

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1581

DATE OF PUBLICATION: 14 OCTOBER 2005

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

What has been the nature and extent of foreign direct investment in South Africa, other than the Barclays/Absa deal, for the 2005-06 financial year to date?
N2108E

REPLY:

The National Treasury does not collect statistics on foreign direct investment flows as such data is published in the Quarterly Bulletin of the South African Reserve Bank. The only available figures for the 2005-06 financial year indicate that in the second quarter of 2005 total foreign direct investment into South Africa was negative, an outflow of R0.1 billion. The investment flows resulting from the Barclays/Absa deal are not reflected in the SARB figures for the second quarter of 2005, as the transaction was concluded in July 2005.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1645

DATE OF PUBLICATION: 21 OCTOBER 2005

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

- (1) What (a) was the reason for Statistics South Africa not having an audit committee in place from 3 August 2004 to 23 February 2005 and (b) is the reason for the fact that, as at the date of publication of the Auditor-General's report, only two out of the three members so required had signed their contracts as members of the new audit committee;
- (2) Whether the contract for the third member has now been signed; if not, why not; if so, on what date? **N2171E**

REPLY:

- (1) (a) After the expiry of the audit committee members' contract term on 3 August 2004, the retired members were asked to bring the matters on hand to finalisation in preparation for the handing over of functions to the new committee members. Two members were approached and both indicated initially that they were prepared to continue to serve on the audit committee. In compliance with the guideline of par 3.1. of the Audit Committee Charter, new members were also sought. The identification of new members of the audit committee took longer than anticipated. Once two new members had been identified, the new audit committee was appointed in February 2005. An appointee who had served on the previous committee subsequently indicated lack of availability to continue serving on the audit committee, prior to the first meeting of the new audit committee.
 - (b) Members of the new committee were appointed in February 2005 and the new contract formalizes the terms of reference. Attempts were made to obtain the third non-executive member's signature, but the nature of her work means that she is frequently out of her office and this led to a delay in her signing of the contract. She has nevertheless been participating fully as an audit committee member.
- (2) The contract was signed on Friday 28 October 2005.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 1687

DATE OF PUBLICATION: 28 OCTOBER 2005

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

What was the reason for the payment by Statistics SA of R2,8 million in respect of undisputed invoices as well as interest on a contract that was cancelled due to non-performance by the contractor and in respect of which a court case, referred to by the Auditor-General (details furnished), is pending? **N2254E**

REPLY:

The amount of R2.8 million in respect of undisputed invoices was made in trust in order to avoid future costs such as interest. The interest emanated from the dispute and Statistics South Africa intends recovering the amount from the EAX Consortium if the Court deems it fit to award such to the Department.

Legal advice was sought from the State Attorney in 2002 and later a second opinion in 2004. Additional Information was provided to the Office of the Auditor-General that consists of the following:

- Letter from the State Attorney dated 22 April 2002 indicating that the Department would suffer if it proceeded in making payments to the EAX Consortium and this included a detailed opinion by the State Advocate; and
- Correspondence to the Accounting Officer from attorneys advising him that payment should be made in both 2004 and February 2005. The second opinion formed the basis for payment.

The understanding of the department is that we clearly demonstrated that due care was taken when making payments in trust, in order to avoid future costs and interest.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1686

DATE OF PUBLICATION: 28 OCTOBER 2005

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

What was the reason for (a) Statistics SA not complying with State Tender Board regulations in the procurement of certain software and related licences as disclosed by the Auditor-General (details furnished) and (b) additional payments of R3,2 million in the 2004-05 financial year in respect of the renewal of these licences? **N2253E**

REPLY:

- (a) The payment of annual SAS (Statistical Analysis Software) licences was in compliance with the State Tender Board regulations. The acquisition was not for new licences but an extension and upgrade of licences already in existence in the Department. The SAS Institute was the only possible supplier of the software. SITA was in the process of conferring "preferred supplier" status on the SAS Institute.

