# South Africa's National Budget Departmental Budget Speeches

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# National Budget Vote 2013

### Minister of Finance Pravin Gordhan presents the 2013 Budget Speech

27 Feb 2013

Honourable Speaker
Mister President
Mister Deputy President
Fellow Cabinet Colleagues and Deputy Ministers
Governor of the Reserve Bank
MEC's of Finance
Fellow South Africans
Ladies and Gentlemen
Honourable Speaker

I have the honour to present the fourth budget of President Zuma's administration.

Mr President you said in the State of the Nation address that "we should put South Africa first. All of us have a patriotic duty and responsibility to build and promote our country." You further said "The National Development Plan provides a perfect vehicle for united action precisely because it has the support of South Africans across the political and cultural spectrum. Leaders in every avenue should be ready to rise above sectional interests and with great maturity, pull together to take this country forward."

This challenge applies to all sections of our society: business, labour, public representatives, activists and citizens in every part of the country.

As we pointed out in the 2012 Budget, global economic uncertainty will remain with us for some time.

South Africa's economic outlook is improving, but requires that we actively pursue a different trajectory if we are to address the challenges ahead.

Under your leadership Mr President, we have opened new channels of communication and built more cohesion among key stakeholders in South Africa. We have taken many steps to create the conditions for higher levels of confidence in our economy and society. Now we are ready to implement the National Development Plan.

South Africans have a rich history of acting together for a better future.

- Thirty years ago, the United Democratic Front brought together people of goodwill and foresight from all corners of the country. Many points of view, many differences in approach, were marshalled around a single cause building a united and non-racial society. We did the same for the first democratic elections in 1994 which laid the basis for an enduring democracy.
- The Reconstruction and Development Programme is the foundation on which we build. It said:

"It is this collective heritage of struggle, these common yearnings, which are our greatest strength... At the same time the challenges facing South Africa are enormous. Only a comprehensive approach to harnessing the resources of our country can reverse the crisis created by apartheid. Only an all-round effort to harness the life experience, skills, energies and aspirations of the people can lay the basis for a new South Africa." The schools, clinics, taps and houses we have built since then are testimony to the truth of these assertions. The freedom and democracy we cherish - and the knowledge that these are permanent, inalienable rights grounded in our basic law – are the foundation on which all South Africans can make a contribution.

• Looking back on the path we have travelled since 1994, we see the importance of a long-term perspective on development and change. It is people acting together for a common vision that connects the past to the present, and makes a better future possible.

The challenge for us, honourable members, is that people are asking if we can sustain our "miracle". They are asking whether we as a nation have the ability, the will and the wisdom to take another leap forward in reconstructing and developing South Africa. They are asking whether South Africans can still show the world how

to overcome intractable problems that face the community of nations. In these trying times, South Africans too ask the question, "can we be a winning nation?"

### Of course we can!

As Benedict Mongalo, a young man from Johannesburg, writes in his tip: "We all acknowledge that unemployment, poverty and inequality are the greatest challenge facing our country... We will not eradicate this problem overnight... This is like manually moving a mountain and the only way to do it, is to move one rock aside and the next generation, or next government, will do the same until this mountain is moved." Hope and confidence come from energetic involvement and a willingness to make a direct contribution to change. The imperatives of change are not just challenges to government, they confront all of society. A new framework for development is an opportunity to unite around an inclusive vision, and join hands in constructing a shared future.

The National Planning Commission has cautioned that our development objectives will take time and hard work to achieve. Measured year by year, district by district, there will be advances and there will be setbacks. But in each five-year term of government we must demonstrate, as we have since 1994, that we can meet more demanding milestones – more jobs, more enterprises, more technological innovation, better housing, progress in education and health.

Working together we all know that we can do better. All of us - citizens, taxpayers, public servants, teachers, activists, managers, workers – we all have a shared future, and we have a shared plan to make it work. The Batswana say, "Sedikwa ke ntšwa pedi ga se thata" - working together we can do more! Let's join forces and make South Africa work!

### Overview of the 2013 Budget

### Mister Speaker.

The 2013 Budget is presented in challenging times, but against the background of a new strategic framework for growth and development. This is a budget in which there is limited room for expansion, yet there are significant opportunities for change.

- There are signs of improvement in the world economy, though the outlook remains troubled.
- South Africa's economy has continued to grow, but at a slower rate than projected at the time of the 2012 Budget.
- The 2013 Budget takes the National Development Plan as its point of departure. The strategic plans of government and the medium-term expenditure plans will be aligned to realise our objectives.
- Government has taken measures to control growth in spending. Spending plans have been reduced by R10.4 billion through reprioritisation, savings and a draw-down on the contingency reserve.
- Government remains committed to a large-scale infrastructure investment programme.
- Our path of spending and the recovery in revenue will stabilise debt at just higher than 40 per cent of GDP. The budget deficit will fall from 5.2 per cent of GDP in 2012/13 to 3.1 per cent in 2015/16.
- A review will be initiated this year of our tax policy framework and its role in supporting the objectives of inclusive growth, employment, development and fiscal sustainability.
- $\bullet$   $\,$  In the 2013/14 fiscal year, personal income tax relief of R7 billion is granted.
- A new local government equitable share formula is proposed, providing a subsidy for free basic services designed to reach 59 per cent of households.
- Further education and training will continue to be extended and enhanced.
- In this budget we continue to invest in education, health, housing, public transport and social development components of the social wage which add up to about 60 per cent of public expenditure.
- As part of a package of measures aimed at boosting opportunities for young work seekers, government recognises the need to share the costs of expanding job opportunities with the private sector. And following

careful consideration of inputs from various stakeholders, a revised youth employment incentive will be tabled in the House after consultation with various stakeholders, together with a proposed employment incentive for special economic zones. I quote from the Budget Review:

"Government's existing approach to supporting employment growth focuses on training, skills development, labour market activation and short-term public employment. Programmes in support of these objectives include sector education and training authorities, further education and training colleges, small enterprise support, the Industrial Policy Action Plan, the expanded public works programme and the community work programme. To complement existing programmes, a tax incentive aimed at encouraging firms to employ young work seekers will be tabled for consideration by Parliament. The introduction of this tax incentive, which takes into account the concerns of organised labour, will help young people enter the labour market, gain valuable experience and access career opportunities. The administratively simple incentive will create a graduated tax incentive at the entry-level wage, falling to zero when earnings reach the personal income tax threshold. Protection provided by existing labour legislation, combined with oversight by the South African Revenue Service and the Department of Labour, will limit any displacement that might arise. A similar tax incentive will be made available to eligible workers of all ages within special economic zones."

### Global situation

### Mister Speaker,

There are signs of improvement in the world economy, though the outlook remains troubled. Growth is still muted in the United States and Japan, and much of Europe is in recession. Policy interventions by the major central banks were needed during 2012 to avert new economic and fiscal crises. Yet many advanced economies contracted during the fourth quarter of 2012 and global prospects are expected to improve only marginally, from growth of 3.2 per cent in 2012 to 3.5 per cent in 2013. Emerging markets, particularly China and India, continue to lead global growth, although at lower rates than before.

High levels of debt are inhibiting progress in many countries. Yet measures to reduce indebtedness have the effect of holding back growth. Unemployment remains high in many countries, yet technological progress continues to reduce demand for labour in many industries. Around the world, inequality is fuelling discontent.

So there are parallels between the global economic discourse and our own policy challenges. In seeking a pragmatic balance between recovery and consolidation, between economic power and social solidarity, between infrastructure investment and human development, between encouraging enterprise and regulating markets – we are grappling with issues that confront many other nations.

### South Africa's economic outlook

South Africa's economy has continued to grow, but at a slower rate than projected at the time of the 2012 Budget. GDP growth reached 2.5 per cent in 2012 and is expected to grow at 2.7 per cent in 2013, rising to 3.8 per cent in 2015. Inflation has remained moderate, with consumer prices rising by 5.7 per cent in 2012 and projected to increase by an average of 5.5 per cent a year over the period ahead.

However, our trade performance is holding us back. Exports grew by just 1.1 per cent in real terms last year, while imports increased by 7.2 per cent. The deficit on the current account of the balance of payments was 6.1 per cent of GDP. This means, in simple terms, that expenditure in the South African economy exceeded the value of production and income by about R190 billion last year. This is partly a consequence of the disruption of mining sector activity and the structural reduction in mineral exports due to lower demand.

Some of the foundations of faster growth are in place. Strong capital investment by the public sector, the addition of electricity-generating capacity, relatively stable inflation and low interest rates will support improved growth rates over the medium term.

But this is not enough. Much more is needed. In particular, a significant increase in private sector investment and competitiveness is needed in the wider economy: agriculture, manufacturing, tourism, communications – every sector has to play its part in expanding trade, investment and job creation.

### The National Development Plan: a new trajectory

The NDP, supported by the New Growth Path and other programmes, invites us to look beyond the constraints of the present to the transformation imperatives of the next twenty and thirty years.

These imperatives are already apparent in the realities of the social and economic restructuring that is under way.

- The first reality is our demographic transition a million young people leave school every year, and we need a package of reforms that will improve education, training and work opportunities for young people.
- The second is that we are a rapidly urbanising society. This means we need to meet urgent demand for housing, municipal services, schools, clinics, public transport and commercial development, but it is also means we have an opportunity to build an integrated urban landscape, with effective partnerships between municipalities, local businesses and civic associations.
- A third imperative is economic competitiveness. We need to invest in infrastructure, raise productivity and diversify our economy, to create jobs and raise living standards.
- Improving the quality of education and training is an essential foundation of a more productive and inclusive growth path.
- Stronger links with Africa and other emerging economies are needed.
- We have to adapt to a low-carbon economy, including mobilisation of our renewable energy potential.
- Finally there is the social solidarity challenge that cuts across all of these, which is to build a more equal and inclusive economy that bridges our racial and other divides.

These are themes on which the NDP provides clear guidance, not just about strategic goals and objectives, but also about the practical difficulties and choices we face.

There are substantial strengths on which to build – a well-established legal system, secure property rights, an effective tax system, world-class higher education institutions and science councils, established energy, transport, water and communications infrastructure networks, expertise and capacity in many areas - mining, construction, retail, finance, logistics and manufactured exports – and a sound macroeconomic and fiscal framework.

While building on these strengths, we have to tackle our weaknesses aggressively. The NDP emphasises key institutional capabilities:

- The need to professionalise the public service and strengthen accountability,
- Improved management and enforcement systems to fight corruption.
- Reinforcement of the education accountability chain, with lines of responsibility from state to classroom,
- Improved planning and management of strategic infrastructure projects.

The NDP also highlights the need to lower the cost of living for households, and to reduce the cost of doing business for small and emerging enterprises.

Let me also reiterate the NDP's emphasis on uniting South Africans around a common vision: it proposes a social compact to reduce poverty and inequality, and raise employment and investment, recognising that progress towards a more equal society requires shared efforts across the public and private sectors.

And so the 2013 Budget takes the National Development Plan as its point of departure.

- It recognises that our medium-term plans are framed in the context of a long-term vision and strategy.
- It focuses on strengthening growth and employment creation.
- It prioritises improvements in education and expansion of training opportunities.
- It promotes progress towards a more equal society and an inclusive growth path.

### The fiscal framework and long-term sustainability

### Mister Speaker,

National development must be coupled with fiscal sustainability, which ensures that the progress we make will not be interrupted or reversed. The government relies on resources derived from the wider economy, and the best way to generate resources is to grow the economy faster and increase the tax base. The NDP targets an annual growth rate of more than 5 per cent a year. This would double the resources available to government in the next two decades.

The present reality is that growth is more modest. The economic turbulence we experienced in the second half of last year has resulted in a revenue shortfall amounting to R16.3 billion. The deficit is now estimated to be 5.2 per cent of GDP in 2012/13. The growth outlook for the next three years has weakened, and government's net debt is now expected to stabilise marginally higher than 40 per cent of GDP.

In the Medium Term Budget Policy Statement, we noted that if the economic environment were to deteriorate, government would reassess its revenue and spending plans to secure South Africa's fiscal footing. In the circumstances, our approach involves several elements:

- Additional measures to control spending, reducing real expenditure growth to an average of 2.3 per cent over the next three years, compared with 2.9 per cent signalled in October 2012
- A reduction in the budget deficit to 3.1 per cent by 2015/16, a level consistent with the stabilisation of debt
- Steps to reinforce growth, building on the competitiveness enhancement programme introduced last year
- Initiation of a tax policy review
- A comprehensive review of expenditure, focusing on both spending controls and value for money in government programmes and agencies
- Strengthening the capacity of the state to implement our plans and programmes.

Government is committed to remaining within the expenditure ceiling set out in the budget. New policy initiatives over the next three years will be financed from savings, efficiency gains and reprioritisation.

Structural increases in spending require corresponding revenue increases if they are to be financed sustainably. If we succeed in driving growth towards 5 per cent a year and government revenue doubles in the next 20 years, major infrastructure projects and new policy initiatives such as national health insurance and expanded vocational education will be affordable with limited adjustments to tax policy. But if growth continues along the present trajectory, substantial spending commitments would require significant adjustments in revenue and reductions in other areas of spending.

On Parliament's request, National Treasury has prepared a report that considers fiscal sustainability from a long-term perspective. The report is currently being considered within government, after which it will be tabled for Parliament's consideration.

### Growing the real economy

Mister speaker.

Growing the economy means expanding business activity. We recognise the key role that private companies play in our economy.

In the lead-up to the Budget, we engaged with several business leaders on the investment and development challenges we face. Allow me to share with you some of their plans, which signal growing confidence in the business outlook, despite difficult conditions.

- Construction and refurbishment by a company in the hospitality sector firm of R2.5 billion in the next 18 months and expansion of R3 billion in the pipeline
- Two telecommunications investments amounting to R14 billion this year
- Capital expenditure of R3.4 billion over the next three years by a rail and logistics operator
- A R2.5 billion expansion and longer-term plans of R15 billion in mining projects
- Investment of R1.4 billion this year by a leading retailer, and plans to open 100 new stores by another
- An expansion of R1.2 billion this year by a food and beverage sector firm
- Plans for R28.5 billion in long-term infrastructure investment by a leading industrial company, which will create 10 000 temporary and 4 000 permanent jobs.

In recent times, the world has become a more uncertain place for businesses, causing some to build cash reserves rather than invest in new or expanding operations. As government, we wish to encourage businesses to keep investing in our economy, and seize the opportunities around us. We are therefore reinforcing several initiatives that support business development:

• The Manufacturing Competitiveness Enhancement Programme (MCEP), announced in 2012, has received a total of 215 applications with requests for grants totalling R2.3 billion mainly from the chemicals, metals

- and agro-processing sectors. Applications are expected to increase over the period ahead and funding of R1.7 billion per year has been provided on the budget of the Department of Trade and Industry.
- The Special Economic Zone (SEZ) Programme, also announced last year, has received funding to build world class industrial parks. I am in discussion with Minister Davies on specific tax incentives to enhance this initiative.
- The Jobs Fund announced in the 2011 Budget has concluded two calls for proposals. In total, 3 614 applications have been received, and 65 projects approved. Grant funding of R3.3 billion has been approved, matched by a further R3.1 billion in funding raised by the private sector.
- Small, Medium and Micro Enterprises (SMMEs) play a key role in the development of the economy and are a significant generator of employment. Financing of SMMEs has been simplified with the creation of the Small Enterprise Finance Agency last year. We have been progressively working to simplify the tax requirements for small business. The turnover threshold will be increased this year and the graduated rate structure will be revised.

### Regional Integration

Africa is our home, and it is our future. It is a market of over one billion people and it is growing rapidly.

The National Development Plan acknowledges the global shift of economic power from West to East, and highlights the rise of Africa.

Indeed, we have already begun to see our trade patterns shift from traditional partners in Europe and the United States to new markets in Asia and Africa. Africa now accounts for about 18 per cent of our total exports, and nearly a quarter of our manufactured exports.

Over the past five years, the South African Reserve Bank has approved nearly 1 000 large investments into 36 African countries. These are mutually beneficial, as they support development in those countries, and also generate tax revenue, dividends and jobs both abroad as well as in South Africa. To further support the private sector in expanding operations in Africa, I will announce simpler rules that will reduce the time and costs of doing business in Africa.

A number of measures are proposed to relax cross-border financial regulations and tax requirements on companies, making it easier for banks and other financial institutions to invest and operate in other countries. Similar measures will apply to foreign companies wanting to invest in African countries using South Africa as their regional headquarters. The outward investment reforms that apply as part of the Gateway to Africa reforms will also pertain to those companies seeking to invest in countries outside Africa, including BRIC countries.

In addition, substantial direct investments in regional development are underway:

- We are helping to build infrastructure that will create opportunities for South African companies to expand trade and investment across the border. The DBSA is accelerating investment into the SADC region. We are supporting infrastructure projects in multiple countries, particularly in the key areas of electricity generation and transmission, and in strengthening road links in the region.
- Investment by the Industrial Development Corporation in 41 projects across 17 countries totalled R6.2 billion in 2012. The bulk of those projects are in mining, industrial infrastructure, agro-processing and tourism.
- As part of its long-term strategy to help secure energy supply for South Africa and the region, Eskom is considering options for investment in several regional generation and transmission projects.

### Working with our BRICS Partners

Next month, we will host the 5th annual BRICS Summit, which brings together Brazil, Russia, India, China and South Africa. The Summit will unveil the work we have been doing with our BRICS partners on the following projects:

• The possible establishment of a BRICS-led bank is intended to mobilise domestic savings and co-fund infrastructure in developing regions

- The pooling of members' foreign exchange reserves with the view of using them to support each other at times of balance of payments or currency crisis. Collectively, BRICS countries hold reserves totalling USD 4.5 trillion.
- Work is underway on creating a trade and development insurance risk pool. The aim is to establish a sustainable and alternative insurance and reinsurance network for the BRICS countries.

### Financing infrastructure investment

The NDP reminds us that "South Africa needs to invest in a strong network of economic infrastructure designed to support the country's medium- and long-term economic and social objectives."

Over the next three years, R827 billion is planned to be spent by the fiscus and state-owned companies to build infrastructure. The financing for these projects is in place, and is not affected by the spending cuts in the budget.

The fiscus has allocated just under R430 billion for schools, hospitals, clinics, dams, water and electricity distribution networks, electrification of over a million new homes, sanitation schemes, building more courtrooms and prisons, and improved bus, commuter rail and road links. Most of the spending falls under provinces and municipalities.

Eskom, Transnet and other State-Owned Companies fund a further R400 billion of projects. This will be financed both through own resources and additional borrowing over the next three years, supported by Treasury guarantees.

This will pay for the ongoing building of power generation plants and new transmission lines, investment in rail, ports and pipelines, large new water transfer schemes, and various airport upgrades.

Of course, we are well aware that there are parts of government that struggle to spend their full infrastructure budgets. It is important to bear in mind that spending programmes have become more ambitious, funding levels have increased, and pressure to deliver has intensified. Records show that government's ability to spend has been steadily rising from year to year. But it is not yet fast enough.

On this challenge, Willie du Preez expresses concern about whether infrastructure investment is actually taking place. He suggests: "As a citizen one should be able to obtain from the treasury website at the end of each financial year what amount was spent on what infrastructure." Mr du Preez, you can already obtain that information from the treasury website, not just every year, but every month!

### Investing in Urban Development

Our urban areas make a vital contribution to the national economy, hosting factories and offices and many work opportunities, and will always be attractive to young people seeking a better life. It is little surprise then that the Census 2011 shows that 62 per cent of South Africans are now living in our cities and towns. And that the population of some municipalities grew by over 50 per cent between 2001 and 2011.

The challenge we face of highly inefficient, segregated and exclusionary divides between town and township imposes costs not only on the economy and the fiscus, but also on families and communities.

A new formula for the local government equitable share will be introduced in 2013/14 that recognises the need to better differentiate assistance to different municipalities, including those in rural areas. Municipal infrastructure grants will also be re-aligned, and go hand in hand with more integrated planning of new developments, so that we can make meaningful strides in overcoming the spatial inequalities of the past.

### Low carbon economy

The Development Plan further calls on government to send a signal to industry and consumers that we are living in an environmentally stressed world.

And so Government proposes to price carbon by way of a carbon tax at the rate of R120 per ton of CO2 equivalent, effective from 1 January 2015. To soften the impact, a tax-free exemption threshold of 60 per cent will be set, with

additional allowances for emissions intensive and trade-exposed industries. An updated carbon tax policy paper will be published for further consultation by the end of March 2013.

To ensure that South Africa produces fuel that is more environmentally friendly, support mechanisms for both biofuel production and the upgrade of oil refineries to cleaner fuel standards will be introduced.

In addition, government continues to direct spending towards environmental programmes, such as installing solar water geysers, procuring renewable energy, low carbon public transport, cleaning up derelict mines, addressing acid mine drainage, supporting our national parks, and in particular, to saving our rhino population, who remain under threat.

