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SPECIAL PENSIONS AMENDMENT BILL, 2008

ADDRESS TO THE NATIONAL ASSEMBLY BY THE HONOURABLE

MINISTER OF FINANCE,

TREVOR A MANUEL, MP

24 JUNE 2008

Madam Speaker, the Special Pensions Amendment Bill, 2008, being debated in this House today extends the pensions and funeral benefits provided for under the Special Pensions Act, 1996 to a wider group of deserving persons, and their survivors.

The House will recall that the Special Pensions Act No. 69 of 1996 gave effect to section 189 of the Interim Constitution, 1993 (Act No. 200 of 2003), in that it provides for the payment of pensions to persons who made sacrifices or served the public interest in establishing a non-racial democratic constitutional order and as a result were unable to or prevented from providing for pensions for a significant period, and for the payment of certain benefits to their survivors.

Amendments to the Act were passed in 1998, 2003 and 2005. The amendments primarily increased benefits, improved accessibility of benefits and addressed technical and implementation difficulties. Despite these amendments, however, inequities remain a cause for concern in the treatment of pensioners and survivors.

The Special Pensions Amendment Bill is aimed at alleviating and, where possible, removing these inequities within available resources, while remaining true to the spirit and intent of section 189 of the Interim Constitution. The Bill contains three significant amendments to achieve this.

Firstly, an amendment is proposed to extend the right to a pension to persons 30 years of age on 1 December 1996, but not yet 35 years of age. This will be paid retrospectively from 1 April 2001, which means that it will be paid with effect from the year before the recipient would have turned 35.

The revised age-criterion of 30 is informed by the fact that in qualifying for a pension an applicant would have had to be at least 19 in 1985. The age of 19 in 1985 appears to be reasonable taking into account that in general working people typically begin providing for a pension at about the age of 25, and often later.

It should be noted that applications for this benefit must be made by 31 December 2010. It is clearly necessary to expedite this process, because the longer the delays in

dealing with these matters the greater the risk of loss of information, contestation about entitlements and exposure of the fiscus to fraudulent applications.

Secondly, Madam Speaker, the Bill introduces a monthly pension and funeral benefit for surviving spouses and orphans of –

1. persons who received a survivor's lump sum benefit in terms of the Special Pensions Act because of the death of a person during the struggle; and
2. persons who were 30, but under 35 on 1 December 1996 and had died prior to the date on which the Amendment Act takes effect.

A qualifying spouse or orphan will be entitled to receive these benefits on application and, if the application is approved, from the date on which the application was made.

Thirdly, an amendment to Schedule 3 of the Act that provides for the levels of pensions payable, is also proposed. The amendment clarifies the amount that will be paid by persons in the various age categories.

The Act as originally drafted provided for three levels of pension after the age of 60, dependent on age as at 1 December 1996.

The amendment will allow persons aged 30 to 50 in December 1996 to migrate to the 50 to 65 category once they attain the age of 50 and for persons in the 50 to 65 category (on 1 December 1996) to migrate to the 65 and older category once they attain the age of 65.

The anticipated total cost associated with the amendments is R3.7 billion in present value terms. The costs associated with the amendments to be funded through annual appropriations over the next three years are expected to amount to R500 million a year.

Finally, Madam Speaker, the Bill proposes several amendments to improve the administration of the Act. The National Treasury is made responsible for administering the Act and a new appeal board is provided for. The Minister is further empowered to designate another department, government component or public entity to administer the Act in the place of the National Treasury, should this be deemed appropriate.

In closing, let me re-iterate that the purpose of the Special Pensions Act is to provide for the payment of pensions to persons who made sacrifices or served the public interest in establishing a non-racial democratic constitutional order and as a result were unable to or prevented from providing for pensions for a significant period, and for the payment of certain benefits to their survivors. It is trusted that the Bill enhances this purpose and honours the intent and spirit of the Interim Constitution that led to the Special Pensions Act.

I would like to convey my special thanks to the Portfolio Committee on Finance, under the chairmanship and steady hand of Mr Nhlanhla Nene. The Committee consistently provides an insightful review of legislation placed before it for consideration.

Madam Speaker, I hereby request that the House pass the Special Pensions Amendment Bill, 2008.