Additional information was provided to the Office of the Auditor-General that included the following:

- The initial proposal made to Statistics South Africa by the SAS Institute;
- An explanation about the history of using SAS in the organisation;
- Relevant delegations to the Department by the Office of the State Tender Board in terms of the State Tender Board Act;
- The contract concluded between SITA and SAS in terms of the provision of licences and consulting services;
- An interpretation of the utilisation of sole suppliers provision by the Chief Director Norms and Standards of the State Tender Board; and
- Historical agreements reached between the then Central Statistical Services and SAS dating back to 1998.

The information provided demonstrates that a long-term relationship existed between the supplier and Stats SA. The department acted within its delegation, in particular as the purchase of the SAS licence represented an upgrade of the existing licences.

- (b) As the licence has to be renewed annually to enable the Department to use it, it is clear that an additional payment had to be made. Not only is this a normal procedure for software licences but it is also based on the contractual agreement entered into.

In the financial year under consideration the R3,2 million spent was in accordance with the contract that was concluded by SITA. The SITA Act provides that IT related matters should be concluded with the assistance of SITA. A contract between SITA and SAS was concluded in November 2003 and was utilised for the respective payment made.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1739

DATE OF PUBLICATION: 4 NOVEMBER 2005

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

Whether Statistics South Africa has reviewed its decision to do away with reporting on both the official and expanded definitions of employment; if not, why not; if so, what are the relevant details? **N2346E**

REPLY:

Stats SA has used - and will continue to use in the foreseeable future - only one definition of *employment*.

Perhaps the question was intended to read "both the official and expanded definitions of *unemployment*". In this case, as responded to during Stats SA's meeting with the Parliamentary Portfolio Committee for Finance, Stats SA has considered the publishing of two different definitions of unemployment, in the light of the confusion which has occurred in relation to the publishing of two unemployment rates. The unemployment rate associated with the expanded definition of unemployment has been compared with the unemployment rate of other countries, which is derived from the more strict or official definition of unemployment.

Stats SA's intention is to provide accurate statistics relevant to describing, understanding and monitoring the labour market. This would include the provision of information on those who indicate that they are currently not employed, and would like to work, but have not sought work during the survey reference period, *i.e.* those who would be included as *economically active* in accordance with the expanded definition of unemployment, but would be considered to be *not economically active* in terms of the official definition of unemployment. Users of labour market statistics will be consulted regarding the way to present information required for an understanding of the labour market, which maximizes clarity and eliminates ambiguity.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1738

DATE OF PUBLICATION: 4 NOVEMBER 2005

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

Whether the irregular expenditure of R16,1 million and R12,3 million by Statistics South Africa in 2003 and 2004, and commented on by the Auditor-General (details furnished), has been condoned; if not, why not; if so, what are the relevant details? *N2345E*

REPLY:

The expenditure of 16.1 million by Statistics South Africa was condoned. The tender amount paid to Procon Africa, the organization responsible for the processing of Census data, was exceeded by R16.1 million. The National Tender Board granted ex post facto approval on 22 September 2005 (copy of correspondence attached).

The amount of R12.3 million was not a matter for condonment. The R 12.3 million consisted of the following amounts:

- R6.84 million for the procurement of SAS (Statistical Analysis Software);
- R2.16 million was in respect of consultant payments whose contracts followed due process and were accordingly submitted to the Office of the Auditor-General for inspection.
- R3.3 million was in respect of payment to Procon Africa. This amount forms part of the R16.1 million which was condoned in September 2005.

The payment of R6.84 million in respect of SAS licences was not irregular. The acquisition was not for new licences but an extension and upgrade of licences already in existence in the Department. The SAS Institute was the only possible supplier of the software. SITA was in the process of conferring "preferred supplier" status on the SAS Institute.