We are also encouraging the private sector and smaller public entities to be creative and develop low-carbon projects through the Green Fund. In the first call for proposals, 590 applications were received. The R800 million that was previously allocated is to be topped up with an additional R300 million.

### The social wage

The NDP recognises that reducing the cost of living is essential for broadening economic participation and eliminating poverty. Alongside the "economic wage" earned through work, the "social wage" provided by government is a steadily rising contribution to the living conditions of working people and their families.

Substantial growth in social spending over the past decade has financed a threefold increase in the number of people receiving social grants, a doubling in per capita health spending, construction of 1.5 million free homes and the provision of free basic education to the poorest 60 per cent of learners. The impact is evident in improved living standards, expanded access to basic services and the changing landscape of both urban and rural areas.

Mister Speaker, the social assistance budget has increased by an average of 11 per cent a year since 2008/09, in part due to the extension of the child support grant to the age of 18. Spending on social assistance will rise to R120 billion next year.

- The old age and disability grants will increase in April from R1 200 a month to R1 260,
- The foster care grant will increase from R770 to R800, and
- The child support grant will increase to R290 in April and R300 a month in October.

It is also proposed that the old age grant means test should be phased out by 2016, accompanied by offsetting revisions to the secondary and tertiary rebates. All citizens over a designated age will be eligible for the grant, which will simplify its administration and address the disincentive to save that arises from the present means test.

Alongside social assistance, access to health care is a vital element in the social wage. There has been progress in reducing mortality and improving our HIV and TB programmes, and an expansion in medical and nurse training capacity is under way.

Pilot national health insurance projects have been initiated this year in ten districts, and will include improvements to health facilities, contracting with general practitioners and financial management reforms. A new conditional grant is introduced this year to enable the national Department of Health to play a greater role in coordinating these reforms.

The initial phase of NHI development will not place new revenue demands on the fiscus. Over the longer term, however, it is anticipated that a tax increase will be needed. The National Treasury is working with the Department of Health to examine the funding arrangements and system reforms required for NHI. A discussion paper inviting public comment on various options will be published this year.

Government's contribution to housing and basic municipal services is a substantial component of the social wage. The budget for housing and community amenities has increased by over 16 per cent a year since 2008.

Progress continues to be made in extending access to housing, electricity, water, sanitation and refuse removal services. The main contribution of the national budget to the financing of household amenities is the local government equitable share. A new equitable share formula is proposed in this Budget, which will provide a

subsidy of R275 for every household with a monthly income less than R2 300, or about 59 per cent of all households.

We also recognise that many businesses provide their employees with housing assistance or home loans. However, the current fringe benefit tax is unduly burdensome in cases where an employer transfers a house to a low-income worker at a price below market value. Tax relief is proposed to address this difficulty.

Mister Speaker, the social wage complements employment earnings and contributes to a more equitable and inclusive economic growth path. National health insurance and further steps in social security reform will also reinforce social solidarity and the decent work agenda.

Social spending, however, is not a substitute for job creation.

One of our most pressing development challenges is to expand work opportunities for young people. There has been extensive debate on how this should be done. The answer is that a wide range of measures are needed, including further education, training, public employment opportunities and support for job creation in the private sector.

To complement existing programmes, a tax incentive aimed at sharing the costs of employing young work-seekers will be tabled for consideration by Parliament. It will help young people enter the labour market to gain valuable experience and access career opportunities. A similar incentive is proposed for eligible workers of all ages within special economic zones.

### Financial services and retirement reform

Mister Speaker,

In last year's Budget, I indicated the need for South African households to save more. I am now able to announce the following proposals, for consultation before we introduce the necessary legislation later this year:

- Tax-preferred savings and investment accounts will be introduced in 2015.
- Retirement funds will be required to identify appropriate preservation funds for exiting members, who will be encouraged to preserve when changing jobs.
- Retirement funds will be required to guide their members through the process of converting savings into a regular income after retirement, and to choose or establish default annuity products that meet appropriate principles and standards. More competition will be promoted by allowing providers other than life offices to sell living annuities.
- The tax treatment of pension, provident and retirement annuity funds will be simplified and harmonized.
- Governance reforms of retirement funds will also be implemented, with measures in place to ensure trustees of retirement funds are trained once they have been appointed. I intend to call up a conference of all trustees this year to take this process forward.

We are also considering how to encourage all employers to provide appropriate retirement mechanisms for their employees, as part of the broader social security reforms. In implementing these reforms, the vested rights of current members of retirement funds will be protected.

Let me take this opportunity, Mister Speaker, to confirm that the Government Employees Pension Fund has remained fully funded despite the turmoil in financial markets in recent years. A 6 per cent increase in civil service pensions will be effected in April this year.

### Credit

There has been rapid growth in unsecured credit in recent years. The share of new mortgage lending has fallen rapidly, and is now less than or almost equal to both new vehicle credit and new personal loans. We will engage with the banking sector to explore how to increase the level and share of new mortgage loans. Small business financing must also be supported to a far greater extent than is being done.

We are concerned by the abuse of emolument attachment orders that has left many workers without money to live on after they have serviced their debts every month. We are in discussion with the National Credit Regulator, the Department of Justice and banks, to ensure that the lending market remedies its behaviour. In the meanwhile, all

employers, including the public sector, can play a role and assist their workers to manage their finances and to interrogate all emolument attachment or garnishee orders to ensure that they have been properly issued. I also call on the various law societies to take action against members who abuse the system.

### Tax policy

Mister Speaker, allow me to turn now to the revenue proposals.

We find ourselves in a challenging period, with revenues lower than expected by R16.3 billion compared with estimates at the time of the 2012 budget. This is predominantly due to weak economic growth during the second half of 2012, mining sector disruptions and lower commodity prices. Tax revenues are expected to improve over the medium-term in line with higher economic growth and the stabilization of key commodity prices.

Over the past decade, we have steadily broadened the tax base, both through policy reforms and improved revenue administration. This has made substantial tax relief possible, contributing both to household disposable income and a lower cost of doing business.

The main tax proposals for 2013 are as follows:

- Personal income tax relief of R7 billion, together with adjustments to the medical tax credit and other monetary thresholds, amounting to about R350 million.
- Reforms to the tax treatment of contributions to retirement savings.
- An employment incentive through the tax system for first-time job seekers.
- Further tax relief for small businesses, including an increase in the monetary tax thresholds applicable for small business corporations.
- An overall increase of 23 cents per litre in fuel levies in April, which includes 8 cents per litre in the road accident fund levy.
- Increases in excise duties on alcohol and tobacco products of between 5.7 and 10 per cent, and
- Introduction of the carbon tax in 2015, together with the phasing-out of the electricity levy.

A tax review will be initiated this year to assess our tax policy framework and its role in supporting the objectives of inclusive growth, employment, development and fiscal sustainability, amongst other things. The Budget Review outlines various measures proposed to protect the tax base and limit the scope for tax leakage and avoidance. The taxation of trusts will come under review to control abuse; modifications are proposed to the tax treatment of employment share schemes and disability or income-protection policies; outstanding difficulties in the distinction between debt and equity will be addressed; and it is proposed that foreign businesses which sell e-books, music and other digital goods and services should be required to register as VAT vendors, in line with regulations which have been adopted by the European Union and other jurisdictions.

### Tax administration

Mister Speaker, millions of honest taxpayers in our country continue to sustain our growth and development agenda. To them we owe a debt of gratitude and, more importantly, a commitment to spend that money wisely, efficiently and effectively. We thank you!

### Tax avoidance

We also owe it to our taxpayers to ensure they are not carrying the burden of those who benefit from our country's infrastructure and resources without paying their fair share of the costs.

Around the world, taxpayers and their governments are challenging large multinational companies that pay little or no tax in the countries in which they operate. Meeting in Moscow earlier this month, finance ministers of the G20 countries were united in supporting an overhaul of international company tax rules to address this issue. The South African Revenue Service is currently engaging with companies that have their base of operations in SA but appear to have shifted a large proportion of their profits to low tax jurisdictions where only a few people are employed. This is unacceptable!

SARS is also pursuing schemes identified under the revised general anti-avoidance rules following several years' painstaking work tracing transactions through multiple jurisdictions and entities. These benefits typically accrue

to advisors and pre-existing shareholders, rather than new shareholders who were introduced as the ostensible beneficiaries of the transactions.

### Voluntary disclosure

A temporary voluntary disclosure programme was implemented under legislation enacted in 2010 which allowed taxpayers in default to regularise their tax affairs. More than 18 000 taxpayers made use of the programme and tax of more than R3 billion has so far been collected as a result of the programme.

From 1 October 2012, a permanent voluntary disclosure programme became effective as part of the Tax Administration Act (2011). Some 700 taxpayers have already come forward. Tax of more than R200 million will be collected before the end of March 2013.

### Non-compliance

SARS is also targeting other areas of non-compliance, including recipients of government expenditure who are not up to date with their taxes. By working closely with Treasury and interfacing with the government payment system, SARS has identified companies who have received payments but have not declared their full income. They are being audited, and others will follow.

This intervention will be further underpinned by the reform of the Tax Clearance Certificate process which I announced in October.

In the near future, SARS will introduce a Single Registration process in which companies are able to register onceoff in a simple manner for all tax types and Customs activities.

On this, we can perhaps consider adding the suggestion by Amanda Hayes, who runs a small business in Cape Town. She proposes that a single database of suppliers to government be created out of all the companies that apply to SARS for tax clearance certificates. In addition to reducing the burden on small businesses, Amanda says this database will help reduce corruption because of the tighter national oversight over companies who are registered.

### Medium-term expenditure framework and division of revenue

Mister Speaker, I have indicated many of the specific programmes and activities of government that contribute to our growth and social development objectives. Allow me to summarise the framework within which these allocations are made.

The 2013 Budget provides for continued real growth in spending to support service delivery, and to expand investment in infrastructure. It will also accommodate the costs of the three-year public service wage agreement signed last year.

In the past, we have been able to add substantially to medium term spending plans during the Budget, but this year is different. Money has been taken away from programmes that are not performing or are not aligned to government's core priorities and given to programmes that are delivering as planned.

The main appropriation provides for R1 055 billion in expenditure next year, rising to R1 226 billion in 2015/16. Debt-service costs will come to R100 billion next year, and R4 billion is set aside as a contingency reserve. This leaves R951 billion to be divided between the national, provincial and local spheres.

National departments are allocated 47.6 per cent of available funds in 2013/14. Provinces are allocated 43.5 per cent, mainly for education, health and social welfare. Local government receives 8.9 per cent, primarily for providing basic services to low-income households.

Allocations from the contingency reserve will be made later in the year, mainly for unforeseeable and unavoidable expenditure. Work is in progress to determine funding requirements for reconstruction and rehabilitation following flood damage in Western Cape, KwaZulu-Natal, Limpopo and Mpumalanga. An allocation will also be

made in the adjustments appropriation for the Dinaledi schools connectivity programme and other broadband infrastructure projects, subject to finalisation of implementation plans.

The equitable division of revenue between provinces and municipalities takes into account the 2011 Census, which shows substantial shifts in the distribution and age structure of the population since 2001. The changes to provincial and municipal allocations will be phased in to avoid disruption of services.

### Allocations to provinces and municipalities

The provincial equitable share amounts to R338 billion in 2013/14, and conditional grants to provinces will total R77 billion. Additional allocations have been made to increase employment of social workers and to provide additional support to non-governmental organisations which provide critical welfare services. There is additional funding for teachers in the poorest 20 per cent of schools and grade R classes, and for community library services. Provinces are also funded for an expansion in HIV and Aids programmes and an improved TB diagnosis system.

Infrastructure transfers to provinces have increased sharply in recent years, growing from R4.8 billion in 2005/06 to R39.7 billion in 2012/13. To improve the quality of spending, the application process for infrastructure grants is being revised: provinces will be required to submit building plans two years ahead of implementation and will only receive allocations if plans meet certain benchmarks.

A total of R85 billion is allocated for transfer to municipalities in 2013/14, rising to R101 billion in 2015/16. Additional allocations are made for municipal water infrastructure, public transport and integrated city development.

### Consolidated government expenditure

Mister Speaker, there is considerable detail in the Budget Review and the Estimates of National Expenditure on government spending plans and service delivery targets. I will highlight just a few key points. Consolidated government expenditure is budgeted to increase by 8.1 per cent a year, from R1.1 trillion in 2012/13 to R1.3 trillion in 2015/16.

### Job creation and labour

Allocations for employment programmes increase by 13.5 per cent a year over the next three years.

There will be higher funding for employment projects of non-governmental organisations and for Working for Fisheries. The expanded public works programme aims to support 684 800 fulltime equivalent jobs in 2013/14.

Additional allocations are also made for the sheltered employment factories of the Department of Labour, and to support the work of the Commission for Conciliation, Mediation and Arbitration.

### Health and social protection

Consolidated spending on health and social protection is R268 billion in 2013/14.

Health infrastructure remains a priority. In 2012, a total of 1 967 health facilities and 49 nursing colleges were in different stages of planning, construction and refurbishment.

Substantial improvements in the social assistance payments system are in progress, providing easier access by recipients to their grants. The cost of social grants payments has been reduced from R32 to R16 per disbursement.

### Education, sport and culture

Spending on education, sport and culture will amount to R233 billion in 2013/14. Over the period ahead, the basic education sector will focus on improving numeracy and literacy, expanding enrolment in grade R and reducing school infrastructure backlogs. Together with the broader education infrastructure grant, R23.9 billion is available to provincial education departments for infrastructure over the next three years.

R700 million has been allocated over the MTEF period for the technical secondary schools recapitalisation grant. This will finance construction and refurbishment of 259 workshops and training of over 1 500 technology teachers.

Transfers to higher education institutions increase from R20.4 billion in 2012/13 to R24.6 billion in 2015/16. The total number of students enrolled in higher education institutions is expected to increase from 910 000 currently to 990 000 in 2015. Funding has been allocated for the construction of new universities in the Northern Cape and Mpumalanga to commence this year.

### Economic services

Expenditure on economic services in 2013/14 will amount to R48 billion, including R5.3 billion for the manufacturing competiveness enhancement programme and R2.9 billion for special economic zones.

Additional allocations include R450 million over three years to the Economic Development Department for the Small Enterprise Finance Agency. The Department of Agriculture, Forestry and Fisheries will continue its support for smallholder farmers. Additional funding goes to the Department of Mineral Resources to support beneficiation and rehabilitate derelict and ownerless mines.

The allocation to the Department of Science and Technology includes R2 billion to support the Square Kilometre Array project.

### Transport, energy and communications

Expenditure on transport, energy and communications will amount to R89 billion next year.

The allocation to the Department of Transport increases from R42.3 billion next year to R53.4 billion in 2015/16, reflecting increased allocations to the Passenger Rail Agency for its rolling stock procurement programme and further investment in the national road network. Additional funding goes to integrated public transport networks in urban areas, and for provincial road maintenance.

The integrated national electrification grant is allocated additional funding to increase the number of new electricity connections by 645 000 over the next three years. The solar water geyser programme will be continued until 2015/16 and Sentech will receive R599 million over the medium term for the migration from analogue to digital terrestrial television.

### Local government, community amenities and housing

Local government, community amenities and housing are allocated R132 billion in 2013/14. The largest increases go to bulk water, water treatment and water distribution projects, and allocations to the local government equitable share.

R4.3 billion is allocated to a new grant to be administered by the Department of Water Affairs, providing for water treatment, distribution, demand management and support for rural municipalities. The Municipal Infrastructure Support Agency of the Department for Cooperative Governance receives R820 million to provide technical assistance to rural and low-capacity municipalities.

Funding for improving human settlements will grow from R26.2 billion to R30.5 billion over the next three years, including R1.1 billion to support the informal settlement upgrading programme in mining towns. Social housing receives an additional allocation of R685 million.

### General public services

The general public services function is allocated R57 billion in 2013/14. This includes the SARS budget of R9.5 billion, which is just over 1 per cent of revenue to be collected.

The Department of Public Works reprioritised R464 million over the medium-term to fund its turnaround strategy, which focuses on lease and property management portfolios. The Public Service Commission receives R71.4 million to combat corruption and address grievances.

Over the MTEF period, the Department of Home Affairs will spend R1 billion on its information systems modernisation programme, which has already led to substantial reductions in the time required to produce official documents.

### Defence, public order and safety

The allocations for defence, public order and safety amount to R154 billion in 2013/14.

Provision is made for peace-keeping operations in the Central African Republic, where 400 defence force personnel have been deployed.

The Department of Police has reprioritised R2.5 billion over the MTEF to improve detective and forensic capability. The Department of Justice and Constitutional Development receives R1.2 billion for the criminal justice sector revamp and modernisation programme. There is increased funding allocated to the National Prosecuting Authority for the Thuthuzela Care Centres. The Public Protector of South Africa receives funding to increase its investigative capacity and additional funds are also made to Legal Aid South Africa and the South African Human Rights Commission.

### Procurement and combating corruption

Mister Speaker, last year I said to this House that we will continually endeavour to increase the value which government receives for the money it spends.

Let me be frank. This is a difficult task with too many points of resistance! However, we have registered some progress. In the present system, procurement transactions take place at too many localities and the contracts are short term. Consequently there are hundreds of thousands of transactions from a multitude of centres. There is very little visibility of all these transactions. While our ablest civil servants have had great difficulty in optimising procurement, it has yielded rich pickings for those who seek to exploit it. There are also too many people who have a stake in keeping the system the way it is. Our solutions, hitherto, have not matched the size and complexity of the challenge. As much as I want, I cannot simply wave a magic wand to make these problems disappear. This is going to take a special effort from all of us in Government, assisted by people in business and broader society. And it will take time. But we are determined to make progress.

The process for setting up the Chief Procurement Office in the National Treasury has begun in earnest and I shall soon be able to announce the name of a Chief Procurement Officer. A project team seconded from state agencies and the private sector has identified four main streams of work, involving immediate remedial actions, improving the current system, standardising the procurement of critical items across all government and the long-term modernisation of the entire system.

Among the first initiatives of the CPO will be to enhance the existing system of price referencing. This will set fair value prices for certain goods and services. Secondly, it will pilot procurement transformation programmes in the Departments of Health and Public Works, nationally and in the provinces.

National Treasury is currently scrutinising 76 business entities with contracts worth R8.4 billion which we believe have infringed the procurement rules, while SARS is currently auditing more than 300 business entities and scrutinising another 700 entities. The value of these contracts is estimated at over R10 billion. So far 216 cases have been finalised resulting in assessments amounting to over R480 million being raised. The Financial Intelligence Centre has referred over R6.5 billion for investigation linked to corrupt activities.

I fully support Minister Sisulu's call for appropriate curbs on officials doing business with government. I will complement her initiative by aligning the Public Finance Management Act with the provisions of the Public Service Act.

Worldwide, special measures are being taken to oversee the accounts of what have become known as "politically exposed persons" – public representatives and senior officials. I have asked that the FIC should explore how we might bring South Africa into line with these international anti-corruption and anti-money laundering standards.

Mister Speaker, taxpayers, and indeed all South Africans are understandably impatient for tangible change. A recurring theme in the tips sent to me for this Budget was to ensure value for money. Peter Maibelo, aged 24, from

Pretoria, summed it up as follows: "Minister I won't be fancy with words or complicated ideas ... my advice for a healthy and sustainable fiscus is to brutally eradicate corruption, then we will be honoured to pay taxes."

Mr Maibelo, I couldn't agree more. Rooting out corruption requires collective effort from all of us.

### Conclusion

Mister Speaker, my sincere appreciation goes to President Zuma and Deputy President Motlanthe for their guidance and support.

My appreciation also goes to Colleagues of the Ministers' Committee on the Budget, for their continuous and vigorous engagement with the challenges that face us, and their bold and steadfast advice to Cabinet. I wish to thank my Cabinet colleagues who collectively own this budget. Their support and understanding for tough measures is highly appreciated.

A heartfelt thank you to Deputy Minister Nene, whose vigilant participation and sound advice is invaluable to me.

My thanks to the MECs of Finance, who play a critical role as guardians of 43 per cent of our spending.

Our appreciation also goes to:

- Governor Gill Marcus and the Deputy Governors of the South African Reserve Bank, for their constructive management of monetary policy,
- Commissioner Oupa Magashula and the staff of the South African Revenue Service for their diligent contribution to fiscal stability I hope better times return for them soon!
- The Financial and Fiscal Commission and its acting Chairperson, for their contributions,
- Mr Jabu Moleketi, Chair of the DBSA and its new CEO, Mr Patrick Dlamini, who are positioning the DBSA to make a greater contribution to infrastructure development,
- The Chair, Mr Ngubane, and CEO of the Land Bank, Mr Phakamani Hadebe, for his illustrious service to the bank,
- The leadership of the Public Investment Corporation, the Financial Services Board, the Financial Intelligence Centre and the Government Pension Administration Agency,
- The managing director of NEDLAC, Mr Alistair Smith, and the constituency representatives for their engagements with the Treasury,
- The Honourable Thaba Mufamadi and Charel de Beer, who chair the Standing and Select Committees on Finance respectively, and the chairpersons of the Appropriations Committees, the Honourable Elliot Sogoni and Tebogo Chaane, who ensure that Parliament remains a vibrant forum for engagement, accountability and public participation,
- Director-General Lungisa Fuzile (and Mrs Fuzile) for his professionalism, frankness and profound commitment to building credible institutions and advancing government's objectives,
- The management team and staff of the National Treasury, whose extraordinary contributions and caring for a better South Africa enhance our country's standing in international fora,
- My Chief of Staff, Dondo Mogajane, and the Ministry staff for their enthusiastic support,
- My very supportive family who make my contributions possible.

