastructure remain under constant threat.
- There is a need for more boots on the ground to address the current low police ratio (of police officer per every 424 people, according to the 2022 Census Report).
- Community stakeholder partnerships is another area that requires urgent attention in fighting crime in South Africa.

Transport Budget Vote

- Minister Barbara Creecy outlined her immediate task of addressing underspending by transport entities and provincial departments on finances allocated for road maintenance and road construction.
- Implementation of the Economic Regulation of Transport Act 2024 (Act No.6 of 2024), to create a single transport economic regulator for increased competitiveness and network will also be prioritised.

Commentary

- The department will be banking on the progress made by the National Logistics Crisis Committee, as improvements in the country's freight logistics system will facilitate economic growth.
- Minister Creecy is likely to prioritise implementing policy that can facilitate more demand for rolling stock from private train operator companies. The latest cancellation of a rolling stock leasing tender by Transnet, over compliance issues, will likely delay implementation. The next possible tender re-issue is December 2024.



Trade, Industry and Competition Budget Vote

- On 16 July, the Minister of Trade, Industry and Competition Parks Tau stated that the DTIC aims to centralise economic development through sector partnerships and masterplans.
- The department will focus on industrial policy to enhance export growth, attract investment in infrastructure and innovation, and streamline bureaucratic processes hindering progress.
- This also includes working with relevant state-owned entities as well as the industry, to support local manufacturing of key products towards creating jobs.
- The department has also prioritised reviewing B-BBEE legislation in order to ensure it fulfils its role in fostering inclusive growth. This will include engagement with stakeholders for compliance and monitoring.
- The Portfolio Committee raised concerns around:
 - Reducing the department's budget, which may have an impact on its ability to meet its deliverables
 - Significant levels of market concentration in the economy, which have led to reduced competition and higher consumer prices.
- The budget vote was adopted, with objections from the African Christian Democratic Party and MK.



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

Commentary

- The department's plan to implement masterplans is a positive sign for businesses, as government charts a way towards sound regulation that can assist the country on a growth and development trajectory.

- The DTIC is expected to leverage trade vehicles such as the African Continental Free Trade Area (AfCFTA), BRICS+ to ensure local businesses' access to a wide network of markets.
- Further, during his visit to the US Tau expressed possible synergies between SA's participation in AGOA and the AfCFTA.

Defence Budget Vote

- On 15 July, Minister Angie Motshekga delivered her budget vote, with the department focusing on the deployment of robust forces and support of the African Union Peace and Security Architecture as well as the maintenance of a Core Combat Capability to protect the sovereignty of South Africa.
- The department has been allocated R51. 8 billion, with the SANDF focused on increasing capabilities for the rapid modification and application of commercial technologies for military-use.
- This will result in:
 - o R500 million dedicated for the procurement of protective personnel vehicles and technology for border safeguarding;
 - o R441 million for the repair and maintenance of Naval Defence Systems to enhance Maritime patrol;
- The department will submit the Draft Military Discipline Bill to the National Assembly as well as the Defence Amendment Act of 2020 once the final drafting of the regulations has been finalised.
- The Portfolio Committee raised its observations around the potential impact of the declining defence budget on current SANDF deployments, both internally and across the continent. The committee also recommended serious consideration on the possibility of withdrawing troops from the DRC under the current circumstances.



Commentary

- The Minister's commitment, as well as the Portfolio Committee's resolve, to address SANDF's funding challenge is important. That the Minister and the President (in his capacity as the Commander-in-Chief of the Armed Forces) have met about 3 times already to look specifically into the funding of our Forces should be commended.
 - This is a significant posture shift where DoD, the President and National Treasury are aligned on the need to strategically prioritise DoD funding. This level of engagement, along the commitment to finalise and implement the 2019 South African Defence Review, should be commended by all.
 - It is hoped that, arising from these focused engagements, we can take comfort in the knowledge that going into the MTBPS in October and Budget in February 2025 there is strategic alignment among the DoD, NT and the Presidency on the long overdue recapitalization of our Defence Force.
- Over the Medium-Term Strategic Framework (now known as the Medium-Term Development Plan), South Africa would like to see a renewed and continuous focus on the Defence Forces that necessarily results in building defence capabilities of the future.

Parliament revives lapsed bills



- On 25 and 29 July, the National Assembly and National Council of Provinces (NCOP) revived 19 bills in total that lapsed at the end of the 6th Parliament.
- These bills include the National State Enterprise Bill, South African Reserve Bank Bill, Tobacco Products & Electronic Delivery Systems Control Bill and the Marine Oil Pollution Bill to name a few.
- All 19 bills are expected to continue from the same stage they were at the end of the 6th Parliament.

Commentary

- All eyes will be on both Houses' ability to foster effective public participation processes that manage to capture all stakeholders' inputs in the consideration and finalisation of the bills.
- This remains an essential issue, following the *Mogale Judgement*, which has outlined definitive processes to be followed by Parliament in fostering meaningful public participation.
- Given the reduced majority that the ANC has in Parliament, it is hoped that the era of rushing to finalise bills is over.
- All GNU partners, together with opposition parties, will be expected to make their views heard in the proposal and adoption of bills going forward.

END