Additional information was provided to the Office of the Auditor-General and included the following:

- The initial proposal made to Statistics South Africa by the SAS Institute for the upgrading of the licences;
- An explanation about the history of using SAS in the organisation;

- Relevant delegations to the Department by the Office of the State Tender Board in terms of the State Tender Board Act;
- The contract concluded between SITA and SAS in terms of the provision of licenses and consulting services;
- An interpretation of the utilisation of sole suppliers provision by the Chief Director Norms and Standards of the State Tender Board; and
- Historical agreements reached between the then Central Statistical Services and SAS dating back to 1998.

The information provided demonstrates that a long-term relationship existed between the supplier and Stats SA. The documentation points to the fact that the department acted within its delegation, in particular as the purchase of the SAS license represented an upgrade of the existing licences.

The amount of R3.3 million emanates from the excess amount paid to Procon Africa in the processing of Census data. This amount exceeded the tender but National Tender Board granted ex post facto approval on 22 September 2005 as part of the R16.1 million.

The remaining amount of R2.16 million is in respect of payment made to consultants. The contracts of these consultants were submitted to the Office of Auditor-General and hence could not be regarded as irregular.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1813

DATE OF PUBLICATION: 11 NOVEMBER 2005

MR E W TRENT (DA) TO ASK THE MINISTER OF FINANCE:

Whether he intends tabling a response to the 14th report of the Standing Committee on Public Accounts: Statistics SA which was adopted on 13 September 2005; if not, why not; if so, when? **N2474E**

REPLY:

At the time of preparing a response to the 14th report of the Standing Committee on Public Accounts, Statistics South Africa was unaware that the response had to be tabled by the Minister of Finance in Parliament. The response was submitted directly to the Chairperson of the Standing Committee on Public Accounts on 6 October 2005.

Statistics South Africa's response to the 14th report of the Standing Committee on Public Accounts has now been submitted to the Minister of Finance for Tabling in Parliament.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1860

DATE OF PUBLICATION: 18 NOVEMBER 2005

DR S M VAN DYK (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Whether, with reference to the intention of Statistics SA to change the way in which the number of unemployed in the workforce is defined and reflected, there will be a clear differentiation between unemployed persons who (a) are seeking employment and (b) for various reasons are not actively seeking employment; if not, why not; if so,
- (2) whether the figures will be published in separate categories of unemployment; if not, why not; if so, which figures will be accepted by the Government as the official rate of unemployment;
- (3) whether the above-mentioned figures will include the informal sector; if not, why not; if so, what are the relevant details;
- (4) whether the statistics will only be based on official unemployment registration figures; if not,
- (5) whether it will include unofficial calculations; if not, why not; if so, what are the relevant details?

N2520E

REPLY:

- (1) Yes.

(Note: Stats SA is not making any changes to the “strict” or “official” definition of employment, which requires the seeking of employment. Data collected will continue to support differentiation between those who are not employed and indicate that they are available for work, although they have not been seeking work during the reference period, on the one hand, and those who have been seeking employment, on the other.)

- (2) Yes.

It is Stats SA’s intention to publish only one labour market indicator, which is labelled as an unemployment *rate*, in order to avoid confusion; however, this will not be the only labour market descriptor published.

(3) Employment figures published through the Labour Force Survey, which is a household-based survey, will include the informal sector. Surveys of registered enterprises, however, such as the Quarterly Employment Survey, are unable to measure employment in the informal sector.

(4) No.

(Please note that the term “official unemployment registration figures” appears ambiguous; some might interpret this as the number of employees registered for UIF payments, i.e. as a measure of formal *employment*, while others might take this to mean the figures corresponding to those drawing UIF, i.e. a measure of *unemployment*.)

(5) The meaning of “unofficial calculations” is not clear to Stats SA. Stats SA is committed to comparing data from different sources objectively, in order to better understand the strengths and limitations of these various sources, and in order to improve its methodologies for producing statistics on a continuous basis.