And finally, I must express sincere gratitude to South Africans from all parts of the country who offer words of encouragement and assurance – as well as critiques and concerns! This is what keeps us accountable and drives us to constantly improve.

The key pillars of this Budget are:

- There are signs that global growth is improving, however uncertainty remains.
- South Africa's economy must grow faster and more inclusively.
- $\bullet$   $\;$  Future growth is also dependent on private-sector investment in the economy.
- The National Development Plan will be implemented by government and budgets will be aligned to it.
- Government continues to invest significantly in infrastructure
- We are taking additional steps to create opportunities for young people.
- Reduced revenue results in less spending in the years ahead unless the economy grows.
- There are new opportunities to be seized in Africa and other emerging markets.

- We have committed to reviewing and assessing our tax policy framework and its role in supporting the objectives of inclusive growth, employment, development and fiscal sustainability.
- A new local government formula benefits rural municipalities.

Honourable Speaker, I hereby table before the House this afternoon:

- 1. The Budget Speech
- 2. The Budget Review 2013
- 3. The Division of Revenue Bill tabled in terms of section 10(1) of the Intergovernmental Fiscal Relations Act, 1997 (Act No 97 of 1997);
- 4. The Appropriation Bill, and
- 5. The Estimates of National Expenditure

Honourable Speaker, I table this budget in the hope that as a nation we will be able to rise above our sectional interest, and, as you said Mr President, prevail with greater maturity, pull together and take this country forward.

We have said that South Africa is changing. Let us work together to ensure that really, tomorrow, will be better than today.

In conclusion, let me remind this House of what former President Nelson Mandela said: "What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead..."

### I thank you

Budget Speech

Issued by: National Treasury 27 Feb 2013

# Vote 1: Presidency

### Address by President Jacob Zuma on the occasion of the Presidency Budget Vote National Assembly, Cape Town

12 Jun 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, 12 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.

Honourable Speaker,

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.

In this context, we remember in particular Ashley Kriel, the courageous umkhonto Wesizwe cadre who operated here in Cape Town. He was tragically murdered by a security policeman in July 1987.

We extend a warm welcome to our special guests, his sisters Michelle Assure and Melanie Adams. May his fighting spirit live forever.

As we move towards 20 years of freedom, we also fondly remember a remarkable woman and fearless freedom fighter and human rights lawyer, Ms Phyllis Naidoo, who sadly passed on, on 13 February this year.

We are joined today by her daughter, Ms Sukthi Naidoo.

Honourable Members,

The year 2013 is the 20th anniversary of the tragic and brutal assassination of Chris Thembisile Hani. We shall never forget the role he played and the sacrifices he made for our freedom.

His dear wife, Mrs Limpho Hani is our special guest today.

Honourable members,

During the difficult years in exile, the ANC ran a highly successful international campaign to isolate the apartheid regime.

Among President Oliver Tambo's key lieutenants in executing this campaign, was none other than the late Johnny Mfanafuthi Makatini.

We extend a warm welcome to his dear wife, Mrs Valerie O' Connor-Makatini, who is in Parliament for the very first time today.

Honourable Members, we all fondly remember the former Minister of Public Service and Administration, Mr Roy Padayachie, who passed on so suddenly last year.

We thank his wife Mrs Sally Padayachie for accepting the invitation to join us today.

Honourable Members,

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.

Honourable Members,

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

Honourable members,

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.

Honourable Members,

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 Gross Domestic Product (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.

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.

Honourable Members,

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.

We now have a plan to tackle our socio-economic development challenge, the National Development Plan (NDP). 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.

Honourable Members,

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.

Honourable Speaker,

Honourable members,

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.

Honourable Members,

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.

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 (FET) 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.

Honourable Members,

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.

Honourable Members, to ensure on-going 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.

Honourable Members,

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.

Honourable members,

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 heroine, 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 on-going 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 reestablishing 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.

Honourable Members,

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.

Honourable members

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 on-going fight against corruption.

The Justice Crime Prevention and Security Cluster (JCPS) has outlined the work that is being down 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.

Honourable Members,

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 South African National Defence Force (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.

Honourable members, we commend the Government and the people of Zimbabwe for finalising 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.

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.

Honourable Members,

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.

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12 Jun 2013

### Presidency budget Vote address by the Deputy Minister Kgalema Motlanthe

12 Jun 2013

Honourable Speaker, Mr Max Sisulu; His Excellency, President Jacob Zuma; Honourable Members of the National Assembly; Distinguished guests; Ladies and gentlemen.

Once again I am honoured for the opportunity to address this august House on the occasion of the Budget Vote of the Presidency.

Over the last few of weeks this House has been focusing on the all-important task of evaluating the work of the executive. Underlying this pivotal exercise is the Constitutional imperative to account to this House for the use of public resources.

I imagine that all of us who sit in this House have a great appreciation for the import of this budget-making process in providing us with the opportunity to reflect on our work.

Our task is to provide strategic oversight that is intended to identify, manage and minimise risks in governance, delivery systems, in institutional arrangements and in existing procedures.

Another important aspect of our work involves the coordination of multiple stakeholders. Here we focus on intergovernmental relations and relations with other relevant stakeholders in terms of their mandates and accountability so as to achieve alignment. We also seek to secure high-level agreements with all stakeholders as well as to clear institutional impediments.

We have had to pay special attention to facilitating accords by focusing on forming partnerships outside of government where these enhance prospects of programme success especially with labour, business and communities.

Our experience shows that when overall strategies start to open up new opportunities, those 'closest' to such opportunities - spatially and in terms of their profiles, skills and experience - will benefit first. Through the Inter-Ministerial Committees and Councils we focus on the marginalised by paying particular attention to strategies that enable the productive inclusion of the poor, who are otherwise likely to be excluded from such processes.

We have had to pay attention to supporting innovative approaches to improve the prospect of delivering better and faster services.

Honourable Members;

We now turn our attention to detail regarding some of the specific programmes:

As members of this House know, poverty reduction remains one of our key priorities. Responding to the needs of the most vulnerable communities by fast-tracking service delivery in an efficient manner is of utmost importance. The War on Poverty Campaign facilitates the unblocking of challenges to the implementation of programmes to deliver services.

These challenges are threefold. They relate firstly to system weaknesses across various departments. Secondly, they result from inadequate turnaround times to improve service delivery, including poor intra-departmental integration and co-ordination. Thirdly, a lack of access to information further constrains the rate of delivery in certain communities.

Government's anti-poverty programme specifically focuses on overcoming these challenges through better coordination of relevant departments for maximum impact in identified areas.

The intervention plans resulting from this process are regularly monitored to ensure that communities benefit from government services. We have also identified change agents in poor households, whom we have connected to the relevant services.

A sustainable long term solution to challenges of poverty is through creation of jobs at scale. In the short term, the creation of these jobs resides in the public employment schemes, particularly in the Expanded Public Works Programme and the Community Works Programme.

Honourable Speaker;

South Africa is an energy-driven economy.

As such alongside our objectives to ensure energy security is the need to pursue an appropriate energy mix that includes clean and renewable resources to meet the demands of our economy.

More than at any point in our history, energy is assuming increasing importance as the lubricant of our country's development. At the same time, we continue to face peculiar, fundamental development issues.

Government sees energy as central in meeting basic human needs and improving living standards.

To this end, South Africa's electricity generation has to be increased significantly in the next few decades to facilitate economic growth.

Therefore the way to go for us in the long term is to become globally competitive in the use of innovative technology for the design, manufacture, and deployment of state of the art nuclear energy systems.

Nuclear power is ideal in this sense, because we can build large nuclear power plants at points around our southern coastline, and potentially elsewhere in the future. Nuclear power plant construction is a major undertaking, which will bring significant economic benefits to local industry.

We remain committed to strengthening and investing in research and development of clean energy technologies from a multitude of sources, while conscious to ensure minimal environmental impact and safety of generation methods.

Beyond this South Africa has well-established regulatory health and safety standards critical to the management of nuclear systems and facilities.

These measures include regulation on licensing, nuclear construction and fabrication, health and safety monitoring, and the training of the required skilled personnel.

Nuclear safety assurance and our good record in this respect should be maintained and enhanced as a primary foundation upon which consensus on more nuclear electricity generation can emerge.

Further, government has approved the establishment of the National Nuclear Energy Executive Co-ordination Committee to make high level recommendations concerned with the nuclear energy programme.

There are many role players to bring on board in our roll-out of nuclear energy in the power sector, which include civil society, business, academia and government. Government is determined to play an instrumental role in this due to the importance of this programme for our country's future.

Honourable Speaker;

Human Resource Development (HRD) is one of the five core programmes necessary to drive the implementation of our reconstruction and development agenda.

Over time a number of significant initiatives have been undertaken in the area of HRD which have had varied impact on the country's human resource base. All these are underpinned by a set of principles, among which equity, access and redress are central.

In this connection government has established a coherent and comprehensive HRD policy framework consistent with its broader development and investment strategy. This policy framework is intended to be responsive to new economic realities.

Since 2010 the necessary structures for the implementation of the Human Resources Development Strategy have been established.

The various work streams of the HRD Council are busy identifying blockages to implementation with the aim of recommending mechanisms to take our work forward. We are aiming to finalise this work by December 2013.

### Honourable Members;

The response to the dual epidemics of HIV and TB in its broadest terms encompasses prevention of new infections, provision of a comprehensive package of services to those who need them, mitigation of impact and addressing the social determinants. In this regard, it is fair to say that South Africa has made huge strides and that we continue to invest in numerous strategies to move us closer to our vision of an AIDS-free society in our life-time.

Our response is guided by a series of Strategic Plans developed and implemented since 2002. Since the implementation of the first National Strategic Plan our response has yielded notable results.

Through the South African National AIDS Council we have built a multi-stakeholder forum which has brought together the country's collective wisdom to bear on these epidemics.

What began as a huge threat to our nation has now become one of the largest treatment programmes in the world with the latest surveys indicating that the number of new HIV infections has decreased from 650 000 a year in 2000 to 290 000 in 2012.

Using the mandate of SANAC as a basis for evaluating our work, we can demonstrate the progress we have made, identify gaps which still require our attention and most importantly, determine critical next steps in our response. As the highest body established to oversee the national response, SANAC has been tasked with the following mandate:

- To advise government on all HIV and TB -related policies and programmes;
- To oversee the development and implementation of National Strategic Plans; and
- To expand partnerships for an effective response and ensure that sufficient resources are made available to implement and sustain all the programmes.

In order to deliver on this mandate, we have sought ways to ensure that SANAC is a structure fit-for-purpose. In this regard, following a thorough review of the monitoring and co-ordination mechanisms, a new Governance and Accountability Framework has been adopted and is now being implemented through the SANAC secretariat.

On the policy front, significant progress has been made through the introduction of numerous impactful evidence-informed policies across the prevention, treatment, care and support continuum. It is important to highlight that these policies cut across various government departments, thus ensuring that our approach is coherent and mainstreamed.

Whilst government continues to provide bold, decisive and inspirational leadership, other sectors and key stakeholders have taken the cue and are now implementing robust programmes in a significant and consistent way.

A few examples of note in this regard are:

- The work currently underway to revise the National Policy for HIV and TB for the education sector;
- The introduction of HIV and TB treatment in Correctional Services facilities;
- Many other sectors are working jointly with government to develop and implement initiatives that target those at risk;
- Collaboration with the mining industry to tackle TB and HIV in the mining sector not only in South Africa but across the region through established regional structures such as SADC and WHO;
- Civil society sectors are expanding, refining and integrating their programmes at the community level, raising awareness and leading dialogue on some of the social drivers of the epidemic such as violence against women and children, substance abuse and many others.

We have responded to the resource challenge in a number of ways. Firstly we have increased domestic allocations for addressing the epidemics. Secondly, we have commissioned research to identify how domestic and external resources are utilized to maximise efficiencies.

We have indeed made huge progress but we must not be complacent. The number of new HIV and TB infections is still high requiring extra-ordinary effort from all sectors of society with support from the development partners. The most important tasks that lie ahead are to consolidate our successes, scale up what we know works and integrate our work across all sectors.

We need to focus on addressing the social determinants of ill- health in a more co-ordinated manner with a long-term focus. We need to invest more resources in building adequate research capacity to enable us to develop homegrown solutions that address the needs of our people.

I would like to salute all those who have contributed to our progress in the fight against these dual epidemics and urge everyone to remain focused on the vision of an AIDS-free society.

#### Honourable Members;

The Deputy President as the Leader of Government Business is responsible for the affairs of the National Executive in Parliament, and thus he performs a strategically important liaison function between the Executive and Parliament.

Notwithstanding an inherent tension that naturally exists between ministers and honourable members of the House, our engagement with Parliament has always been a dynamic and energetic one. Relations between the Executive and Parliament continue to be strengthened through regular interactions with the Presiding Officers in both Houses, the political leadership and Members of Parliament.

We regularly participate in and give guidance on Executive actions to regional and international fora, which seeks to strengthen the effectiveness of Parliament in executing its Constitutional mandate. This dynamic interplay between the Executive and Parliament is maturing and has resulted in a far more coherent approach in giving effect to our collective efforts to create a better life for all.

The Executive has always taken very seriously its accountability to Parliament and has made valiant efforts to respond timeously to Parliamentary Questions. Oral and Written Parliamentary Questions remain one of the key instruments of oversight by Parliament over the Executive.

The report of the Leader of Government Business is a standing item on the agenda of Cabinet and constitutes evidence that the Executive takes its accountability to Parliament seriously.

During the period of the Fourth Parliament to date, a total of 16 464 Oral and Written Questions were asked, and the Executive responded to 15 878 Questions, which represents a response rate of over 96%. I would like to commend my Cabinet colleagues for their commitment towards enhancing and strengthening the capacity and systems within their respective departments to process and submit Parliamentary Replies timeously.

Cabinet's Legislative Programme has also been executed smoothly, and during the Fourth Parliament to date, 135 Bills were introduced, of which only 4 Bills were prioritized. This bears testimony to more stringent planning and co-ordination by the Executive.

### Honourable Members;

Over the last year we have had the opportunity to engage in a few but vital Bi-National Commissions. The BNCs are a framework within which our political and economic relations will be guided and shaped long into the future.

The historic signing of the Bi-National Commission agreement between South Africa and Turkey in June 2012 signifies a major achievement in our relations. This is a culmination of many years of hard work, tough negotiations and trade-offs. It covers a wide range of sectors such as trade and investment, energy and minerals, small enterprises, training and development as well the textile and clothing industry.

Our relations are on the up and up as evidenced by a steady increase of trade and investment between our countries. The principle of mutual benefit guides all deliberations and agreements. Another important milestone in the course of last year was the signing of an Implementation Agreement between our country and Nigeria, with which our relations have reached a high level.

Relations between our country and China, with which we have a BNC, continue to grow. Furthermore the BNC with Germany also held its annual meetings and assessment conference in Berlin as well as a business seminar in Munich.

### Honourable Speaker;

The President has already highlighted the background to the developments in the mining sector.

Indeed in view of the worrisome current global and national economic conditions, it is important that challenges affecting national interests are dealt with through broad consultation with the aim of building consensus as the basis for socio-economic stability.

In consequence the Deputy President has been tasked by the President to engage with all stakeholders to heighten awareness about the volatile state of our economy in the light of the urgency of the issues emanating from the mining sector.

Accordingly, during the past two weeks government has had a series of consultations with trade unions, federations and the Chamber of Mines to discuss measures to stabilise the mining industry and to forestall potential crisis. Further, on Friday this week we will be holding a meeting with all stakeholders to find a broad consensus to consolidate future co-operation and stability.

Similarly, since the beginning of this year we have engaged in an ongoing consultation with the Western Cape farmers, provincial government and farmworkers' unions, to address the challenges facing the farming sector in the province.

One thing we have observed from all these engagements, including the Gauteng Freeway Improvement Project, is that we must work hard towards building trust through open dialogue, which is key to the resolution of matters that may easily appear intractable at first.

### Honourable Speaker;

Our nation has come a long way since the democratic breakthrough of April 1994 that saw our people standing in long winding queues to cast their votes for the birth of a democratic South Africa.

Since that epochal moment the democratic state has focused its energies on cementing national unity, democracy, non-racialism and non-sexism, within the key vision of reconstruction and development.

As much as accumulated historical disabilities remain embedded in our social landscape, the democratic state has made notable strides in many key areas. Meaningful changes have been made to the lives of the masses of our people.

We will continue to work for the eradication of poverty, ignorance,

homelessness, powerlessness and many other ills that scar the face of our nation. In this respect the five priorities of government represent our determination to reach the goal of a better life for all our people in a much more focused way.

We are confident that the progress our country has made so far provides the necessary stimulus for further progress as we march into the future with determination.

Let me conclude by thanking Honourable Members for their participation in this debate that reflects our determination to uphold the values of our constitution. It is an honour for me to thank the President for the support and guidance he has given to me during the execution of my duties since the beginning of this term. Let me take this opportunity to thank my colleagues in the Cabinet for their support as well as ministers and deputy minister in The Presidency who makes our work possible. I also wish to thank the Director-General in The Presidency along with senior management, my advisers, as well as the staff in my office, for their unstinting support.

I thank you.

Issued by: <u>The Presidency</u>

12 Jun 2013

# Speech by Minister in the Presidency for Performance Monitoring, Evaluation and Administration, Mr Collins Chabane, MP, on the occasion of the Presidency Budget Vote

12 Jun 2013

Honourable Speaker Honourable President Jacob Zuma Honourable Deputy President Kgalema Motlanthe Honourable Members Honoured guests Ladies and gentlemen.

Today we present the budget vote of the Presidency which performs the functions of leading the state and government. This office has a tremendous responsibility to ensure that our country is effectively and efficiently governed and that government delivers much needed services to our people. The dual responsibilities of Head of State and Government come with heavy demands that require a well organised and responsive Presidency.

This budget vote is presented almost at the end of all budget votes by the entirety of government departments. This house has witnessed and listened to presentations by members of the executive outlining their delivery record and successes they have made since the beginning of this administration. This house has equally been presented with challenges and plans to continue with the mandate of improving people's lives for the 2013 to 2014 financial year.

We deliver this vote during the month of June, when the country commemorates the 37th anniversary of the Soweto and related uprisings of 1976. As the country commemorate the struggle of the youth of 1976 who laid their lives for all of us to have equal rights and freedom we enjoy today, we ought to realise that the youth of today have different and very challenging struggles. They have to fight against the abuse of alcohol and drugs, economic emancipation, access to quality education, unemployment and HIV and AIDS.

The 37th National Youth Day and Youth Month are commemorated under the theme "working together for Youth Development and Drug Free South Africa". This is a befitting theme given the challenges of the day. These young people of our country need a National Youth Development Agency which is aware of these challenges and responsive to their needs. This NYDA should be able to reach out to every young person in our country and assist them to reach their potential.

This budget vote is also presented on the eve of our country celebrating 20 years of freedom. These 20 years of freedom has come through hard work and sacrifices by our people and since then, we can as the ANC government say life has indeed changed since we got our freedom in 1994.

As evidenced through the results of the Census 2011, the RDP housing programmed has built over three million housing units since 1994. The percentage of households with access to potable water has increased from 60 per cent to over 90 per cent. Access to electricity has increased from 50 per cent of households to approximately 80 per cent.

To further demonstrate these achievements, Minister of Energy, Dipuo Peters recently delivered electricity to the 5.6 million houses. Only 36% of households had access to electricity in 1994, today about 85% households have access to electricity. This tremendous achievement and many others in other areas reaffirm our assertion that live has changed in South Africa since the advent of our democracy.

As honourable members would recall, some of our achievements are recorded in the mid-term review we published last year. As a follow up to the review, we have started doing research work for the production of the 20 year review of the country's progress towards becoming a non-racial, non-sexist and prosperous society.

We have set ourselves a target to publish the 20 year review by the end of this year. It will record the progress we have made and the challenges we have.

### Honourable Members

When the ANC took office at the beginning of this administration in 2009, it undertook to know where people live and deliver services to them faster and smarter. To this effect and in the spirit of working together and that of

participatory democracy, President Jacob Zuma has led from the front by beginning with the process of proactively engaging with citizens.

The President established the Presidential Hotline which has since received 160 914 cases with success rate of over 90%. He further undertook several Siyahlola visits to communities to witness if government is delivering and also intervene where required to have services delivered timeously. During these visits, the President brought hope and dignity to those who never thought government services will ever touch their lives.

