

# POLITICS TODAY



AN EXECUTIVE BACKGROUND BRIEFING FOR PROGRESSIVE BUSINESS

## EXTRACT FROM ADDRESS BY PRESIDENT JACOB ZUMA

### The Presidency Budget Vote National Assembly, Cape Town

12 June 2013

Honourable Speaker,  
Honourable Deputy President,  
Deputy Speaker,  
Ministers and Deputy Ministers,  
Honourable Members,  
Esteemed special guests,

Thank you for the opportunity to present the Budget Vote of the Presidency to this august House.

Today, the 12th of June, marks the 49th anniversary of the sentencing of President Nelson Mandela to life imprisonment in 1964.

On this crucial historical anniversary, our thoughts are with President Mandela and his family.

I am happy to report that Madiba is responding better to treatment from this morning. We are very happy with the progress that he is now making, following a difficult last few days.

We appreciate the messages of support from all over the world. It is an honour for us as South Africans to share Madiba with the international community.

We fully understand and appreciate the global interest in this world icon. We are so proud to call him our own.

We urge South Africans and the international community to continue to keep President Mandela and the medical team in their thoughts and prayers.

During this month of June, we celebrate the contribution of young people who sacrificed immensely so that this country could be free, and so that those coming after them can live a better life.

They emulated the youth leaders of the 1940s - Anton Lembede, Nelson Mandela, Oliver Tambo, Walter Sisulu and others who knew what was best for this country and its people.

Because of their sacrifices and the foundation that was laid for a free and democratic South Africa, our country is a much better place to live in now than it was before 1994, even though we still have so much work to do.

There are generations of young people who acquitted themselves well in the struggle for our liberation.

#### Departmental Votes

As the Departmental Budget Votes over the past few weeks indicated, South Africa is a much better place today than it was before 1994.

However, there is still a lot of work to be done to achieve a truly non-racial, non-sexist, democratic and prosperous South Africa.

We are building a society in which every household will have access to decent housing, water, sanitation, electricity, quality health care and quality education. It must be a society where all feel safe and where no child goes to bed hungry.

We shall not rest until that type of society is achieved, no matter how long it takes.

#### Priorities: Economic and social transformation

I would like to share with the house our priorities in the economic and social transformation areas this financial year.

The Presidency will this year take a hands-on approach, working closely with relevant departments and social partners to boost confidence in the economy.

We will do this against the background of achievements on the economic front since 1994, which must be borne in mind especially when we face the current economic turbulence.

These achievements remind us what our economy is capable of.

The South African economy expanded by 83 percent over the past 19 years.

The national income per capita increased from R27 500 in 1993 to R38 500 in 2012, which is an increase of 40 percent.

Disposable income per capita of households has increased by 43 percent.

Total employment has increased by more than 3.5 million since 1994, and we have extended social grants from 2,5 million people in 1994 to about 16 million to date, to alleviate poverty for the unemployed and the vulnerable.

## Financial sector

One of the key strengths of our economy is our financial sector which remains robust and healthy and is well-regulated.

That is why we were able to weather the 2009 financial crisis.

Currently, the economy continues to grow but at a much slower pace than previously expected. This presents challenges for job creation and poverty reduction.

Data released last month showed that real GDP growth slowed to 0.9 per cent in the first quarter of 2013.

The Eurozone which is still our largest trading partner, is still steeped in recession.

Growth in some major emerging markets has weakened somewhat, affecting the demand and price of our major commodity exports.

The Rand has become increasingly vulnerable to the global financial situation, including a strong US Dollar environment.

There is very little we can do about the global economic crisis, but there are things we can do domestically which can assist to improve the resilience of our economy.

We welcome the fact that all stakeholders agree on the need to stabilise the labour relations environment, especially in the mining sector.

It is not in the interest of the country to have a tense labour relations environment which is characterised by a weakening of collective bargaining mechanisms, illegal wildcat strikes, violent protests and loss of life.

What we require from social partners is the commitment to resolve labour disputes peacefully and within the framework of the law, and in the interests of workers, employers and the country as a whole.

## Mining sector

I recently requested the Deputy President to lead a Ministerial team to work with social partners to assist the mining sector to normalise the situation.

Work is continuing in this regard and we remain optimistic that a solution will be found.

Let me take this opportunity Honourable Speaker, to emphasise that Government does not take sides and does not favour any

labour union over others in the mining industry. Our interest is in finding solutions.

Now that we have entered the bargaining season in other sectors as well, we urge business and labour to ensure a speedier resolution of wage negotiations.

