

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 620

DATE OF PUBLICATION: 15 APRIL 2005

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

- (1) Whether factors such as illegal strikes, poor work ethic, low productivity, absence from work and the ineffective delivery of services play a role in the low economic growth rate in the GDP; if not, what is the position in this regard; if so, what are the relevant details;
- (2) what legal provisions, rules, regulations and standards are there at all three spheres of government that have an impact on the business sector, with specific reference to micro, small, medium and large enterprises?

N813E

REPLY:

The Honourable Member's questions are of a very general and theoretical nature, and it cannot be expected of me to act as your economics or law professor on the matter. However, in this instance, I will take the opportunity and play that role for the purpose of this question.

- (1) It is commonly known from economic theory and business practice that all the factors mentioned above (strikes, poor work ethic, etc) impact negatively on economic growth. That explains why, for example, the government has partnered with business and labour to foster good labour relations and thus minimize the deleterious effects of industrial unrest. Since 1994, and partly due to these and other improvements, the South African economy has grown strongly, and has accelerated by 4% and 4.5% in recent times. We are rightly confident of continued positive growth into the future!
- (2) Your question requires a lengthy dissertation assessing all legislation effecting businesses. Alternatively I can refer the member to a number of studies taken by researchers on this topic. I will only answer your question partially by dealing with tax administration, by pointing out that we have taken steps to lower the burden of corporate taxes on all businesses by eliminating RSC levies, adopting a graduated rate structure and an accelerated depreciation for all assets, and for smaller businesses, reducing the burden of VAT payments and allowing for Skills Development Levy exemptions.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 817

27 MAY 2005

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

- (1) Whether, with reference to a meeting of African Ministers at the African Union Commission for Labour and Social Development (AUCLSD), he referred to the migration of skills as reinforcing the cycle of poverty; if so,
- (2) whether the emigration of skilled people from South Africa has been influenced by the policy of affirmative action; if not, what has been found to be the main driving factor of emigration; if so, what action does the Government intend taking to discontinue skills emigration;
- (3) whether it has been found that (a) laws and regulations affecting the business sector, (b) strikes, (c) low labour productivity, (d) crime and (e) corruption are factors encouraging the emigration of skills; if not, what factors did he take into consideration in reaching this conclusion; if so, what action does the Government intend taking to overcome these problems;
- (4) whether the meeting of AUCLSD proposed any solutions to the migration of skills; if not, why not; if so, what solutions **N1078E**

REPLY:

- (1) Yes.
- (2) Madame Speaker, it wears me off that I am expected to act in borrowed robes. As previously explained to the Honourable Member, he should not confuse Parliament with being a university or research institution. The Honourable Member cannot expect me to respond to general questions like these on the underlying causes of emigration. Not only am I not his professor, but I am neither the Minister of Home Affairs nor the Minister of Labour. The Member should also understand that affirmative action is an essential part of government policy, and I would be interested to know whether the Member bothered to research this issue when a discriminatory form of Apartheid favoured a minority racial group over all others; whether he was this keen to protest about the resulting hardship and poverty Apartheid caused for black South Africans?

- (3) As I stated above, I am the Minister of Finance; I am neither the Minister of Home Affairs nor Minister of Labour, nor your professor, nor am I prepared to fumble precious time on an abstract thesis to amuse personal interests. I can and will answer questions within my portfolio, for which hard facts are required.
- (4) I cannot comment on discussions at the AUCLSD meeting.

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER 80

01 JUNE 2005

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

Whether, in light of South Africa's high unemployment rate and the fact that an assortment of capital allowances are granted as incentives for capital investments, he will consider granting allowances to companies and households as incentives for employing people? **N974E**

REPLY:

Government has a number of incentives based on tax and subsidies that are aimed at facilitating direct investments, economic growth and employment creation. Capital allowances promote investment generally, which, in turn generates employment.

I can mention that the 2005 Budget, for example, has largely focused Government's attention on promoting the role of small business in economic growth and employment creation by expanding tax relief and reducing the administrative compliance burdens. These tax relief measures have also been extended to personal services companies employing at least four full-time employees.

To promote skills development, a learnership incentive scheme has been established and for which R600 million was put aside in 2001, which allows an effective deduction of R50 000 on completion of each level of the scheme. In the past, wage subsidies for certain categories of workers have been associated with a substantial deadweight losses. As a result, Government has adopted a cautious approach to wage subsidies, placing a greater emphasis on ensuring that the design of such a subsidy minimizes potential economic losses. The learnership incentive scheme is an example of a scheme that Government believes reduces economic distortions associated with subsidies of this kind. Other forms of employment-related subsidies that have been considered by Government include a scheme that operates through the tax system and provides a credit to employed South Africans earning below some threshold. More work is being done on assessing its utility in South Africa.