Since 2009, as the ANC committed that it will work together with our nation the President visited eight communities in North West, Gauteng, Eastern Cape, Mpumalanga and the Western Cape focused on projects on Social Infrastructure, public transport infrastructure, Human Settlements, education and people living with disability. These visits have managed to bring our people, water, electricity and in some cases unblocked much needed services to communities.

Honourable Speaker, the mandate of the Presidency is to

- support the President and Deputy President in leading and galvanising the whole of government and society to implement the electoral programme; it is also to
- serve as a centre for strategic coordination in implementing government's programme so as to ensure that all energies and efforts are properly aligned behind the achievement of a common and a unifying vision; and
- lastly is to monitor that the programme of government is implemented and evaluate whether it is achieving its intended objectives.

#### Honourable Members

In fulfilling his governance responsibilities, the President and Deputy President also convenes a number of forums to consult on variety of issues and share government plans with business, labour, communities and academics among others.

In the year under review, the President also convened a meeting with Principals of the fifty (50) Further Education and Training (FET) Colleges. The purpose of the meeting was to outline the role of FET Colleges in South Africa, particularly in respect of the country's New Growth Path and the envisioned industrial development trajectory.

Part of the monitoring activities of The Presidency included the Ministerial performance assessment by the President, in line with the commitment made in this regard.

Social cohesion and nation building remain the key strategic priorities for the government and our society as a whole. Some of the key initiatives undertaken in this respect include interaction with SA Hindu Maha Sabha during the 100 years celebration, engagement with Jewish Community, renaming of King's House to Dube House and Presidential Guest House to Makgatho Presidential Guesthouse. The President also led the nation at the National Social Cohesion Summit, official opening of the Steve Biko Heritage Centre, Alexandra centenary celebrations and renaming of the Bloemfontein Airport to Bram Fischer Airport among others.

In this year, we will implement programmes which include the marking of the Union Buildings centenary, the centenary of the 1913 Natives Land Act, and the celebration of the 20 years of freedom in South Africa in April 2014.

In 2010 during our budget vote the President announced the appointment of the Presidential State Owned Enterprises Review Committee (PRC). The PRC was established to review the role of SOEs in a developmental state. The main thrust of the review was to ensure that SOEs effectively respond to a clearly defined public mandate and support the developmental state goals, whilst pursuing financial sustainability goals. The PRC report has since submitted its report to Cabinet and Cabinet resolved that the President should appointed an Inter-Ministerial Committee to oversee the implementation of the PRC recommendations. The recommendations propose a transformation process to be undertaken by government, these will be considered against the implementation of the National Development Plan.

The Presidency has and will continue to facilitate and coordinate the President's engagement with the leadership of critical statutory bodies that he chairs, such as the President's Coordinating Council (PCC), Presidential

Infrastructure Coordinating Commission (PICC), National Nuclear Energy Executive Coordination Committee (NNEECC) and the Black Economic Empowerment (BEE) Advisory Council. Government has approved the implementation plan of the Presidential Infrastructure Coordinating Commission (PICC). The PICC has set the pace of accelerated infrastructure development in South Africa across the three spheres of government. The Plan now comprises a total of 18 Strategic Integrated Projects (SIPs). Our work in this area is ongoing.

The Presidency will therefore continue to support the Deputy President, Kgalema Motlanthe on the work of the Inter-Ministerial Committees on the Human Resource Development Council (HRDC), the Energy Advisory Council (EAC) and the War on Povert; as well as the SA National Aids Council (SANAC). The Deputy President will also continue to lead government's targeted short-term assistance packages as part of a larger basket of anti-poverty measures and a coordinated programme on poverty alleviation.

The Director General in the Presidency also plays a significant role in the functioning and supports to the President in fulfiling his constitutional duties. The Director-General, besides being the administrative head of the Presidency, he also serves as the Secretary of Cabinet, Chaiperson of the Forum of Directors General (FOSAD) and Chancellor of the National Orders.

#### Honourable Members

Our foreign policy and our relations with other countries is underpinned by key principles aimed at safeguarding our independence, peacekeeping and security, stability, and economic development of our country and our continent. South Africa's stature and role in the international arena has thus grown significantly in the last two decades since the advent of democracy. This stature and role has been demonstrated in various ways. For instance, South Africa has been twice voted in to serve in the United Nations Security Council in a matter of a few years. Recently, South Africa hosted a successful COP17 Conference in Durban, and was invited to join the BRICS group of nations. In March 2013 South Africa also successfully hosted the Fifth BRICS Summit, which had four key focus areas, being the promotion of African infrastructure development, and the establishment of a BRICS-led development bank, a BRICS think-tank and a BRICS business council.

Additionally South Africa played an increased role in terms of peace keeping efforts and mediation of conflicts on the African continent. During this year and beyond South Africa will continue to play this leading role in the international arena. The focus of South Africa's international engagements will be the African Continent and strengthening South-South alliances, as well as engaging actively with partners in the North. In terms of the African agenda, in the first quarter of the 2013/14 financial we celebrated 50 years of the founding of the Organisation of African Unity now known as the AU; which was a celebration of half a century of the coming together of African leaders to form an organisation to fight for the freedom of all Africans.

South Africa also enjoys bilateral relations with a number of countries of the world with particular focus on Africa's development. In the year under review the President undertook 19 visits across the globe to advance our foreign policy objectives.

### Honourable Members

Turning to administration, to improve the operational environment of The Presidency, many concerted efforts were made in the 2012/13 financial year to correct the basics, improve internal controls and business processes, in order to address administrative challenges. As a result, we received an unqualified audit opinion with matters of emphasis for 2011/12. We believe these interventions have already shown positive results in ensuring management processes and systems in The Presidency work. The Presidency will therefore continue to ensure that it maintains a positive audit opinion, strengthen identified weak internal controls, and improve compliance in regulatory areas.

In 2012 we undertook the baseline review of the budget allocation of The Presidency, aimed at aligning the funding needs of the organisation to its growing mandate; especially in relation to the Presidency's increasing obligations and responsibilities in the international arena.

Austerity measures, to identify cost saving in existing programmes to relieve the pressure and address the unauthorised expenditure, were also put into place at the end of 2011. The Presidency placed emphasis on sound financial management principles, so as to ensure the economical, efficient and effective use of state resources. We therefore generated a saving of R79.9 million on our budget.

In this financial year we received an amount of R1,095,7 million which is allocated as follows R462,1 million for Administration, R77,7 million for National Planning Commission, R392,7 million for the National Youth

Development Agency, R160,4 million for Brand South Africa and R2,8 million for Statutory allocation.

In the past financial year, The Presidency spent 92 % of its budget with savings realized from compensation of employees, goods and services and capital expenditure.

The Presidency also continues to support the work of the former Presidents and Deputy Presidents.

For all these efforts, I would like to thank the Director-General in The Presidency, Dr Cassius Lubisi and Chief Operations Officer, Dr Batandwa Siswana, members of the audit committees and staff of the Presidency for the sterling work.

In Conclusion, we are of the firm view that an effectively managed Presidency will enable government to coordinate government to deliver on the ANC electoral mandate. Therefore we are confident that we are indeed on the right track. The sound financial discipline and austerity measures we introduced are bearing fruit. As we enter the last year of this administration, we are confident that we have an administration which can manage a smooth transition to the next administration after the national elections next year. We are also confident that, despite the challenges we had, we have governed in a manner our people expected. The ANC will continue to manage this country in a manner that addresses challenges poverty, inequality and unemployment and we look forward to another electoral mandate from our people next year.

I therefore command the budget of the Presidency to this house.

I thank you.

Issued by: The Presidency

12 Jun 2013

# Presidency Budget Vote 2013/14 speech by the Deputy Minister in the Presidency: Performance Monitoring, Evaluation and Administration, Mr Obed Bapela, MP

12 Jun 2013

His Excellency Honourable President Jacob Zuma
Honourable Deputy President, Kgalema Motlanthe
Honourable Minister, Collins Chabane
Honourable Minister, Trevor Manuel
Chairperson of the Standing Committee on Appropriations, Mr Mshiyeni Sogoni
Chairperson Ms Chichi Maponya and CEO Mr Miller Matola of BrandSA, and other Board Members Present
Chairperson of NYDA Mr Yershen Pillay
Honourable Members
Distinguished guests,
Ladies and gentlemen.

Let me also join the millions in prayer in wishing Tata Madiba, to good health.

In the few coming weeks we will be commemorating the historic gathering by our people, when in June 26<sup>th</sup> 1955, they gathered and adopted the Freedom Charter which one of its pronouncements says, "South Africa belongs to all who live in it, black and white" and the preamble in our constitution also states that "We the people of South Africa, recognise the injustices of our past; honour those who suffered for justice and freedom in our land; respect those who have worked to build and develop our country; and believe that South Africa belongs to all who live in it, united in our diversity it is therefore befitting that the theme for this Presidency Budget Vote is "South Africa is a better place (today) than it was in 1994.

#### Honourable Members

The Presidency has a responsibility to lead the country in nation building, and ensure we are united in our diversity, have social cohesion and create non-racial, non-sexist, democratic and prosperous South Africa. Amongst other programmes and activities is the building of the country's brand. This mammoth task was given to Brand South Africa, and also a framework was established for greater corporation and coordination among the other agencies that are responsible for marketing our country namely, Proudly SA and Tourism SA.

In our efforts to ensure that South Africa brand is among the top 20 country brands across the world we have undertaken a number of initiatives. However the past year has been marked by moments of hope and despair. We have witnessed much senseless killings and violence afflicting many of our vulnerable in our society, during this time, our international reputation was negatively affected and this in turn impacted on our national sense of pride and social cohesion, minimising opportunities and reducing our capacity to attract investment and create much needed employment.

The shift in the balance of political and economic power to Asia and other emerging markets saw Brand SA focus its activities more closely on Africa and other BRICS countries. This is strategic considering that BRICS members will account for over 60% of global growth within the next three years.

The year 2013 began with strong and successful programmes which took advantage of important events to position South Africa; these include AFCON 2013 campaign, World Economic Forum programme in Davos, the WEF recently held in Cape Town, the Mining Indaba and the BRICS Platform in Durban. All these events were utilised for the positioning and profiling of SA to the domestic and international media and public. The BRICS Summit provided an opportunity for South Africa to showcase itself to the world as the powerhouse of a rising continent.

Brand SA also released its Project Thrive (Investor Perceptions) research results for this year, which contains positive findings for South Africa. The study indicates that while Mining & Quarrying and Hospitality & Tourism remain the most prominent sectors associated with South Africa. However, there has been a significant increase in associations with other sectors in the SA economy among international investors, in particular: retail trade, construction, financial, insurance, real estate, electricity, gas & water supply, Post & Telecommunications.

Brand SA's Play Your Part initiative continues to make great strides in encouraging responsible citizenship, pride and patriotism, amongst our people.

In contributing to the national discourse about eradicating gender based violence, Brand SA hosted a men's dialogue focusing on the role of men in the fight against gender based violence, and change attitudes and stereotypes in society as part of building a non- sexist society, Deputy President Motlanthe was the key note speaker, at the event.

In the coming year Brand South Africa will focus a lot of effort on the African continent, reaching out to South Africans in the Diaspora, including mobilising them to register and participate in voting, as we change the law to accommodate them.

#### Honourable Members

South Africa's stature and role in the international arena has thus grown significantly in the last two decades since the advent of democracy. This stature and role has been demonstrated in various ways. For instance,

- South Africa has been twice voted in to serve in the United Nations Security Council in a matter of a few years.
- recently, South Africa hosted a successful COP17 Conference in Durban, and
- was invited to join the BRICS group of nations. In March 2013 South Africa hosted the Fifth BRICS Summit.

Additionally, the focus of South Africa's international engagements will be the African Continent, South Africa is using its membership of forums like the IMF, the World Bank, G20, as well as the UN and the AU, to promote the African agenda of development, growth and greater prosperity.

### Honourable Members,

The only way to ensure success in our country's endeavours is to move together as a united people. South Africa, as with all the rest of Africa, has the advantage of a youthful population, we must therefore harness this demographic dividend window, because when we invest in our youth we would have invested in our future.

OR Tambo once said; "A nation that does not invest in its Youth, is a doomed Nation"- Among one of the Presidency's mandates is to mainstream youth development in the country, through the National Youth Development Agency (NYDA) and also ensure that it creates an environment for young people of our country to realise their potential. The NYDA has suffered a negative image among young people and had lost confidence to deliver on its mandate in the eyes of many South Africans. However, it is important to note that a lot of good work has been done by the agency and a lot of young people have benefited from its service. This however, does not discount the fact that some other things could have been done differently. The NYDA is now coming full circle and as the country commemorates the  $37^{\rm th}$  anniversary of Soweto and related uprisings young people are looking up to the agency to provide much needed relief to realise their potential.

Youth month will furthermore focus on job creation, skills development and youth empowerment. The call over the month will be on youth and all sectors of society to identify their roles in curbing the economic and social issues that youth face in the country.

While the youth of 1976 fought for freedom and the creation of a democratic state, our government recognises that the youth of today have a completely different struggle which is that of substance abuse, over and above the fight for economic emancipation, access to quality education, unemployment and HIV/AIDS. It is therefore fitting to have the Youth Month theme for this year as: "Working Together for Youth Development and a Drug Free South Africa."

Youth development remains a priority on government's and NYDA's agenda. This year saw the signing of the Youth Employment accord. The Youth Employment Accord is a viable and meaningful approach to youth employment creation with a deliberate focus on skills development and entrepreneurship, Minister Ebrahim Patel will announce on the Model of Implementation and how it's going to be funded.

In an attempt to further advance youth development, the President is establishing a Presidential Youth working Group to afford him an opportunity to interact with the relevant stakeholders in the youth development space, this is essential, as it will allow young people to provide strategic advice to the Executive on how to implement youth development interventions in our country, and to ensure the development of the youth agenda.

In a recent meeting held with youth led organisations, the youth presented the following "BIG 5" Issues as key strategic priorities for youth development:

- Education and Skills Development This will entail intensifying skills development for the youth, especially those who have dropped out of school and are unemployed
- Youth Economic Participation emphasis will be on job creation, particularly entrepreneurship
- Substance Abuse and Violence Prevention priority will be given to actions aimed at combating alcohol and substance abuse as well as prevention of violence against women and children.
- **National Youth Service and Social Cohesion** young people will be encouraged to volunteer their services to their communities so that they contribute to social cohesion, patriotism and nation building.
- Professionalisation of Youth Work focus will be on ensuring recognition of youth work as a profession

The above priorities will be presented to the President for him to lead and champion. It will be supported by the IMC, Secretariat of Deputy Ministers, Technical Committees of Officials, who will ensure implementation of agreed decisions, the Youth Employment Accord, mainstreaming of the youth agenda, and also PME developing a monitoring tool. The Cabinet will receive regular reports and the President will convene the PYWG annually to receive progress and to engage with youth leadership. Also SADC Secretariat will be establishing a Youth Development Desk, where each country will be reporting to, on progress made to respond to challenges on Youth Development. Africa, the region and South Africa are faced with the youth bulge. Out of the 1 billion population of Africa, 60% young. The different role players will be encouraged to plan jointly and pool resources in addressing the identified priorities. Most importantly is the need for each of the role player to commit in implementation so that many young people can be reached and impact can be made.

The newly appointed board of the NYDA has stated that one of its main goals is to restore credibility to the NYDA. The NYDA's new vision, mission and values speak directly to a sense of responsibility to the youth of South Africa. The new vision is to be a credible and capable developmental agency for South Africa's youth, this is in line with the National Development Plan (NDP), which singles out young people as key to development of the country, hence we see that the 2009-2014 National Policy is coming to an end, and the Intergrated Youth Development Strategy is under review. The new mission is to mainstream youth issues into society and to facilitate youth development with all sectors of society.

The NYDA has shifted the core business away from giving out loans towards Education and Skills Development. This new plan will therefore focus on tailor made interventions for job preparedness and placement and a focus on scholarship provision for those who excel in schools.

The NYDA's highly successful flagship programmes such as the Youth Build Programme for out-of-school youth and our Career Guidance Programme will be intensified. Over 1500 young people will be engaged in the Youth Build programme for the financial year 2013/14. The NYDA plans to reach at least 700 000 young people with Career Guidance services.

The NYDA will continue with efforts directed at economic participation offering a range of products, programmes and services to young entrepreneurs in need, albeit as a secondary focus.

The NYDA will be offering grant finance combined with business development support and mentorship. The grant programme will start from R1 000 to a maximum of R100 000 worth of support for any individual or youth cooperative. Due to the financial constraints of the Agency just over 37 000 young entrepreneurs will be supported over the next financial year. The IDC and SEFA made a financial commitment to support the growth of young entrepreneurs, totalling R3 billion over the next five years, This will go a long way in facilitating the growth and development of young entrepreneurs in South Africa, the NYDA will therefore serve as a conveyor belt for the screening and recommendation of young entrepreneurs to access the loan finance offered by the IDC and SEFA

Furthermore at the end of April 2013, the NYDA concluded a peer counselling programme in partnership with SANCA where young people were trained as ambassadors for substance abuse campaigns.

Mister President, we welcome your intervention in addressing substance abuse in Eldorado Park, to clamp down on drug dens known as "lolly pop lounges" it is indeed yielding significant progress in fighting the scourge of substance abuse. We are however aware that the situation in Eldorado Park is symptomatic of issues facing many communities in the rest of the country. Black townships in particular are highly affected.

Our Government's focus for the Youth Month this year is on a holistic youth development agenda with specific focus on the fight against substance abuse. Alcohol and substance abuse and illicit drug trafficking is a global

phenomenon, and South Africa is no exception. This has serious implications for millions of South Africans because alcohol and substance abuse contributes to crime, gangsterism, domestic violence, family dysfunction and other social ills. Moreover, it has been reported that drug abuse in South Africa is twice the world norm in most cases. In particular, youth have borne the brunt of abuse with the emergence of local drugs such as Nyaope and Kubar, that originated in Pretoria townships of Soshanguve, Atteridgeville and Mamelodi, and quickly spread to the rest of the townships such as Chartsworth in Durban where its called "Sugars" or "Whoonga" in Mpumalanga is known as 'Pinch", in Cape Town the use of the "Tik" drug is prevalent.

Street drugs like nyaope and tik are destroying the futures of South African youth and ruining the lives of their parents. When they should be in school, addicted children are scavenging for money to finance their habits, they steal items such as water taps, gates, copper, aluminium, food, clothes, money in the house whatever they can lay their hands on just to get "HIGH". This dangerous drug, nyaope is made from a cocktail of ingredients such as rat poison, heroin, dagga and antiretroviral (ARV's), and it's usually sold in small parcels at R30 a portion. Nyaope has not been classified as an illegal drug but the Department of Justice is moving to amend the Drugs and Drug Trafficking Act to ensure charges can be laid for possession and dealing of the drug, charges will rely on the dagga and heroin commonly found in nyaope.

Research has shown that our children go to an extent of infecting themselves with the HIV virus so that they can be able to access the antiretroviral drugs from the health facilities, therefore it is very disturbing that as a nation we will loose the fight against HIV and Aids, because of the new infections that are done deliberately in order for our children to feed their drug habits.

As government we also recognise that alcohol abuse among young people is a serious threat, statistics reveal that South Africa has one of the highest level of alcohol consumption drinker in the world, raising the legal alcohol drinking age to 21, limited alcohol advertisements, zero-tolerance for drunk - driving and public drinking are some of the proposals to be considered by government

Our government recognises that the drug problem is complex, and requires decisive and collective national action. Government has been at the forefront of fighting the scourge of substance abuse through various national initiatives and programmes. Given the seriousness of the situation it has convened and also implementing

• The Anti-Substance National Plan of Action led by the Department of Social Development, is a collective effort towards a South Africa that is free of drug abuse. This Master Plan commits government and sectors of society to work together to reduce the demand and supply of illegal drugs through a wide range of coordinated action from national to local levels.

#### Honourable Members

A drug free generation is everyone's responsibility. Government is committed to rid our society of substance abuse which is the cause of numerous social ills, however help is needed from parents, civil society and faith-based organisations and communities in tackling this scourge. We urge parents, relatives and other community structures to play a role in raising awareness and to provide support to those affected. Communities are called on to report those involved in the trade of illegal substances so that we can fight and beat the scourge together.

We must do this as a nation, as a people, and defeat this demon, and continue to make South Africa a better place to live in. You Decide: Say "No to Drugs" You Decide: Say "No to Alcohol"

I thank you.

Issued by: The Presidency

12 Jun 2013

## The Presidency Budget Vote debate by Mr Trevor Manuel, MP Minister in the Presidency: National Planning Commission

12 Jun 2013

Honourable Speaker Mr President Zuma Deputy President Motlanthe Honourable Members Ladies and gentlemen.