These must take place within the framework of the law and the Constitution. Government cannot act outside of the Constitution and the law. Equally, business and the labour movements cannot act outside the law and the Constitution as well.

We cannot introduce violence to labour relations and the killing of people. Most importantly, we must not move away from the collective bargaining system and the framework of labour relations that was introduced at the dawn of democracy.

Failure to act within the Constitution and the law gives a wrong impression of such a critical economic sector in our country, mining.

Our law enforcement agencies have been instructed not to tolerate those who commit crime in the name of labour relations. They will face the full might of the law.

We cannot be the ones who undermine our own economy, as various stakeholders.

## Legacy of apartheid and job creation

As we solve these problems, we must bear in mind that we are dealing with an inherited problem.

As Honourable Members would be aware, the apartheid system was designed to provide the mines and farms with cheap labour, thereby laying the foundation of the current problems.

In the 1960s, when the growth of the mines slowed down and employment on farms began to fall, the apartheid system was too rigid to adjust.

The modernisation of the economy only began in 1994, and we then had to deal with the apartheid legacy of Bantu education, with inadequate skills to take the economy forward.

Given the high rate of unemployment, we have a keen interest to save jobs. We have had to act against the background of structural unemployment which dates back to the 1970s.

You will recall that employment continued to deteriorate during the 90s and also during

the last 10 years due to slow growth and declining employment in gold mining and agriculture.

Though jobs grew rapidly during the boom of 2003 to 2008, unemployment did not fall below 20%. Employment received another setback due to the recession of 2009.

To address this problem, the country needed higher growth and a focus on supporting job creation in a range of ways. We had to do things differently, and we needed to plan better.

## The National Development challenge

We now have a plan to tackle our socio-economic development challenge, the National Development Plan. The Plan has been one of the foremost achievements of the country since 1994, and it has been adopted by both Cabinet and Parliament and many sectors of civil society.

While there may be differences of opinion on specific details, there is general acceptance of the broad thrust of the National Development Plan.

It is normal for to have differences of opinion in a democratic society like ours. That is what brings vibrancy to public discourse. That cannot in any way, constitute a crisis.

What we are suggesting though, is that people must offer constructive inputs on the Plan and not just debate for the sake of it.

We have moved to the implementation phase of the Plan, incorporating the economic strategies, the New Growth Path, the Industrial Policy Action Plan and the infrastructure development plan which now fall under the NDP umbrella.

To this end, the Department of Performance Monitoring and Evaluation and the National Planning Commission Secretariat in the Presidency, are converting the National Development Plan proposals into a Medium Term Strategic Framework.

This framework will inform the work of government for the next five years, and will be aligned with the Medium Term Expenditure Framework, which informs the budget process.

Going forward all delivery agreements, sector plans, departmental strategic plans as well as provincial and municipal plans will be aligned to the National Development Plan.

Given that the National Development Plan is a crucial guiding document for all South

Africans, it has to be well-communicated to all. The GCIS and Brand SA will work together to ensure effective communication and marketing of the Plan.

#### Infrastructure creation

As you are aware, the Presidency leads the Presidential Infrastructure Coordinating Commission, which is geared to remove bottlenecks in infrastructure delivery.

Much of the infrastructure expenditure of 827 billion rand over the medium term expenditure framework, will be on projects that are already in progress, for which tenders have already been issued.

The Ministers responsible for infrastructure shared information on the infrastructure programme during their budget votes.

Weaknesses in planning and capacity, however, continue to delay implementation of some projects, a matter that the Commission is looking into. It was designed for that purpose.

#### Black economic empowerment

As part of promoting national reconciliation and economic transformation, the implementation of black economic empowerment policies will continue.

A foundation has been laid for black economic empowerment, and over R600 billion in Black Economic Empowerment transactions have been recorded since 1995.

We are seriously concerned about the reach, the impact and the quantity of the empowerment deals and also the level of control and ownership of the economy.

The direct black ownership of the Johannesburg Stock Exchange still stands at less than five percent.

In addition, annual Employment Equity reports indicate that white males still own, control and manage the economy.

Government is amending the black economic empowerment law to address some of these challenges.

We appreciate the contribution of the Presidential Broad-Based Black Economic Empowerment Council to the law reform process.

#### Challenge of youth employment

Census 2011 revealed that we are essentially a young nation, and that just over a third of the population is under the age of 15.

We are thus concerned about youth unemployment.