As I listened to the address of the Speaker of the National Assembly at this podium yesterday I was reminded of how far we have come since President Nelson Mandela delivered his first State of the Nation Address. It is important that we take time to reflect on the journey that we have travelled but at the same time to ask whether we have made sufficient progress. We must reflect on where we find ourselves now as a country but also locate that reflection within the shifts that have taken place globally over this period. Tony Judt offers this reflection in his short but powerful book *Ill Fares the Land*:

Something is profoundly wrong with the way we live today. For thirty years we have made a virtue out of the pursuit of material self-interest: indeed this very pursuit now constitutes whatever remains of our sense of collective purpose. We know what things cost but have no idea what they are worth. We no longer ask of a judicial ruling or a legislative act: Is it good? Is it fair? Is it just? Is it right? Will it help bring about a better society or a better world? Those used to be the political questions even if they invited no easy answers. We must learn once again to pose them.

Social transformation is not a gift from the gods and neither is it always a product of cataclysmic events. It is a product of a deep realisation that the conditions under which we live and under which we may raise families are unacceptable and unjust. It is a product of a deep probing of the kind that Judt encourages us to practice.

Social transformation is also a product of the resolve by members of society who decide that no longer will they leave the future of their children to chance. No longer will they accept living in inhumane conditions. When people decide that the health care provided to the sick among them is everyone's collective problem. That the drugs and crime that rip families and communities apart is everyone's problem. When education authorities, teachers, learners and parents recognise that they are on the same side, they begin to share a common goal.

Social transformation is a product of being conscious of social injustices; taking decisions to act on those injustices, of planning the course of action and of executing those plans. We have acted according to this spirit from the very founding of the African National Congress in 1912 to the gathering of people from all walks of life in Kliptown in 1955, to the negotiations that gave birth to the democratic South Africa. All of these events in our life as a nation were characterised by a deep sense of recognition that the situation we found ourselves in was untenable and we resolved to do something about it. We continued in the same vein after 1994 guided by President Nelson Mandela's words that '[T]he purpose that will drive this government shall be the expansion of the frontiers of human fulfilment, the continuous extension of the frontiers of the freedom'. It was this approach that guided the drafting and adoption of the Constitution, the revision and replacement of apartheid legislation and the formulation of policies. The establishment of the National Planning Commission was part of this process where as a nation we had to find a more effective approach to addressing our challenges.

Honourable members, ten months ago we presented to President Zuma, this House and the nation the National Development Plan. We presented a product of two years of research and analysis, purposeful dialogue and deliberation on the future of this country. We presented a product in which the National Planning Commission took the opportunity to listen to thousands of South Africans from all walks of life share their thoughts, fears and visions about the future. We presented the Plan which embodies the dreams of the people of this nation.

As WB Yeats writes in his 1899 poem, Cloths of Heaven:

Had I heaven's embroidered cloths Enwrought with golden and silver light The blue and the dim and the dark cloths Of night and light and the half-light I would spread the cloths under your feet, But I, being poor, have only my dreams I have spread my dreams under your feet Tread softly, because you tread on my dreams.

What has happened since we have spread this dream for South Africa at your feet in this House? In the weeks and months after the tabling of the Plan in this house, various political parties, including the party I belong to, debated the Plan extensively in their conferences and adopted it as a programme to guide our collective efforts as a nation for the next 17 years.

The National Development Plan has galvanised society to seriously think about and debate the future of this country. In any given week, there are conferences, seminars or workshops to discuss the NDP in the different parts of our country. These events are not organised by the Commission; they are organised by people across a wide range of sectors who care about the future of this country. Newspapers carry articles, analyses and opinion pieces about the National Development Plan on a daily basis.

Not everybody agrees with all the detail in the NDP but there is no denying that it has become a central part of our national narrative. Political analysts, media commentators and, indeed, members of this House are increasingly evaluating government actions, policies and strategies on whether or not they are aligned to the NDP.

So, clearly we have the country talking about the Plan, but what about action?

Mr Speaker, Cabinet endorsed the Plan during the Extended Cabinet Lekgotla in September 2012. This paved the way for the focus to shift towards implementation. Government departments immediately began to include some of the recommendations of the NDP in their annual plans for the current financial year, while the process of disaggregating the NDP into the first of the five-year plans in the form of the Medium Term Strategic Framework also got underway. Having listened to the various members of the Executive present their budgets over the past weeks, members of this House should have a clearer sense of how implementation will be structured over the coming years.

Allow me to pay tribute to the many colleagues in the various spheres of government and many fellow citizens in all manner of organisations who have begun this process.

When the Minister of Finance tabled the 2013/14 Budget earlier this year, he took the NDP as the starting point. The Minister announced, among others, reforms to strengthen the fight against corruption in the supply-chain management system by assigning a Deputy Director-General in his department to this initiative. This was followed by the announcement of a number of reforms championed by the Minister of Public Service and Administration to address capacity weaknesses in the public service as well as strengthen the fight against corruption.

Just this week, Minister Radebe announced the far-reaching decision by the Justice and Crime Prevention and Security Cluster to release publicly a list of names of people who have been convicted of fraud and corruption – demonstrating the zero tolerance approach to corruption that the NDP proposes.

The Minister of Sports and Recreation recently handed over an outdoor gym to the community of Rocklands in Mitchell's Plain, taking forward one of the proposals in the NDP to promote physical activity and healthy living. In collaboration with the Ministry of Sports and Recreation, the Ministry of Basic Education has reintroduced schools sports and physical education in schools across the country. Towards the end of last year, the Ministry of Health also launched a pilot project on integrated school health as a critical element of our revitalised primary health care system. All of these are recommendations contained in the NDP.

The City of Johannesburg recently announced a major infrastructure investment programme. This will include the introduction of transport corridors to connect the different parts of the city through affordable and accessible mass public transit in line with the NDP and the city's own Growth and Development Strategy 2040.

These are only some of the many initiatives where government has begun implementing different aspects of the Plan. But it is important that I re-state a point made previously, that this is not a plan for government only. The NDP invited South Africans from different sectors to work together in partnerships to implement the Plan and we have been humbled by the enthusiasm shown. For example, stakeholders in the Early Childhood Development sector are currently engaged in discussions to find effective models of collaboration to take forward the proposals of the NDP. This collaboration involves different government departments, NGOs and the private sector.

Earlier this month, MEC for Education in KwaZulu Natal, Mr Senzo Mchunu in his budget vote speech announced that the province would establish a partnership with different sectors, in particular the private sector, on an initiative to improve learning outcomes as proposed in the NDP. Minister Motshekga also announced a national equivalent of this initiative called the Education Collaboration Framework in her budget vote speech last month.

Honourable members, in February this year, the President convened a meeting between Government and Business to discuss how to implement the NDP together. It was agreed that the two sectors should meet on a regular basis and a follow-up meeting is expected to take place in the next few weeks. In addition, Business Leadership South Africa has put together task teams that are focussing on identifying how the business sector can contribute to the implementation of the NDP.

Two weeks ago, the Commission was invited to a meeting of young people representing a number of organisations. These young people expressed enthusiastic support for the NDP. They see it as something that the youth should be actively involved in shaping and implementing. They took it upon themselves to assist in making the long NDP document more accessible to young people. They also resolved to create a "dashboard" to monitor implementation of youth related proposals in the plan and hold government and business accountable and to meet annually to track progress on implementation.

Mr President, it is important to reassure the nation that the NDP is indeed our roadmap and our people are striving to make it work. Rather than patting ourselves on the back we should instead be asking whether the initiatives being implemented will actually deliver change to those that need it the most. It is often easy for us to forget the realities of poverty when arguing the principles of exact positions. Many of those who are able to provide detailed analysis and criticism of proposals do it from a position of relative comfort. While it is crucial that we implement strategies and policies that are thoroughly considered and discussed, and that we debate the merits of the proposals, quite often, alternative proposals are absent.

Turning to the criticism of NDP proposals on the economy, it is worth highlighting that there is not much disagreement on the goals and targets. Much of the disagreement centres on the proposed strategies to create jobs, grow the economy and ensure economic inclusion. Even if we accept that the criticisms of the proposed strategies are valid, this begs the question whether we should wait for complete consensus before starting to tackle the many challenges we face.

Are we able to face the unemployed young people and the thousands living in poverty and say we are not treading on your dreams? Will we be able to hold onto our integrity when they remain locked outside the labour market by the actions we take or fail to take? Will they believe us when our actions sometimes close rather than open opportunities; when we appear to oppose everything without providing any solutions? Will our policy positions hold true when our actions as leaders in the public sector, business and labour exacerbate the living conditions of the poor instead of improving them? How can we look them in the eye when the gap between incomes of the rich and the poor remain so high? Should we not be doing more?

The NDP takes a comprehensive approach. By emphasising the building of human, physical and institutional capabilities, the NDP offers us an opportunity to make the transition from the undesirable situation we inherited to an economy we can all be proud of. It contains proposals on how to transform the space economy – the relationship between where people live and where they work, and a careful selection of where different kinds of economic activity should take place. It also includes proposals on how to improve the quality of education and develop the skills of our people; how to create sustainable human settlements; the social safety net that should be provided; it addresses weaknesses in the public service and focusses on corruption.

All of these proposals are carefully selected to enable us to move from where we are to an improved state. But that requires us to have a firm understanding of our currently circumstances. In this regard, Judt observes:

...history is not foreordained, we mere mortals must invent it as we go along – and in circumstances, as old Marx rightly pointed out, not entirely of our own making. We shall have to ask the perennial questions again, but be open to different answers. We need to sort out to our own satisfaction what aspects of the past we wish to keep and what made them possible. Which circumstances were unique? And which circumstances could we, with sufficient will and effort reproduce?

Honourable members, the National Development Plan does not offer easy solutions to the challenges we face. It could never be easy to changing the path of our history. Reaching this point in our democracy has not been easy either, nor has it been by accident or without thought. In the past twenty years, the ruling ANC has adopted and

implemented many policies that are sound. Just so that we are clear, policies that in most cases were adopted by consensus by all political parties represented in Parliament. Policies designed to ensure that we change the reality that we inherited. When the policies do not have the desired outcome, we should have the maturity to reflect and the flexibility of mind to change our approach or discuss changing the policy, if required. This is precisely what the Planning Commission has done. We can only grow from learning but there cannot be any learning if we do not implement. Similarly, if our present strategies contained in the Plan do not work, we need to address it but we cannot wait for a perfect plan – such a thing does not exist. Learning as we implement allows us an opportunity to get better at implementation rather than become better at planning.

The implementation of the Plan is now the responsibility of government and the nation. The National Planning Commission will play an advisory role in order to contribute its expertise and independent perspective to the implementation of the Plan. This will include advising government and others sectors on implementation; commissioning research to deal with gaps; facilitating collaboration between different actors and mobilising support for the Plan.

The National Planning Commission has started working with the Department of Performance Monitoring and Evaluation to develop the Medium Term Strategic Framework. Careful attention will be paid to how the different proposals are sequenced, in particular, identifying those that need to prioritised in the first five years.

We understand that the only way to ensure that South Africans know the plan is to make it easily accessible. We have translated the executive summary into all 11 languages, which is now available on our website. More copies of the National Development Plan will be printed and distributed to all public and university libraries, FET Colleges and Thusong centres. Work will start immediately on producing a pocket size version of the NDP to ensure greater accessibility.

Good planning requires credible evidence. The NPC manages two main research programmes. The first one is the National Income Dynamics Study - a panel study aimed at providing data that allow us to answer questions such as who is moving ahead in terms of income and who is staying behind and why. The second is the Programme to Support Pro-Poor Policy Development. This programme offers grants to researchers to undertake studies in government priority areas with the aim of extending the evidence available to policymakers.

For the 2013/14 financial year, the National Planning Commission is allocated a budget of R77.7 million. Of this R49 713 million is allocated to the Ministry sub-programme; R20 127 million to the Research and Policy Advisory sub-programme and R7 817 million to the Communication and Public Participation sub-programme.

In conclusion, Mr Speaker, I want to reiterate, as a nation we must define what we want to become. This is what the National Development Plan does. To be able to do that, we must know what we are. Knowing what we are includes the recognition that as a nation we are not all that we would like to be. This is the responsibility of history, the recognition of what we are, what we want to be and the journey in between. In dealing with this, it is very important that we, as colleagues, as honourable members of this House understand, always, the burden of responsibility that rests with us. It is the burden, so beautifully articulated in those words of the poet, Yeats, when he says of the poor who have only dreams, 'Tread softly, because you tread on my dreams'

Thank you.

Issued by: The Presidency

12 Jun 2013

## Vote 2: Parliament

#### Address by Speaker Max Sisulu, MP, on the occasion of Parliament's Budget Vote, National Assembly

11 Jun 2013

Deputy Speaker, Honourable Members, Esteemed guests, Members of the Diplomatic Corps.

Good afternoon to you all!

As we near our  $20^{th}$  year of democracy and freedom, and the end of the  $4^{th}$  Parliament, there is need to reflect on the path that we have travelled. As we do so, we also need to be mindful to balance critical comment with recognition of the amazing achievements South Africa has made thus far.

Nearly 20 years ago, Nelson Mandela, speaking in the House stated:

"The purpose that will drive this government shall be the expansion of the frontiers of human fulfilment, the continuous extension of the frontiers of freedom. The acid test of the legitimacy of the programmes we elaborate, the government institutions we create, the legislation we adopt must be whether they serve these objectives... My government's commitment to create a people-centred society of liberty binds us to the pursuit of the goals of freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear. These freedoms are fundamental to the guarantee of human dignity".

Delivering his farewell address at the last sitting of the first democratically elected parliament, Nelson Mandela said and I quote:

"The people of South Africa have chosen a profoundly legal path to their revolution, those who frame and enact the Constitution and law are the vanguard of the fight for change. It is in the legislatures that the instruments have been fashioned to create a better life for all. It is here that oversight of government must be exercised. It is here that our society in all its formations has had the opportunity to influence policy and its implementation."

Honourable Members,

The focus of the First and Second Parliament was to changing the entire legal edifice to root out apartheid legislation and its legacy.

This involved the passing of hundreds of laws at a rapid pace. This institution is primarily responsible for improving the lives and living conditions of millions of our people. Looking back we can confidently, assert, that in so many ways we have expanded the frontiers of freedom and fulfilment.

As a new democracy we have learnt from the examples of others and we inserted into our Constitution the most progressive provisions relating to openness, public participation, outreach, oversight and the justiciability of socioeconomic rights.

In terms of section 42(3) of the Constitution, our mandate as the Assembly is to "ensure government by the people under the Constitution" by "providing a national forum for public consideration of issues, by passing legislation and by scrutinising and overseeing executive action".

Today, the world over, our Parliament is a testimony of what is possible when a nation decides to unite and choose a future of hope and progress. These are achievements in which we must take pride.

Honourable Members,

In fulfilment of the 4<sup>th</sup> Parliament's mission, we have continued to build on the legacy entrusted to us by our predecessors. We have also undertaken far reaching initiatives aimed at modernising our Parliament to adapt and reflect the realities of the 21<sup>st</sup> century.

In this regard, our responsibility is to ensure the implementation of the Strategic Vision adopted in 2009 with vigour. This includes the following five objectives. Namely:

- 1. Building an effective and efficient institution
- 2. Strengthening the oversight function
- 3. Increasing public participation
- 4. Improving cooperative governance
- 5. Expanding of Parliament's role in international relations.

Overall, we can confidently assert, that the 4<sup>th</sup> Parliament, has made significant progress in the implementation of the five key areas of delivery as identified in our Strategic Plan.

Subsequent to the adoption of the Strategic Goals, we needed to ensure that the design of our organisational structure was aligned to the functions of Parliament. As is known, we are in the process of finalising the restructuring of our institutional support structure.

The Secretary to Parliament presented a final proposal to the Presiding Officers. We will consult with the Parliamentary Oversight Authority on the proposed structure for their views.

#### Honourable Members.

During this term, we have undertaken an ambitious project to develop and refine our structures, procedures and proceedings. We needed to ensure that the Rules do not hinder us from delivering on our mandate but assist and facilitate the smooth functioning of the House in line with the Constitution. The review includes, amongst others, mechanisms to ensure that public inputs find expression in our processes, proceedings and our work.

We have to complete the review process before the end of the term of this Parliament for us to leave a legacy of renewed and implementable rules for the next Parliament, the 5<sup>th</sup> Parliament. Thus far, nine Chapters have been completed and the team will be engaging with parties to obtain their views on the completed chapters.

#### Honourable Members,

In the last year there have been an unprecedented number of challenges to the rulings of Presiding Officers, not only in the House but also in the courts.

In the Western Cape judgment of Lekota v The Speaker, it was pointed out and I quote: "the task of controlling debates in Parliament requires particular skills and is best dealt with by the presiding officers who are appointed for this purpose. A court should be loathe to encroach on their territory and do so only on the strength of compelling evidence of a constitutional transgression."

In the matter of Mazibuko v The Speaker, the courts again warned that because of unnecessary litigation by members against Parliament, and I quote:

"There is a danger in South Africa however, of the politicisation of the judiciary, drawing the judiciary into every and all political disputes, as if there is no other forum to deal with a political impasse relating to policy or disputes which clearly carry polycentric consequences beyond the scope of adjudication."

This is a warning we should well heed to ensure that the foundations of our democracy remain strong and each arm is able to fulfil its constitutional roles and mandate. I urge Members to take advantage of the review of the Rules process for us to address shortcomings that Members may have identified and to ensure that the Rules are adapted and appropriate to our changing circumstances.

### Honourable Members,

Lately, it appears that at different times the mood of the House has strayed quite far from the flexibility, accommodation and balance that ideally ought to exist. My task as Speaker is to ensure that the intensity of feeling expressed around some issues is contained within the bounds of civility without infringing on the freedom of speech that Members enjoy.

All Members will recognise that ultimately the Speaker must depend on the collective and individual self-discipline of Members to maintain order and foster decorum. My authority to enforce the rules depends on the cooperation of Members of this House.

Regrettably, there clearly is a need to clamp down on unbecoming conduct in the Chamber. This is a matter that I wish to take up with the party Whips in the coming weeks.

Honourable Members,

Committees are an extension of the House and thus perform their functions on behalf of the House. They are also the primary vehicles for oversight and increasing public participation in the legislative and other process of Parliament.

In the  $4^{th}$  Parliament, we have focused on enhancing the functioning of parliamentary committees. We reviewed the nature and quality of support available to them as well as mechanisms to implement the Oversight and Accountability Model.

In addition, the Secretary to Parliament has tasked former Secretary of the National Assembly, Mr Kamal Mansura, to lead a task team to develop interventions to strengthen committees and to enable them to function better.

The Terms of Reference are being developed and the House Chairperson, Honourable Frolick, will provide further details in his address to the House later today.

Honourable Members,

The House will recall, that in my 2012 budget speech, I reported to this House, that I was concerned about the constitutionality and quality of a number of pieces of legislation that were returned to the National Assembly. To this end, a number of corrective measures have been instituted to ensure that our laws are at all times in keeping with the letter and spirit of the Constitution. We must take the utmost care to ensure that the law shields and protects the most vulnerable in our society.

I am very pleased to report that a legal drafting unit has now been established. Advocate CR van der Merwe was appointed as senior legal adviser responsible for legislative drafting in February 2013. A further 3 parliamentary legal advisers were appointed in May and two more candidates will commence duty in July 2013. We are already beginning to see the value of such a unit.

Future work will include the introduction of an electronic system which will simplify and ensure consistency in the process of drafting. This will enable Parliament to make amendments to Bills available to Members and the public in real time. Again, Honourable Frolick will expand on this.

Honourable Members,

The principle behind Parliament's oversight function is to ensure that policy is implemented in accordance with the legislative intent and upholds and responds to our people's aspirations. As Members will recall, notable gaps in Parliaments oversight capacity were identified, which resulted in the development and adoption of an Oversight and Accountability Model.

The task of the 4<sup>th</sup> Parliament has been to implement the Oversight and Accountability Model to ensure that we entrench a culture of scrutinising executive actions. Since the adoption of the model we have noted a more coordinated and enhanced approach to oversight by committees and deeper scrutiny of government expenditure and policies.

I want to emphasise that our oversight must continue to focus on value for money so as to ensure that government does more with less. It is for Parliament to ensure that the needs of citizens are represented and articulated, whilst service is enhanced and speeded up.

In 1994 Madiba also warned that: "democracy itself, cannot survive unless the material needs of the people, the bread and butter issues, are addressed as part of the process of change and as a matter of urgency. It should never

be that the anger of the poor should be the finger of accusation pointed at all of us because we failed to respond to the cries of the people for food, for shelter, for the dignity of the individual".

Honourable Members,

One of the most important responsibilities we are assigned as Parliament is the role of national budget review.

For legislatures to become meaningful platforms for injecting the interests and concerns of their constituencies into the policy process, they must have sufficiently sophisticated and resourceful organisational structures to engage, challenge and scrutinise the executive and state bureaucracies.

In this regard, we have begun to change the way we scrutinise the national budget, primarily through the creation of the Standing Committees on Finance and Appropriations.

We have defined Parliament's powers to amend the budget, so as to fulfil the demands of section 77 (3) of the Constitution, through the adoption of the Money Bills Amendment Procedure and Related Matters Act which prescribes the procedure to amend the money bills.

Members will know that section 15 of the Money Bills Act makes provision for the establishment of a Parliamentary Budget Office.

In February 2013, the Parliamentary Budget Office was officially launched, to provide independent, objective, and professional research, advice and analysis to Parliament on matters related to the budget and other money bills.

The Presiding Officers have approved an initial structure consisting of 12 persons, to provide technical support initially to the standing committees on finance and appropriations, whilst allowing further space for the identification of areas of improvement and refinement.

I am pleased to report that on 4 June 2013, Professor Mohammed Jahed, was appointed Director of the Parliamentary Budget Office. We wish him well and we are confident that he will succeed in this endeavour.

Honourable Members,

In support of Parliament's oversight role, our Constitution created Institutions Supporting Democracy (ISDs). Members will recall that as per a Resolution of this House, the Office Supporting Institutions of Democracy (OISD) was established to be a link between Parliament and Institutions Supporting Democracy. The Office has since provided invaluable support to the Presiding Officers, Portfolio Committees and the ISDs.

Since the establishment of this office we have witnessed improved relations between Parliament and the ISDs. They have also expressed their satisfaction with the support and encouragement received from the office.

I wish to express our gratitude to the chapter 9 and associated Institutions for their contribution to embedding democracy and accountability in our country. Please, continue to carry out your work in support of Parliament's oversight role with passion and integrity.

Honourable Members,

The National Assembly is enjoined by the Constitution to provide a national platform for public consideration of issues and most importantly to ensure that the public's views find expression in our work. As our Parliament has evolved, we have, however, turned our gaze to the quality and effectiveness of our public participation processes.

Led by House Chairperson Frolick, and working together with the South African Legislative Sector, we have undertaken an extensive process of engagement, which includes civil society, to reframe our public participation approach.

In doing so we remain cognisant that public participation is not about one big push at a certain time and place, but a continuous system of engagement which needs to be constantly refreshed and renewed.

I am however concerned that the development of the Public Participation Model is taking far longer than was anticipated. I therefore urge members of the Task team to complete the work before we adjourn at the end of this term

### Honourable Members,

It is in Parliament where debates of national interest should be raised and discussed. Parliaments have to be at all times relevant about the subjects that they address. This however does not mean that every spare minute of every sitting must be filled with whatever is on the front pages of the newspapers, important as that is. If we fail to discuss subjects of imminent salience, we risk becoming out of touch and out of reach with the country at large.

It is for this reason that I decided to actualise the power of the Speaker to grant permission for debates that are of national importance and in the interest of our people. I am also pleased that parties have agreed to re-introduce a rotation system to ensure that all parties have the opportunity to place issues of national importance on the agenda of the House for debate in the House.

I have also thought it prudent to increase the speaking time of smaller parties from 1 to 3 minutes to afford Honourable Members more opportunity to make meaningful contributions to these debates. I wish to thank all political parties for their co-operation and support in this regard.

### Deputy Speaker,

The report of the UNDP on the Rise of the South, maintains that increasingly, global development challenges are becoming more complex and trans-boundary in nature. In his address to the 3<sup>rd</sup> World Speakers' Conference in 2010, United Nations Secretary General, Ban-Ki Moon correctly stated that "all politics is local".

As part of the collective of the world's parliaments, we have continued to add our voice in calling for the major international institutions, such as the Bretton Woods Institutes, to be more representative, transparent and accountable.

We continue to work with international parliamentary bodies such as the IPU to build a closer and more effective relationship between the United Nations and parliaments. We must persist on this course as we stand to benefit more in promoting global democratic accountability.

This is in line with the Millennium Conference of Presiding Officers Declaration that called on parliaments and their members to "assume increased responsibility in international relations, play a more active role at the national, regional and global levels, and generally reinforce parliamentary diplomacy.

Although section 231(1) of the Constitution provides that the negotiating and signing of all international agreements is the responsibility of the Executive, section 231(2) provides that such agreements binds the Republic only after it has been approved by resolution in both Houses.

While decisions of a "technical, administrative and executive nature" does not need the approval of the House, this must be tabled in Parliament within a reasonable time. According to the DIRCO Guide and Procedures for the Depositing and Binding of Agreements, agreements are only of a technical, administrative or executive nature if they "have no extra-budgetary financial implications" or "do not have legislative implications".

This is an important aspect of oversight that we have not paid sufficient attention to and it has come to our attention that not all agreements have been tabled for approval or submitted to Parliament within a reasonable time. We must finalise this before the end of this Parliament.

We are also engaging institutions outside of Parliament such as the UNDP and other bodies to provide support to the institution, members and committees. On 23 May this year, when I addressed the United Nations agencies based in South Africa on the MDGs and prospects of the post 2015 Sustainable development Goals, I invited them to work with us on this agenda and on other matters and they have enthusiastically agreed to do so.

Honourable Members,

In the 4<sup>th</sup> Parliament we have strengthened our international support structures, systems and policy. We have elevated the International Relations section to a division and have recruited more staff to support the broader role we are increasingly undertaking on the international front.

This Parliament remains committed to working towards the consolidation of the African agenda. We have continued our growing interaction with regional and continental multilateral structures, in particular, the Pan African Parliament and the SADC Parliamentary Forum, as well as the IPU.

As part of our responsibility to promote and ensure good and democratic governance, we have participated in Elections Observer Missions to monitor elections in various countries on the continent.

With respect to the Parliamentary Group on International Relations (PGIR), I have registered my concern that this structure which has the critical task of advising Parliament on international affairs is not carrying out its duties. This is in the main due to poor attendance of scheduled meetings and the failure to form quorums for important decisions.

This state of affairs clearly points to a lack of discipline by Members. The situation cannot continue, and I therefore urge the party whips to address this matter in their caucuses as a matter of urgency.

Honourable Members.

The Constitution requires of us to work co-operatively with different spheres of government.

To this end, the Presiding Officers have continued to meet regularly with Provincial Speakers within the Speaker's Forum to promote cooperation and to develop best practice and benchmarks for the legislative sector.

With the support of the EU development funds, the Speakers' Forum has implemented a number of initiatives and programmes to enhance the capacity of the legislative sector.

In May, we hosted a very successful international consultative seminar with the European Parliament, which was attended by its President Martin Schultz and Speakers and representatives of the SADC Parliaments such as Mauritius, Seychelles, Tanzania, Namibia and Swaziland on the role of parliaments in economic development and transformation.

Honourable Members,

Members of Parliament are expected to make decisions on behalf of an entire nation, which is arguably the most influential role in society. This therefore requires that we ensure that our Members have the requisite knowledge, skills and abilities needed to discharge the responsibilities of this role.

In this regard, the Speakers' Forum entered into an agreement with the Public Administration Leadership and Management Academy (PALAMA) to assist in the training and development of Members.

I am delighted that the capacity development programme is yielding very good results. For example, in 2011, 175 of Parliament and Provincial Legislatures successfully completed an accredited course in Governance and Leadership at UNISA.

In April this year, **225** Members of Parliament and the provincial legislatures completed an Advanced Certificate in Governance and Leadership at Wits University.

Our Parliament is proudly setting the benchmark for parliaments around the world. A study conducted by the Inter Parliamentary Union in 2010 on the current state of knowledge concerning formal and informal capacity building programmes for parliamentarians found that South Africa and India were the only countries in the world which encouraged and supported their Members to undertake formal tertiary studies. Let me repeat, South Africa and India are the only two countries in the world which supported and encouraged their members to undertake formal tertiary studies!

We hope that this programme will form part of the 5<sup>th</sup> Parliament's Legacy Projects in 2014 and beyond. Within, Parliament, we have also introduced a yearlong programme of training to ensure that we continuously enhance our knowledge and skills. To borrow from Maya Angelou "If you know better you do better".

Honourable Members,

The work and efficacy of a Member of Parliament is largely dependent on receiving timely and reliable information. Over time I have raised concern with our Library for it not being accessible after hours and in particular when we are away from Parliament.

Today I am pleased to announce the introduction of the Libraries, Digital Content Delivery Application. This service will ensure that we are able to obtain information without delay. Features of the system include customisation to the specific requirements of a Member to avoid unnecessary information overload.

I wish to urge Members to visit the Library to learn more about the advantages of new system. There simply are no more excuses. This new system will ensure that Members literally have the world in their hands- through use of our mobile phones and electronic tablet devices.

Parliament will also be launching a digital application called "My Parliament". In future Members will receive their parliamentary Orders and daily papers electronically. Not only will we be saving the environment, by saving trees, we will also cut back on tons and tons of paper that we circulate every day.

I am informed that the two systems were presented to the Quarterly Consultative Forum this past Friday and Members gave their overwhelming support for the immediate implementation of the systems. I wish to inform the Members that the systems are in the final testing phases and will be implemented in July. This would require of us to finalise the rules and guidelines on the use of technology in the House. Clearly we are moving into the future. It is important that the Rules Committee also look at how to make this possible.

Honourable Members,

I wish to take this opportunity, before turning to the actual allocation for 2013/14, to report on the matter of the former Secretary to Parliament.

As Members are aware by now, Mr Dingani was dismissed as per Resolution of this House. Mr Michael Coetzee was appointed Secretary to Parliament in December 2012. We owe him our gratitude for taking up this challenging position with minimal disruption.

With respect to annual expenditure, Parliament's budget allocation for the 2013/14 financial year is R1.873 billion, which is an increase of 6% compared to the 2012/13 allocation.

As you are aware, this budget is divided into five programmes:

- The allocation for Programme 1- Administration is R414.6 million this is an increase of 5.6% from 2012/13.
- $\bullet$  The allocation for Programme 2 Legislation and Oversight is R339.7 million, an increase of 7.53% from 2012/13
- The allocation for Programme 3 Public and International Participation is R125.1 million which amounts to an increase of 5.6% from 2012/13.
- The allocation for Programme 4 Member's Facilities is R211.2 million, an increase of 5.6 from 2012/13.
- The allocation for Programme 5 Associated Services providing support to political parties is R388.8 million; this is an increase of 5.6% from 2012/13.

Member's remuneration is a direct charge against the National Revenue Fund and amounts to R453, 8 million. Retained earnings amounting to R141 million, has been approved for the funding of 15 priority projects.

Honourable Members,

With respect to the Auditor General's statutory audit reports for the period 2009 to 2012, an analysis of this period shows that in the last 4 years, Parliament, received unqualified audits.

The Auditor General did however highlight matters of emphasis that required our urgent attention. Year on year, we have introduced measures to ensure that we improve the institution's financial management.

Honourable Members,

As we end the 4<sup>th</sup> Parliament, we do so cognisant that we have to account, and report to the 5<sup>th</sup> Parliament on the work that we have undertaken since 2009. This includes planning for the inception of the 5<sup>th</sup> Parliament. We've got to prepare for the 5<sup>th</sup> Parliament.

This task is not the purview of the Presiding Officers alone, I expect Committees and every operational structure to provide a report of the work that was carried out during this term. In so doing, we will allow for a seamless transition from the 4<sup>th</sup> to the 5<sup>th</sup> Parliament, similar to the privilege, the 4<sup>th</sup> Parliament enjoyed.

I wish to emphasise that any outstanding work, on which we agreed must be completed before we rise at the end of this term. If need be, I'm sure you'll agree with me, Friday and evening sittings will be scheduled. (and weekends if push comes to shove).

Time is fast running out. Let us intensify our efforts and ensure that we live up to the promises we made to our people.

Let us be inspired by the words of Martin Luther King Jr. who said and I quote:

"Human progress is neither automatic nor inevitable... Every step toward the goal of justice requires sacrifice, suffering, and struggle; the tireless exertions and passionate concern of dedicated individuals" Let us take forward our tasks with zeal and enthusiasm.

Let us not lose sight of the fundamental importance of Parliament as an arm of state, as a voice of the people, as a platform for deliberation, as an instrument of change and overseer of government action.

Let us remain true to our vision and the ideals entrusted to us by generations of leaders such as Madiba, to whom we send our well wishes and love.

I urge this House to support this Budget Vote.

I thank you!

Issued by: Parliament of South Africa

11 Jun 2013

# Speech of the Chairperson of the National Council of Provinces, Honourable Mninwa Johannes Mahlangu, on the occasion of the Debate on Parliament's Budget (Vote 2)

11 Jun 2013

Hon Deputy Chairperson Hon Members of the Council Guests of Parliament in the gallery

We appreciate the opportunity to present the budget of Parliament under this year's theme Socio-economic Development through Oversight and Public Participation.

We do so a few days shy of June 19, a day that will mark the centenary of the passage of the Natives Land Act of 1913. It is about two weeks after we celebrated the Golden Jubilee of the Organisation of African Unity (now called the African Union (AU)). As the first verse of the AU Anthem states:

"Let us all unite and celebrate together The victories won for our liberation Let us dedicate ourselves to rise together To defend our liberty and unity"

Given that we are nearing the end of the fourth Parliament, I will look at what we set out to do at the beginning of the term, what we have actually done so far, the priorities for the current financial year and future challenges.

#### What we set out to do in 2009

The key role of Parliament is to consider and pass legislation, oversee government action, ensure public involvement and participate in international relations.

In response to the work outlined for the mandating period of the fourth Parliament, we developed the Strategic Plan with five strategic objectives. Under the umbrella of an "activist" people's Parliament, we subdivided these objectives into concrete and manageable outputs.

## Strategic Objective 1: Strengthen the oversight function and establish a strong culture of overseeing executive action

Under this objective there are two projects which are:

- 1) to develop oversight monitoring and evaluation system, and
- 2) to implement the Money Bills Amendment Procedure and Related Matters Act

The Oversight Monitoring and Evaluation system is aimed at bringing information to Members and Committees and to enhance monitoring and tracking. The project has commenced with an assessment of information flows.

To support implementation of the Money Bills Act the Parliamentary Budget Office was launched in February this year and Prof Mohammed Jahed has, since June 4, been appointed as the Director of the office on a five-year performance-based renewable contract. The office will specialise in producing high-quality research and analysis of fiscal policy and provide independent, objective and professional advice to Parliament on fiscal matters.

We continued to pay attention to oversight and public participation mandates of Parliament. For example, the NCOP introduced the Oversight Week as a mechanism to follow up on matters emanating from the "Taking Parliament to the People" and "Provincial Week" programmes.

In regard to questions to the Executive, since 2010 there has been a decline in the number of unanswered questions. For the past financial year the NCOP put a total of 843 questions to the Executive. A total of 827 responses were received. We aim to achieve zero unanswered questions.

We have also seen an increase in the number of thematic debates. During the last financial year a total of 20 resolutions emanating from recommendations captured in reports of Select Committees were adopted by the House and communicated to government departments. However Members have raised the need to improve monitoring of our resolutions.

### Strategic Objective 2: Increase public involvement and participation, building a responsive people's Parliament.

Five priority projects were designed to achieve this strategic objective and are all underway. These are to:

- 1) Develop Public Participation Model
- 2) Expand the reach of broadcasting through upgrade of broadcast infrastructure in Chambers and Committee Rooms
- 3) Integrate and implement electronic publishing systems
- 4) Develop transcription system
- 5) Develop Parliamentary Constituency Mechanism and offices

The House Chairpersons will deal with the detail of these projects.

To fulfil the constitutional injunction of facilitating public involvement in our processes, our people have participated in legislative processes. Sectoral parliaments were also held.

However, some of the sectoral parliaments (i.e. the Youth Parliament and People's Assembly) had some undesirable outcomes and were mired in avoidable controversy. We hope to learn from the reports and recommendations we requested in respect of these public involvement initiatives. These should be submitted soon.

Since the beginning of the fourth Parliament the Taking Parliament to the People programme has been remodelled to make it more effective. The improvements to the programme included intense preparatory work prior to the actual visit and dedicated follow-up. The new approach has been very successful leading to clear and measurable targets in the five provinces we visited. The last programme is scheduled for later this year and work will begin tomorrow.

As part of the 15th Anniversary programme we organised the following initiatives:

- 1. a Child Rights Seminar in 2012
- 2. a public lecture on the role of Parliament in general and the NCOP in particular (hosted by the University of the Western Cape) earlier this year.

It is my view that we need to engage more with civil society organisations.

#### Strategic Objective 3: Strengthening co-operative government

Since 2009 the NCOP has been involved in 32 interventions in terms of section 139, and two interventions in terms of section 100 of the Constitution. I am however concerned at the increasing number of section 139 interventions. My view is that we need to strengthen implementation of the provisions of section 154 (1) of the Constitution, which demands of the national and provincial spheres to support and strengthen municipalities.

Since establishing the portfolio of Intergovernmental Relations and Cooperative Government in 2010, in the office of the Chairperson, we have sought to promote co-ordination, co-operative governance and facilitate sound intergovernmental relations regime within and across the three spheres of government and organs of state.

Last year we held the first Local Government Week focusing on matters affecting the local government sphere. The second Local Government Week will be in two months' time, continuing our partnership with the South African Local Government Association. The focus this year should be on feedback and resolution of issues.

On the other hand we continue to strengthen our relations with the provinces.

Strategic Objective 4: Improve and widen the role of Parliament in international co-operation and participation

Parliament has been actively involved in bilateral and multilateral relations activities since the beginning of the term. Key multilateral structures in which we participate include the SADC-PF, PAP, IPU, CPA, ASSECAA, AC-PEU and the SA-EU.

The hosting of the Globe Chapter in preparation for the COP17 Conference as well as the IPU-COP17 Climate Change Meeting that Parliament successfully co-hosted on the margins of the United Nations' COP17 Climate Change Conference in Durban, in December 2011, provided a platform for the voice of Parliament on matters pertaining to climate change.

Last year, our Parliament hosted the President of India in an attempt to encourage robust parliament-to-parliament relations in the spirit of the IBSA and BRICS initiatives. The President of the Federal Republic of Nigeria, HE Dr Goodluck Jonathan, addressed the Joint Sitting of Parliament this year and highlighted the important role that our democracies need to play in the continent.

Early last year a delegation of the Parliamentary Oversight Authority, led by the Presiding Officers, undertook a benchmarking visit to the European Parliament to exchange experiences in the field of parliamentary governance and institutional oversight. This also assisted in the elevation of relations between the two parliaments. During the visit the Presiding Officers had an occasion to meet the Vice-President of the European Parliament. As Members may recall, Parliament hosted the President of the European Parliament, Mr Martin Schulz, last month during the International Consultative Seminar here in Cape Town as part of this relationship.

Importantly, later this year we will host the 59th Commonwealth Parliamentary Conference in Sandton, Johannesburg.

### Strategic objective 5: Build an effective and efficient institution

Eight projects were designed to achieve this strategic objective and these are:

- 1) Review of organisational structure
- 2) Organisational culture and change
- 3) NA Chamber upgrade
- 4) Integrated planning, budgeting, performance and reporting
- 5) Enhance library services
- 6) IT Infrastructure upgrade
- 7) Develop Members' leave and attendance system, and
- 8) Establish the five Democratic Parliament

These projects are in progress. In respect of the organisational structure, we have attended to current challenges by filling a number of senior management positions that became vacant. This work is continuing. However our overall aim is to develop a structure that is responsive to the needs of Members.

We are improving accessibility of Parliament to the people. The new mobile version of our website, which takes advantage of the high number of South Africans who access the Internet via their mobile phones, will make it easy for anyone, wherever they may be, to easily access parliamentary information. The Integrated Digital Library Management System will help capture, catalogue, store and circulate information through different delivery methods.

### Challenges

This term has seen a high number of litigation cases involving Parliament since 1994. In total we had 22 cases where we were cited and some of them are still on-going. These varied from cases regarding labour-related issues to disputes concerning our Rules of Procedure.

To address matters relating to the quality of the legislation we pass, Members would be pleased that steps have been taken to remedy this situation, including the establishment of the Legislative Drafting Unit in the Constitutional and Legal Services Office. In respect of our home-grown legislation, we are in the process of amending the Financial Management of Parliament Act and the Money Bills Amendment Procedure and Related Matters Act.

Another challenge is ensuring that our oversight, public participation and the laws we pass have the desired impact. Hence our theme for this year. It is therefore important to conduct an empirical assessment of our business in these areas in the same manner we did with regard to the "Taking Parliament to the People" programme in the previous Parliament.

#### The expenditure trends for the term

The focal point of our expenditure since the term began has been on:

- 1. improving oversight between the three spheres of government,
- 2. increasing participation in international forums,
- 3. increasing the level of services rendered to Members,
- 4. improving and upgrading the IT system,
- 5. increasing activities aimed at improving public participation through the dissemination of educational information to increase public access to Parliament, and,
- 6. improving Parliament's oversight role by increasing the number of site visits undertaken by committees each year.

Parliament's overall spending increase between 2009/10 and 2012/13 was mainly due to the initiatives undertaken to improve public participation. These involved the dissemination of educational information to increase public access to Parliament, as well as building content development capacity.