Across the world, governments recognise that young people are left out of labour markets in growing numbers and that decisive steps must be taken to reverse this trend.

As we approach the 20th anniversary of our democracy, young people born in and after 1994 will have completed their education. We must act with speed and determination to ensure that they find good jobs and other income generating opportunities.

Last year I requested that discussions at NEDLAC on youth employment should be speeded up.

#### Youth Employment Accord

I am pleased that the talks led to a comprehensive Youth Employment Accord that was finalised in February this year and was signed at the Hector Petersen Memorial in Soweto on 18 April this year.

The Accord sets out six commitments by the public and private sectors.

These commitments address three cross-cutting issues: improving skills, facilitating exposure to the workplace, and increasing the number of jobs for young people.

On skills, the Accord supports second chance matric programmes as well as other interventions at Further Education and Training level to improve the capacity and capabilities of young people.

Already, a number of public entities have adopted FET colleges.

In government, exposure to workplaces is being facilitated through internship programmes for young people.

New job opportunities will be identified for youth in areas such as the green economy and infrastructure projects as well as in business process services.

Our Expanded Public Works Programme as well as related public sector job initiatives must now target youth in increasing numbers.

We also reiterate our call to the private sector to take young people on as employees and interns.

We have provided for appropriately structured employment incentives in the Accord.

This Youth Employment Accord has been endorsed by the main business organisations, namely Business Unity South Africa and the Black Business Council, as well as the three major trade union federations, FEDUSA, Cosatu and NACTU. It has the support of youth organisations across the political spectrum. It is the framework for a united effort to tackle youth unemployment.

#### President's Award for Youth Empowerment

The President's Award for Youth Empowerment, of whom I am patron-in-chief, having taken over from President Mandela in 2009, marks its 30th anniversary this year.

The Award was introduced in South Africa in 1983 and over 130,000 young South Africans have taken part in this programme.

It is an important partnership with the United Kingdom.

To ensure ongoing dialogue with the youth on development issues, the Presidency is to establish a Presidential Youth Working Group.

Deputy Minister Obed Bapela, will speak further on the Presidency's youth development focus including the repositioning of the National Youth Development Agency.

#### Crucial role of State Owned Entities

We see a crucial role of State Owned Entities in economic development.

In the 2010 Presidency Budget Vote, I announced the establishment of the Presidential Review Committee on State Owned Enterprises. Cabinet accepted the Final Report of the committee in April and the implementation detail is being worked out.

#### Social fabric of society and South Africa

Making South Africa an even better place than it is currently, will require a continuing investment in social transformation and nation building.

We must promote unity and social cohesion. We must also enhance positive values and build stronger families and communities to strengthen the social fabric of society.

It is for this reason, that we have accelerated the fight against social ills such as drugs and substance abuse. We must save our children and the youth from the trap of crime and criminality, drugs, gangs, substance abuse, teenage pregnancy and conflict with the law.

The 2012 annual report of the Central Drug Authority shows that the abuse of hard drugs such as heroin, cocaine and the drugs known as tik, whoonga or nyaope has reached alarming levels.

Increasingly worrying is the reality that these drugs are becoming easily available to children as young as eight years old.

During my visit to Eldorado Park in Johannesburg last month, I witnessed first-hand, the devastating impact of substance abuse on the lives of young people and their families.

I have directed various government departments to ensure that we address the challenges identified in Eldorado Park, Westbury, Mitchells Plain, and many other communities around the country.

In Eldorado Park, with the assistance of law enforcement agencies, a total of 20 drug dens, also known as "lolly lounges", have been closed down and four addicted children, including an 8-year-old have been taken to a place of safety. This indicates that we can succeed in this battle.

There are 215 Local Drug Action Committees around the country, so we dare not fail.

They must do their work diligently assisted by relevant departments.

As part of nation building, we also need to ensure that communities are safe for women and children.

We have heard of shocking incidents in recent times, including young people who attack women old enough to be their grandmothers.

Some grandmothers in the town of Lusikisiki in the Eastern Cape shared in the media, their horrific tales of sexual molestation which is a disgrace to society as a whole.

The Departments of Social Development, Police as well as Women, children and

Persons with Disability are to prioritise Lusikisiki and other areas, given the ongoing reports of serious abuse.

Domestic violence or any form of gender violence is unacceptable and has no place in our country.

Law enforcement agencies have been instructed to treat gender violence cases with the utmost urgency and importance.

We have reintroduced the Family Violence, Child Protection and Sexual Offences units and are re-establishing sexual offences courts.