Over the same period, the increase of 18.4 per cent in the Legislation and Oversight programme and the 21 per cent increase in the Public and International Participation programme were due to the upgrading of information systems, the establishing of a parliamentary budget office, the development of a tracking system for improved oversight changes, and the improvement of conditions of service. The spending increase over the medium term will be within the inflationary rate, with the bulk of spending in the Administration and Legislation and Oversight programmes.

Parliament makes transfer payments to political parties in terms of section 57(2)(c) of the Constitution to allow them to carry out their legislative mandate. The spending increases in the *Associated Services* programme between 2009/10 and 2012/13 and over the medium term are mainly to provide for inflation-related adjustments.

### This year's budget (2013/14)

For the current financial year Parliament has been allocated a total of R1 873.1 billion, which includes R453.7 million direct charge against the National Revenue Fund for Members' remuneration. This does not include the retained funds amounting to R141 million that have been approved for funding of priority projects.

The budget represents increases of 8 per cent for Legislation and Oversight programme, and 6 per cent for each of the programmes: Administration, Public and International Participation, Members' Facilities and Associated Services.

This budget will be utilised to further implement the work before Parliament for the current financial year which include to:

- 1) Develop and implement knowledge management strategy and Institute
- 2) Assess impact of legislation passed
- 3) Develop protocols and mechanisms for co-operative government
- 4) Develop programme to deepen and entrench democracy (including awareness surveys)
- 5) Assess state organs and development of reporting mechanism for public-funded bodies
- 6) Develop mechanism to improve nation building and heritage  $\,$
- 7) Enhance services for Members
- 8) Improve Enterprise Resource Planning, and lastly;
- 9) Space Utilisation

There is more detail to support this budget than time allows. But I have given a high-level perspective to illustrate that we are indeed on course in capacitating Parliament in order to promote nation building and multiparty democracy.

Certainly we have scored some victories amidst challenges. I thank the Members of Parliament for their hardwork, the Secretary to Parliament and the entire administration for their support. We are confident that we will have a capable institution that carries its constitutional mandate effectively and efficiently as one of the arms of the state.

I wish to conclude by citing another verse from the Anthem of the AU:

"Let us all unite and toil together To give the best we have to Africa The cradle of mankind and fount of culture Our pride and hope at break of dawn"

Without doubt, our Parliament has a great contribution to make towards realising not only the dream of South Africans, but also that of Africa and its diverse people. Africa must rise and its entire people prosper.

I thank you

Issued by: Parliament of South Africa

11 Jun 2013

# Vote 3: Cooperative Governance and Traditional Affairs

#### Cooperative Governance and Traditional Affairs (COGTA) budget vote speech by Minister Richard Baloyi

21 May 2013

The Honourable Chairperson,

The Deputy Minister of Cooperative Governance and Traditional Affairs,

Ministers and other Deputies present here,

MECs of COGTA, COGHSTA,

Chairperson of the Portfolio Committee and other MPs,

All Mayors present here,

Chairpersons of Associated Institutions,

Senior Leaders of our Public Service: Prof Nwaila, Mr Madonsela and Mr Mahlawe,

Our Royal and Indigenous Leaders,

Our guest, Jamaican Minister Noel Arscott and your delegation,

Senior leaders,

Ladies and gentlemen,

We present this Budget today, fully committed to a more integrated system of Local government, where the three spheres of government recognise their distinctiveness based on their respective mandates, but fully accepting that they owe it to each other for them to realise their objectives of being active agents of the peoples government, in the know that they are interdependent and inter-related.

It is a fact that the more integrated our cooperative governance is the more effective we will be as a State and the greater will be our capacity to deliver services and ensure development.

The Department of Cooperative Governance is allocated an amount of R56, 12 billion including transfers for this Financial Year, and we believe that this will provide the necessary means to facilitate support to municipalities and coordinating governance amongst the three spheres to contribute in the realisation of the objectives of the National Development Plan (NDP).

The Department of Traditional Affairs is allocated an amount of R105 m to continue with its agenda of further transforming the institution of traditional rule whilst continuing to lay one brick on top of the other, as a new department, to be fully configured and functioning in line with all programmes of traditional affairs, including dealing with questions related to marking the centenary of the Land act, effectively managing the impact of the reopening of the lodgement date for the land reform processes.

The Municipal Infrastructure Support Agent (MISA) is allocated an amount of R252 m to continue providing the necessary technical and professional support to enhance the capacity of our municipalities to deliver the services. The CWP programme is allocated R1.6 billion.

Last year we presented the Budget of the ministry, re-stating our commitment that the Local Government Turnaround Strategy remains the roadmap for effective support to the local sphere.

Hi rona pfhumba leri ra ku cinca matirhelo eka mafambisele ya vamasipala, hi tekile xiboho xa leswaku hi tirha hi ku tivutisa leswi hi faneleke ku enlda swona loko hi ta tshama hi tsakisa vanhu hi nkarhi hikwawo wa vukorhokeri bya hina.

Leswi hi swi endla hi ku tshama hi ri karhi hi tsundzuxiwa hi va-mavonela kule loko va hi luma ndleve va ku: "Le'bya nyarhi leyo, u nga ri: "Ndza yi vona, hikuva u ta ya wela makokweni ya yona".

Hi ku tirha kun'we, a hi nge tsandzeki.

We stated our understanding that the best mechanism to build confidence between the people and the municipalities is to address the following priority issues:

- Accelerating service delivery
- Promoting good governance
- Enhancing sound financial management
- Rolling out infrastructure development and effective maintenance
- Intensifying the fight against corruption.

Today we want to reflect on some highlights in these five issues and also refer to some practical interventions in dealing with challenges that confront the local sphere from time to time. It suffices to mention, at this stage, that most of the challenges that confront the local sphere are either not the key competencies of the sphere or are influenced by external factors.

Whereas we have to accept that there are some dramatic negative developments in some areas, we should not degenerate into labelling all councillors as rotten apples. It is a complex environment where local government structures find themselves, and we should be ready to engage them.

#### 2. Audit outcomes

The analysis of the reports from the provinces indicates that a number of provinces are pushing hard towards the achievement of the Clean Audit by 2014.

The following municipalities have consistently received CLEAN AUDIT for three conservative years 2009/10, i.e 2010/11 and 2011/12, namely Ehlanzeni District and Steve Tshwete local municipalities. In the same way the West Coast as well Swartland municipalities in the Western Cape and Umtsheni in KwaZulu Natal provinces also received Clean Audits for two conservative years i.e. 2010/11 and 2011/12.

With regards to unqualified audit outcomes, KwaZulu Natal which has a total of 61 municipalities have managed to retain its performance in the improvement of the outcomes with over 70% of its municipalities getting unqualified audits followed by Gauteng with 76%.

Although Gauteng does not have clean audits for 2011/12 financial year, 75% (9 out of 12) of its municipalities received unqualified audits, which is a remarkable performance.

We recently convened a meeting with 167 municipalities that have performed below unqualified, with matters and have since put them on a list of municipalities to be supported, Listening to the issues that these munics raised, it is clear that there is more in the issue than meet the eye.

We are therefore putting a team to reflect on a programme to enhance their financial performance qualities and reflect on policy.

## (i) Access to Piped Water

Census data shows that the proportion of household's access to piped water has significantly increased since 1996.

Access to piped water in the dwelling or yard has increased significantly since 1996 when only 60.7% of households reported access, compared to 73.4% in 2011. During the same time, the percentage of households with no access to piped water decreased from 19.7% in 1996 to 8.8% in 2011.

The provinces with the best access to piped water in the dwelling or yard in 2011 were:

- Gauteng (89.4%);
- Free State (89.1%); and
- Western Cape (88.4%).

Provinces where significant percentages of households do not have access to piped water were Eastern Cape (22.2%), KwaZulu-Natal (14.1%) and Limpopo (14.0%).

There are only 1.8% households in Gauteng with no access to piped water, followed by Free State and Northern Cape at 2.2% and 2.6% respectively.

#### (ii) Toilet Facilities

It is encouraging to note that the percentage of households that had no toilet facility, or who had used bucket toilets, has declined over the years.

Households that have flush toilets connected to the sewage system increased to 57.0% in Census 2011, from 50% and 55% in both Census 2001 and Community Survey 2007, respectively.

Those households which have flush toilets with a septic tank were lower in Community Survey 2007 (2.8%) compared to 3% and 3.1% in Census 2001 and Census 2011 respectively.

Households having a pit toilet with ventilation (i.e. VIP) also increased to 8.8% in Census 2011 from 5.6% and 6.6% in Census 2001 and Community Survey 2007, respectively. Access to a pit toilet without ventilation declined from 22.3% in Census 2001 to 19.3% in Census 2011.

Chemical toilets were under-utilised according to the Community Survey 2007 with only 0.4%, less than 1.9% in Census 2001, and 2.5% in Census 2011. The bucket toilet system was more common in Census 2001 with 3.9%, compared to Community Survey 2007 and Census 2011 that reported 2.2% and 2.1% respectively.

The percentage of households that were without toilets declined significantly to 5.2% in Census 2011, from 13.3% and 8.3% reported in both Census 2001 and Community Survey 2007, respectively.

### (iii) Energy

Census data shows that grid electricity has been more common in South Africa as a source of energy for lighting since 1996. Households using electricity for lighting increased from 58.2% in 1996 to 84.7% in 2011, while those using paraffin and candles decreased over the same period from 12.7% to 3.0% and from 28.7% to 11.4% in 1996 and 2011, respectively.

The proportion of households using electricity as a source of energy for lighting by province increased over the period. The highest proportion was recorded in Western Cape (93.4%), while the lowest was recorded in Eastern Cape (75%).

#### (iv) Refuse removal

Census data further shows that the percentage of households that have their refuse removed by the municipality weekly have increased consistently from 52.1% in 1996 to 62.1% in 2011 while those removed less often declined from 2.2% in 2001 to 1.5% in 2011.

#### 4. Good governance

All municipalities have established Ward Committees and Ward Operational Plans have been developed and are being implemented and monitored.

There are 10 munics under section 139

## 5. Intensifying the fight against corruption

We are at an advance stage in finalising an agreement between the Local Government Inspectorate and Investigation unit. We are taking serious the need to accelerate the delivery of services, hence we resolved to build on the capacity-building initiatives that have been made at all the spheres, including through SALGA.

We made a call so clear in the Local Government turn-around strategy position that Local Government is everybody's business, and we are now realising a quick response by people wanting to be part of it and be serious.

Business formations are polishing their offers for a massive engagement to enhance the capacity of our municipalities to deliver the best services, even in areas that have responsibilities devolved to municipalities as unfunded mandates.

We are going to have a major launch of partnerships between the Municipalities and business organisations in August 2013. Some of these partnerships will address the delivery of basic services through "Turn-key' initiatives for the delivery of such services as water, electricity, sanitation and other areas.

Today, Business Unity South Africa (BUSA) requested to make a public offer on their areas of interest in participation in partnership with municipalities.

Their offer is detailed as follows:

#### 1. Areas of focus

- 1.1. The initial areas of focus for this agreement will be in six (6) priority areas, as agreed upon by the parties namely:
- 1.1.1. Local Economic Development (LED): This priority area is intended to maximise the economic potential of municipal localities/local government and the business environment in the various provinces. It aims to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation and developmental initiatives. Private companies will be mobilised to support organised local government as well as prospective municipalities to the above effect.
- 1.1.2. Energy and Climate Change: integration of climate change response measures at municipal level. Particular reference is made to energy although further opportunities may be explored based on the needs of the parties.
- 1.1.3. Capacity Building and Institutional Development in Local Government: Enhance skills and organisational systems of municipalities/local government towards improved service delivery.
- 1.1.4. Public Private Partnerships: Coordination and facilitation of improved and innovative ways of co-operation between municipalities/local government and business in a way that supports the developmental mandate of the municipalities.
- 1.1.5. Promoting good governance and eradication of corruption. The parties will monitor developments and report on issues requiring joint attention over time and work towards institutionalising a platform dedicated to monitoring and managing this process.
- 1.1.6. Identify issues that promote business retention and expansion that will contribute to local economic growth and development.
- 1.2. Parties also agree that priority areas may change with time, or additional priorities may be identified and added in the future, with the agreement of the parties.

We are also proud to announce that the ABSA Bank is on board, saying that they will focus on the following areas:

- Development of effective financial management skills for leaders and managers in Local government
- 'Governance upliftment through advisory support on effective and transparent procurement
- Leadership development in affordable housing.

In addition, a consortium of three companies is ready for signing a partnership with any municipality on PPP to include ICT and effective Billing Systems, comprising of SAP, Guma and Gijima.

Timhaka leti ta ku antswisa ntokoto wa vamasipala ku korhokela matiko i nyimpi leyi hi nga ta yi lwa hi yima ntsena hi ku twa rhambu ku tshoveka. Hi rhamba mani na mani ku hoxa xanndla eka ku tiyisa timasipala ta hina, a hi siyi munhu. A swi lavi ntsena mali ku tirhisana na vamasipala, hambi hi mavonele swa koteka.

In partnership with the Department of Higher Education and Training, we are soon launching a capacity building programme for our councillors and traditional leaders to take accredited mobile training sessions, details of which will also be unveiled in August 2013.

Our ward system is strengthened to deal with questions of public participation in that what we used to call technical Support Unit has now changed their name into Service Delivery Facilitators who are required to deal with questions of public engagements as well as engaging with government stakeholders.

#### The role of MISA

- At the end of March 2013 MISA deployed 68 technical consultants and 24 Service providers that support 100 priority municipalities.
- MISA technical consultants during the 2012/13 Financial Year accelerated862 infrastructure projects amounting to R12, 7 billion in value.

• A total number of 36,005 jobs were created through MISA

The Commission on Disputes and Claims for Traditional Leadership has concluded 85% cases of the 1 244 that were outstanding as we presented the budget last year. We established a team to finalise issues related to salaries of Traditional Leaders.

I present the budget.

Inkomu!

Issued by: Department of Cooperative Governance

21 May 2013

Address by the Deputy Minister for Cooperative Governance and Traditional Affairs, Honourable Yunus Carrim, on the NCOP Budget Vote Debate in Parliament, 9 June 2011 Towards Accelerating Service Delivery

In different ways, most of us, across political parties, are saying that the local government elections we've just had are seminal. More than any other elections in our country, they signal the urgent need to significantly improve service delivery and development.

There has, indeed, been significant delivery. Certainly, more than is made out in the public discourse, even if less than there should be. We all agree, not least the ANC, that we need to do better. So what do we do? This input will focus merely on some things we could do. It is by no means comprehensive. And many of the issues raised will need to be processed further. Some will require substantial consensus.

Overall, we have done well, considering the magnitude of the challenges. So we have a good base from which to accelerate service delivery. But there has to be a new thrust to delivering services following these elections. This will have to have immediate, short-term and long-term aspects. And there has to be effective inter-connections between these different aspects.

Perhaps what we need most immediately is a better sense of what we have, in fact, delivered. We have the statistics of delivery. That deals with quantity. But we also need to consider the quality, consistency and durability of the services. Minister Nathi Mthethwa also, last week, raised the issue of looking at the quality of the services provided. And Minister Tokyo Sexwale has also been reviewing the quality of the houses we have provided since 1994.

The respective departments dealing with services, such as water, sanitation and electricity set their own norms and standards of what constitutes a "basic" service. There is a need for greater measure of consistency across departments on these norms and standards. These norms and standards also have to be reviewed over time.

We need a better sense of what we have delivered so that we have better sense of what we still have to deliver.

The population census to be done in October this year will be valuable in getting a more accurate picture of our population size, age and geographical distribution.

Consolidating and strengthening the LGTAS (Local Government Turnaround Strategy) overall is important to accelerating service delivery. Over the next few months CoGTA, together with our partners, is to place major focus on giving a new thrust to the LGTAS. We need to improve the quality of the MTAS (Municipal Turnaround Strategies) shaped in terms of the LGTAS, including through the more active participation of the residents of municipalities. Greater stress has to be placed on the MTAS prioritising access to basic services.

We need parliament, not least the NCOP, to play your full role in this regard, but also to continuously monitor the progress of the LGTAS and hold us strenuously to account. Of course, key aspects of the LGTAS are now incorporated into the Outcome 9 Performance Agreement the CoGTA Minister signed with the President, and you will, of course, regularly call on us to account on progress as part of your oversight role.

To deliver services better, we need a far more integrated relationship between IDPs (Integrated Development Plans), budgets and service delivery plans, programmes and targets. This also means a better alignment of MIG (Municipal Infrastructure Grant) and human settlement grants. And a better alignment too of bulk infrastructure and reticulation plans. What, for example, is the value of having access to a tap but no water?

There also needs to be far effective oversight by municipalities of municipal entities and public utilities.

Many of our difficulties in speeding up service delivery revolve around two major issues – capacity and resources. The two are related. If we had capacity, we could make more effective use of our limited resources. And if we had more resources, we could spend more on developing capacity.

What about capacity? What can we do about improving this? We need, in the first place, to rationalize the many local government capacity-building programmes that are run by different departments, SALGA (South African Local Government Association), ILGM (Institute of Local Government Management), IMFO (Institute of Municipal Finance Officers), Local government SETA and other organisations. The main focus should be on good governance and improved service delivery. CoGTA has begun a process with National Treasury to rationalize local

government capacity-building programmes. This process needs to be speeded up.

Importantly, the LG SETA needs to be far more active and effective than it currently is. Both CoGTA and parliament need to put far more pressure on the SETA do more and be more effective.

But we must be clear at the outset. The responsibility to accelerate service delivery does not rest with local government alone. Nor with CoGTA (Cooperative Governance and Traditional Affairs Ministry). All three spheres of government, other organs of state and state-owned enterprises need to work much more closely together to accelerate service delivery. But the public too has a crucial role. We need a massive cooperative effort involving all stakeholders and the public to ensure improved and sustainable service delivery.

There is also a need to find the necessary planning, engineering, electrical, project management, financial management and other skills. The universities and other tertiary institutions, the state-owned enterprises and other relevant organisations need to play a more effective role in this regard. CoGTA is to meet the Department of Higher Education and Training on 24 June to take this forward.

CoGTA is also in the final stages of setting up a Special Purpose Vehicle (SPV), the Municipal Infrastructure Support Agency (MISA), to accelerate municipal infrastructure delivery. Particular attention will be paid to the weaker municipalities. The SPV would aim to:

- 1. Support comprehensive infrastructure planning at municipal level
- 2. Support municipal infrastructure development, maintenance, operations and service provision in low capacity municipalities through the procurement of relevant service providers, and ensuring performance as contracted
- 3. Support the management of operations and ensuring a proper maintenance programme for municipal infrastructure
- 4. Coordinate a focused technical support programme with existing support partners
- 5. Monitor the quality of infrastructure provided
- 6. Develop and coordinate the implementation of an appropriate sector-wide capacity development initiative and assist municipalities to develop a capacity development plan to strengthen their institutions over the long term

A fundamental focus will be on the effective maintenance, repair and operation of infrastructure, as this has been a major failing until now. Service delivery has often been compromised by this.

In view of the pending establishment of the SPV, funding for the infrastructure component of the Siyenza Manje project currently run by DBSA (Development Bank of Southern Africa) has been transferred to CoGTA, while funding for financial management support will be administered by National Treasury. A Task Team comprising senior officials from CoGTA, DBSA and National Treasury are working on ensuring a smooth transfer of aspects of the project. If necessary, this will take place in a phased manner.

Consideration is also being given to the establishment of a Bulk Infrastructure Grant.

This is part of output 2 of the Outcome 9 Performance Agreement the CoGTA Minister. The following is noted in the agreement: "consideration must be given to the establishment of a Bulk Infrastructure Fund to unlock delivery of reticulation services, fund bulk infrastructure, procure well located land, align Provincial Infrastructure Grants and Municipal Infrastructure Grants with housing projects and grants and to upgrade and rehabilitate bulk infrastructure (such as waste water treatment works)." CoGTA is still in the early stages of considering this.

And what about funding? As raised in the Budget Vote Debate in the National Assembly last week, CoGTA is working with National Treasury and other stakeholders to review the financial model of local government. This includes a review of the intergovernmental fiscal system with the aim of increasing the share of the national budget allocated to local government. An important part of any increase to local government has to be directed at both building capacity and delivering basic services on a sustainable basis to more people. It's no use allocating more money if municipalities do not have the capacity to effectively spend it. Last year municipalities were unable to spend 17,1% of their capital budget. So to ensure full use of the expanded funds, it's crucial that national and provincial government assist municipalities to develop the necessary capacity.

What about community participation? To improve service delivery, municipalities have to ensure the active participation of communities. CoGTA's proposals as part of output 5 of outcome 9 on strengthening ward committees and community participation in general would, if agreed on and effectively implemented, assist greatly in this regard. If communities are more involved in local government they are more likely to have an understanding of the possibilities and limits of service delivery and take greater responsibility for both the

achievements and the failures of delivery. They are more likely, in other words, to have a sense of ownership of the programmes of a municipality.