The community must assist us by coming forward with information. Those who are victims of this crime should also not suffer in silence.

We welcome the work done by non-governmental organisations that support women and children. Government working alone will not be able to defeat this scourge.

#### South Africa a better place

South Africa is indeed a much better place to live in than it was before 1994. Each year we move a step further towards achieving our ideal society.

The extension of basic services will continue and so will the monitoring thereof. Of importance is to obtain feedback directly from citizens.

From its inception in October 2009 to 31 March 2013, the Presidential Hotline has received a total of 160 914 cases, of which 90% had been resolved.

We also encourage hands-on monitoring by visiting communities as that is the best way of assessing delivery. As part of the Presidential Siyahlola monitoring programme, we have visited a number of communities in the past financial year.

For example, In Gauteng, we had visited the community of Sweetwaters to address concerns about poor living conditions in 2010. We returned to the community in August last year to check on progress made since the last visit.

Following our intervention, a total of 760 housing units have been allocated to the residents from Sweetwaters and Thulamntwana.

A total of 177 housing units have been fenced and the remainder will be fenced as and when the budget in the City becomes available.

Water and sewer construction and the electrification projects are also underway.

In December 2012, in commemoration of the International Day of People with Disabilities, we visited Mpumalanga to monitor government's progress in mainstreaming issues of disability, also under the Siyahlola Presidential Monitoring Programme.

We are committed to ensuring that the human rights of people with disability are respected and that government meets the 2% target of employing people with disabilities.

#### Service delivery and corruption

We are aware of the concerns about poor service delivery in some areas, leading to protests by communities.

We see in the National Development Plan a relevant blueprint with regards to improving the capacity of the State and turning around the performance of the public service, to improve the way government works.

Part of this intervention includes our ongoing fight against corruption.

The Justice Crime Prevention and Security Cluster has outlined the work that is being done to rid our country of corruption. Cluster chairperson Minister Jeff Radebe released the names of 42 persons against whom action has been taken by the JCPS Anti-Corruption Task Team and indicated that more will be named in the near future.

This surely demonstrates that government is not paying lip service to the fight against corruption.

#### South Africa's role in Africa

South Africa continues to play a role in the continent especially with regards to promoting good governance, economic development as well as peace and stability.

We will continue to promote the effectiveness of the African Union, especially its financial independence.

South Africa also continues to play a role in peacekeeping on the continent.

The deployment of SANDF members on the continent under the auspices of the United Nations and the African Union directly contributes to the restoration of peace. It also provides an opportunity for SANDF members to improve their skills in this important responsibility.

During the course of the past financial year, the following external operations continued;

- The SANDF Contingent in Support of the United Nations Organisation for Stabilisation Mission in the Democratic Republic of the Congo.
- The SANDF Contingent in support of the United Nations - African Union Hybrid Operation in Darfur, Sudan.
- Assistance to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel.
- Provision of disaster aid and relief during floods in Mozambique, and
- The provision of military advice in the area of military strategy and plans to the Democratic Republic of Congo.

Our soldiers have acquitted themselves well in these missions and have represented

their country with pride and dedication. We salute them and wish them well.

#### Zimbabwe

We commend the Government and the people of Zimbabwe for finalizing the Constitution-making process.

In this regard, South Africa urges the political leadership in that country to work on the necessary reforms required to create a conducive environment for credible, peaceful, acceptable free and fair elections. South Africa and the entire SADC region remain ready to continue to assist the Government and the people of Zimbabwe in their efforts to implement the Global Political Agreement.

#### South Africa and global matters

On global matters, South Africa will continue playing its part in reconfiguring global economic arrangements, through participation in the IMF and the World Bank, the G20, the Financial Stability Forum, the World Trade Organisation and more recently in partnership with the BRICS countries.

We were honoured to host the BRICS summit in March this year and the World Economic Forum in Cape Town last month.

#### Put South Africa first

During this difficult economic climate, I would like to once again implore all of us to put our country first in everything we do.

We have achieved a lot in a short space of time. South Africa is a much better place to live in today than it was before 1994. Government is determined to continue working hard with all sectors, to build a prosperous South Africa.

Let me take this opportunity to thank the Deputy President, the two Ministers in the Presidency and the Deputy Minister for their support. I also appreciate the contribution and hard work of the Director-General, advisors, senior management and all staff in the Presidency.

It is my privilege, Honourable Speaker, to commend Budget Vote 1 to the House.

I thank you.