Community involvement in service delivery and local government generally can be very challenging. But municipalities have to take communities more seriously, and as difficult as it can sometimes be, reach out to the leaders of community protests. Municipalities have to respond to community protests more creatively and effectively. Community protests are important in a vibrant democracy, and can serve to put pressure on municipalities to speed up service delivery. But if they are violent and include destruction of municipal offices, community halls, libraries, schools, clinics and other buildings, they undermine service delivery and development. Whatever the challenges, responding appropriately to community protests is important in stabilizing and improving service delivery.

To improve service delivery we also need the public to use scarce resources like water and electricity more sparingly and avoid waste. As CoGTA and parliament we need, for example, to support Eskom's demand side management campaigns more actively. In our constituency and political work as MPs we need to constantly make people whom we come into contact with aware of the need to save electricity and water.

Municipalities also need to act far more decisively on water leakages, for example. And they also need to ensure that councilors and administrators use electricity sparingly.

To another matter. Although the legislation passed since 1994 has been very oriented to service delivery and development, aspects of it have had the unintended consequence of serving to impede service delivery. Mandated by the President, CoGTA is spearheading a process, involving 10 national departments, the provinces and SALGA, to review aspects of legislation that serve to impede service delivery. Among other restraints, the relevant legislative provisions are administratively burdensome, make consultation with stakeholders inordinately time-consuming and bureaucratic, provide for approval from structures that don't have the capacity and resources to process issues within reasonable timeframes. Many of the provisions also substantially overlap making for duplication. Others contradict each other.

The Interdepartmental Committee working on this project has so far identified more than 350 provisions in 30 pieces of legislation that have the unintended consequence of serving to impede service delivery. The relevant departments have been approached to begin addressing the anomalies. The key legislation being prioritised involves housing, land use management, and the prevention of illegal evictions.

It's crucial that we don't just deliver more and better, but that we also transform the municipal landscape. We shouldn't just chase statistics, as important as they are. We have to also ensure that the services are not delivered top-down but involve communities as far as possible. They also have to be of the necessary quality and they must be sustainable. Improving service delivery is ultimately also about transforming the society we live in.

Many of the issues raised here, and many others not even raised, need to be taken further and concretised. To the extent there is consensus on these issues we need to discuss further how do we do the things we agree on and how do we do them fast? As CoGTA, as part of fulfilling output 2 of outcome 9 we are discussing these issues within our ranks and with other departments. We are keen to hear your views and would welcome a sitting of the Cooperative Governance and Traditional Affairs Select Committee soon that focuses on how we accelerate service delivery and work together on this.

As I conclude, I'd like to express our appreciation to the Select Committee and its Chairperson, Mr Humphry Mokgobi.

CoGTA noted your report on your 6 to 10 September 2010 provincial week as well as the report of the parliamentary Ad Hoc Committee on service delivery. CoGTA has taken up the issues raised in these reports. MinMec considered the Ad Hoc Committee Report and it's also been referred to the provinces to act on. There is considerable synergy between what the parliamentary committees and CoGTA identify as the challenges and the responses. We need though to act more decisively and faster and bring in other stakeholders and the public more actively. Ultimately, we're all in this together – government, parliament, other components of the state and the people. We need a massive cooperative World Cup effort to accelerate service delivery and development! We did it in 2010!

We can do it again!

# Vote 4: Home Affairs

# Address by Naledi Pandor MP, Minister of Home Affairs, opening the Department of Home Affair's Budget Vote debate

9 May 2013

Honourable Speaker,

Honourable Chairperson of the Home Affairs Portfolio Committee Maggie Maunye,

Honourable members of the National Assembly,

Deputy Minister of Home Affairs, Fatima Chohan.

Ministers who are new to a portfolio are often tempted to develop new policy, amend legislation and create a personal history. This is hazardous especially in the third year of a term of government. The policies and objectives of the department are our mandate and our focus.

Our priorities are the following:

- To register all births within 30 days of birth
- Ensure all 16 year olds apply for and receive IDs
- Enhance security by creating a reliable National Population Register that is supported by modern technology and effective administration.
- Ensuring we have ports of entry that are modern, secure, efficient and reliable.
- Administering our immigration policy in a manner that supports national priorities of skills acquisition, job creation and inclusive growth.
- Meeting our international obligations with respect to asylum seekers and refugees and thus promoting human dignity and respect for all persons.
- Supporting our national security in collaboration with the security cluster.

The budget speech takes place against the backdrop of the 19th celebration of the dawn of peace, freedom and democracy and the 50th anniversary of the formation of the OAU.

Whenever we debate our progress, we should remember that the freedom we celebrate is a consequence of the sacrifice and heroism of the many millions who contributed to ending the scourge of apartheid. Our work today responds to both the legacy of apartheid and the opportunities that result from freedom.

Since 1994 our African National Congress (ANC) government has worked hard to ensure Home Affairs restores dignity to all, creates systems for a secure identity, and promotes international friendships. We have also played a full role in supporting government to achieve the outcomes and policies adopted in 2009.

I turn now to our budget. The budget of the Department of Home Affairs is set at R6,7 billion for 2013/14.

- Departmental programmes receive R4,8 billion.
- Film and Publication Board will receive R82 million.
- The Electoral Commission will receive R1,6 billion.
- the Government Printing Works R134 million

# National Population Registration Campaign (NPR)

The NPR campaign is directed at creating a secure South African citizenship database and secure identity. We will have succeeded when we have birth registration as the only point of entry to our NPR.

Our priority is to register children within 30 days of birth. We have connected hospitals and other health care centres to our database so babies can be registered at the place of birth. We registered 602 530 births in 2012 and intend to expand this number by at least 8% each year.

We will intensify our outreach campaigns to reach families in our most marginal communities and will work closely with all our stakeholder forums to popularise registration of births.

There are many who continue to be unregistered. We will continue to offer late registration of birth, but I am proposing that we stop this service in 2015.

We introduced the on-the-spot unabridged birth certificates this year, another advance in our objective of a trustworthy NPR. The certificate is secure and reliable. It carries the names and ID numbers of both parents. It will help us to eliminate fraud, multiple visits to our offices, the pain of not being able to trace your family tree and the piling up of paper documents in the department.

Some challenges have emerged from early practice - the registration of children born to foreign nationals and at times the reluctance of fathers to be registered. We will intensify communication and education and improve our systems.

The ID registration campaign, to issue IDs to all 16 year olds, will continue. Working together with the Ministry of Basic Education, stakeholder forums, the National Youth Development Agency (NYDA) and all youth formations we will continue to mobilise youth of 16 years and over to apply for identity documents.

We have been trying to eliminate duplicate IDs since 2009. We had over 500,000 when we began our campaign. We now believe we have just over 20,000 in circulation. We have tried to encourage holders to come forward to resolve duplicates. I intend to invalidate all duplicate IDs in December this year. All holders of duplicate IDs should approach our offices to seek assistance. We are working closely with the financial sector to smooth the inconvenience that may result from invalidation.

We are making progress with creating a paperless environment in Home Affairs. More offices use modern technology. Modernisation includes: live data capture, e-visa and permitting, the Trusted Traveller Programme, the Enhanced Electronic Movement Control System, the National Identification System (NIS) with biometric features, and the smart ID card. In 2012/13 we allocated R214 million to IT modernisation; this year over R348 million will be invested in the work.

We are working hard to ensure we are able to issue the smart ID card in a phased implementation from the third quarter (July-September).

We will begin issuing the Smart Card from 27 Home Affairs regional offices that have been provided with the capacity for live capture. Over the next three years, we will install live capture in all our offices.

This will enable the department to issue smart ID cards to all South African citizens over the next five to seven years and to finally get rid of the green ID book. This will be a major step towards creating a reliable National Population Register.

# Managing immigration competently

Immigration is one of our expanding service areas. According to the World Bank migration and remittances unit, in 2010 there were 1.9 million immigrants living in South Africa – about 3.7% of the population, notably from Zimbabwe (859,000), Mozambique (455,000) and Lesotho (351,000).

At the same time 878,000 South Africans lived overseas, particularly in the UK (226,000), Mozambique (155,000) and Australia (133,000). Immigrants remitted \$720 million out of SA, while SA emigrants remitted \$1,2 billion back into South Africa (2010). Census 2011 provides an update and estimates that around 2,7 million or 5.7% of South Africa's 51.7 million people are foreign born.

I think it's important to remember that global migration is not simply about people moving from one country to another. It's also about money being transferred backwards to the country of origin. According to the World Bank, migrant remittances have tripled in volume in the last decade. A measure of its size is that remittances now dwarf global aid budgets.

I believe unreservedly that immigration needs to be administered effectively, but also that immigration into South Africa should be encouraged. We have to compete in a global market place for skills. It's something we have not addressed as yet, but the National Development Plan has indicated that we need to do so.

As part of our strategy to attract skills we made 50,000 permits available for scarce skills, but only 20, 673 work permits were issued in 2011 (Documented immigrants in South Africa 2011 | Statistics SA) This means we have not filled our quota. We'll be asking the Immigration Advisory Board to look into this whole area again and to reconsider whether the limit is set at the right level.

I think that we should provide clearer guidance about the numbers and the skills we need. SA is one of the most

open economies in the world and we want those with the right skills to come here: the investors and the entrepreneurs who will create the businesses and the jobs of tomorrow and the scientists who will help keep SA at the heart of the great advances in medicine, biotech, advanced manufacturing and communications. They merit a permit policy that shows we are ready to compete with other countries for global talent.

It is generally acknowledged that South Africa suffers a shortage of high-level research skills, that is, individuals with doctoral degrees and several years' research experience.

We are considering a system of four- to five-year work permits for foreigners who graduate from our universities in critical skills areas, as a means of contributing to development in our country. We also need maths and science teachers. They should be given work permits that allow schools and teachers to function in a stable environment.

We are finalising the regulations for the 2011 Immigration Amendment Act. They will streamline the process of scientists applying for work permits. The DST and the DHET will assist us in reducing the bottlenecks being experienced in evaluating visa and permit requests for scientists and researchers. The process will be similar to the 'corporate account status' enjoyed by some businesses.

In regard to business, we've increased the opportunities for foreign investors and entrepreneurs. 1 346 visas were issued to entrepreneurs in 2011. We are on track to issue more than we did last year. In future, we'll make it easier for venture capitalists to back entrepreneurs, people who are starting small scale but may end up running the blue-chip businesses of tomorrow.

We also plan to increase efficiency in issuing permits to investors in South Africa. Currently we issue waivers for employees of many multinational corporations. We have had many complaints about delays in issuing permits - we are addressing these concerns. I'm aware that some companies prefer to use staff from their overseas headquarters in their South African branches.

I wish to indicate that government has an obligation to promote job creation and skills development for South Africans. Our immigration system must help us to respond to this challenge while also welcoming investment. We will be appointing more adjudicators for our temporary and permanent residence units to ensure speedier processing of applications.

If we manage immigration competently, we can attract critical skills to expand the economy and promote trade and investment for job creation and development. We have to compete globally to attract the best and the brightest to work with us in building a better South Africa in a better Africa.

Yet globalisation also brings the risks of transnational crime and terrorism that can undermine the gains we have made under democracy. Competent management of immigration is vital for our security. We have to do more to protect our borders and our ports of entry.

I am pleased to announce that government has agreed to the phased establishment of a Border Management Agency (BMA). The Agency will ensure coordination of and co-operation among the departments operating at our points of entry and along our borders. The BMA will be led by the Department of Home Affairs and will involve SARS, SANDF, SAPS, Health and Agriculture.

Focused attention is being paid to improving the management, capacity, and infrastructure at our ports of entry. Last year over R110 million was allocated to ports of entry infrastructure via the Public Works budget. This year over R130 million is made available in the DHA budget.

We have equipped a number of our ports of entry with the enhanced movement control system (EMCS) while introducing the advanced passenger processing system (APP) for airlines. These are positive developments, but we still need to do much more to ensure they work efficiently.

The changes have improved the movement of persons and goods through our ports of entry. We are now able to process millions of visitors annually.

South Africa has become a prime tourist destination and a venue of choice for hosting large international events. We are proud to have contributed to the hosting of the AU/UN African Ministers Conference on Civil Registration and Vital Statistics, the Africa Cup of Nations soccer tournament, as well as the recent BRICS Summit of Heads of State and Government held in Durban. The support provided by Home Affairs was excellent.

As part of building our capacity, greater attention will be paid to asylum seekers, the recruitment of migrants with critical skills, and the flow of economic migrants from other South African Development Community (SADC) countries.

We have begun to address gaps at the level of policy and operations. The Honourable Deputy Minister, Fatima Chohan, will elaborate on our work in the processing and management of asylum seekers and refugees.

Another urgent immigration challenge is the need to recognise and efficiently regularise the flow of economic migrants, particularly from our neighbouring countries of SADC. We are working on an immigration policy paper that will set out our proposals and policy perspectives. We intend to provide for a work-seeker visa (or a similar instrument) for SADC citizens.

We also intend to work closely with the SADC countries to address the phenomenon of illegal migration into our country and region. The security risk this poses to the political and economic stability of our country and region cannot be ignored.

However, we must implement policy within the ambit of the law and the Constitution with due regard to human dignity, development and human security.

One of the priorities of the government is to act against crime, fraud and corruption. We are acting in Home Affairs. Just two days ago nine officials were arrested on suspicion of corruption. We support all efforts directed at eradicating corruption.

The departmental enforcement units, the Inspectorate and Counter Corruption, are combining efforts more effectively and working closely with other law enforcement agencies within the security cluster to act effectively against crime, fraud and corruption.

Over the past few months, I have had the opportunity to meet with the top management and other officials of the department, paid visits to various Home Affairs offices across the country including some ports of entry.

As we stand on the eve of the 20th anniversary of the advent of democracy in South Africa, I believe my predecessors have laid a firm foundation for the department to make a meaningful contribution to the socioeconomic development of our country while ensuring a safer and more secure management of our borders and ports of entry.

I am sure that the majority of Home Affairs officials are keen to contribute meaningfully towards the achievement of the five national priorities of our government, the mandate of Home Affairs and the objectives of the National Development Plan.

Speaker, I have not referred to the inadequacies that concern me - the poor responsiveness of our call centre, the delays in effecting changes as requested by clients, the backlogs in asylum management, permanent and temporary resident applications, and many other problems we will address as we work with the DG and his team to create a fully responsive and efficient DHA.

In closing, I wish to thank the Deputy Minister for the always comradely support, intelligent counsel and lots of sms text. Thanks to our DG for his hard work and support. Thank you for the assistance you have given to me. And thanks to the executive team.

I am grateful for the advice and gentle guidance of the Chairperson of the Portfolio Committee, Honourable Maggie Maunye, and members of the Committee for their commitment and hard work. I hope all members will support our budget for the 2013/14 financial year. Working together we can do more to contribute to the creation of a better life for all South Africans.

I thank you!

Issued by: Department of Home Affairs

9 May 2013

### Address to the National Assembly by the Deputy Minister of Home Affairs on the occasion of the Budget Debate

9 May 2013

Honourable Members.

I rise to support the Minister in her address to this chamber today, and will in my address concern myself with the issue of Asylum Seeker Management (ASM), Legal Services and the work of the Films and Publications Board.

# Asylum Seekers

Some of you may know that the Iziko Museum is hosting a wonderful exhibition on the life of the late great Oliver Tambo, those of you who have not been to view this exhibition should do yourselves a favour and do so. It documents the life and times of one of our foremost leaders who spent over thirty years of his life as a refugee. It is in a nutshell our commitment to make our system of asylum management better able to meet the needs of genuine refugees and to prevent and eventually to eradicate the abuse of the refugee regime mainly by unskilled work seekers, but also elements that mean harm to our country and people.

The Minister has mentioned in her speech some of the plans in regard to Southern African Development Community (SADC) nationals and this will certainly allow for better management of immigrants from these countries and free up capacity in the ASM system which can be directed to better service and integrate genuine refugees. This is the longer term vision and in the coming year, we will concentrate on developing better synergy between the RSDO's the RAB and SCRA processes.

In our ongoing efforts to curb rampant bribery and corruption in our refugee centres, we will introduce new high security permits for refugees or asylum seekers. Permits will be printed on paper manufactured only for the department and will contain a series of security features such as barcodes and a watermark. Any attempt to tamper with personalised details on such a permit will discolor the document.

We will introduce a track and trace capability to monitor the processing of asylum seeker applications at all our centres. This will give applicants information on their cellphones and keep them abreast of the progress made in processing their applications. It will also facilitate good management practices and give managers immediate access to information on backlogs and other data.

Coming now to what we are able to report as our achievements in the last twelve months: Firstly, we implemented an agreement concluded with the major banks enabling them to perform online verification of refugees and asylum seekers. This will enable these categories of people to access financial services.

In our Reception Centres, our efforts have in large measure been focused on improving efficiencies in dealing with applications for asylum. In this regard, we have been mindful that genuine asylum seekers were not best served by the prolonged periods that they had to endure while their matters were adjudicated.

We implemented a fast-track system firstly at the Durban Refugee Reception Centre, and are doing likewise in Musina and Pretoria. Our preliminary findings indicate positive trends in that the numbers of Asylum seeker applications have decreased quite dramatically particularly in the Durban refugee reception centre.

We are pleased to announce an overall decrease in the number of Asylum Seekers who have come in to our centres throughout the country. In 2010 we received a total of (185 918) applications for asylum. In 2011, this figure dropped to (87 020) applications and last year the figure reduced further to (85 058).

These decreases are the result of more efficiency at our centres, our ports of entry, the re-deployment of the South African Defence force on our borderline, and most importantly, the relative peace and stability that has been maintained on our Continent during this time.

I must hasten to add that we are not making it more difficult to apply for asylum in South Africa as some are now suggesting. In fact we are seeing a significant increase in the number of refugee applications being granted in those centers where the asylum seeker numbers have reduced. This is a positive sign and we believe that the absence of huge throngs actually creates a condusive atmosphere for those persons who are genuinely in need of humanitarian assistance.

Speaker at the end of 2011 when we first recorded a significant reduction in the number of asylum seekers, we did not want to raise any expectations as we felt that notwithstanding our efforts a decrease year on year of just under 100 000, asylum applications could be an aberration. However in 2012 we again recorded a decrease and because we have experienced this in two successive years, we are very cautiously calling this a downward trend. All indications are that in this year, barring the outbreak of war, or other catastrophic occurrence on the Continent and our region, we are set to see further reductions in the number of asylum seekers.

Thus when we stood here in this chamber and spoke about South Africa being the world's largest recipient of asylum seekers, we are now saying the situation in South Africa is rapidly normalising.

So these developments should remind us, once again that we are not an island, that our fortunes as a country are inextricably linked with the fortunes of our brethren on the Continent. As has been said by former Presidents Nelson Mandela and Thabo Mbeki as well as President Jacob Zuma on so many occasions, South Africans cannot dream of peace, prosperity, and a better life, without dreaming that same dream for the rest of Africa.

We therefore welcome the recommendation to end the refugee status of certain exiled Angolans by the United Nations High Commissioner for Refugees (UNHCR) in 2011- this is good news for us and the continent. The UNHCR has noted that circumstances in Angola have changed significantly, to the extent that it is no longer a refugee producing country. In fact, as the latest member of that elite class of countries called constitutional democracies, Angola is a country that has decisively put its past behind it and is notching up some impressive developmental statistics:

It is one of the fastest growing economies on the continent its GDP growth projected to be in the region of seven per cent, it is a country attracting good deal of foreign investment, the human development index indicates that in regard to health education and income Angola has since 2006 performed above the regional average, and it a rapidly growing tourist destination.

Speaker last week, Cabinet declared its support for the proposal made by the UNHCR that all refugees who sought refuge in South Africa on the basis of the Angolan Civil War, the Angolan War of independence or the general insecurity and strife in the Republic of Angola will be capable of initiating durable solutions by relinquishing their status as refugees. Refugee status is not meant to be a permanent situation.

This is why all of the international instruments governing refugee matters refer to cessation in circumstances where significant changes have occurred which allow people -who previously fled under threat of persecution- to return to their home countries. I do not need to remind Honourable Members that the same situation pertained in South Africa with the unbanning of the ANC. Many hundreds of people who were in exile returned home to their country of birth to put shoulder to the wheel to help re-build our beloved country.

Angolan refugees who have dreams of a homeland that will forever be a place of peace and prosperity are now urged to return to their motherland and help reconstruct that country into a regional and continental place of pride. Where people abide by the rule of law and where there is peace and prosperity for all. The UNHCR, the Angolan Government and ourselves, have in principle agreed to assist those who are still here and who wish to voluntarily return to Angola.

For those who wish to continue staying in South Africa, we will be introducing an option for such persons to apply for temporary or permanent residence visas upon obtaining their Angolan passports from their embassy in South Africa. We shall within the next few days be announcing the location of help desks and the deadlines within which such applications may be made during this window of opportunity. We therefore wish to urge those who wish to take advantage of this option to obtain their Angolan passports as soon as possible.

Hon Members will be aware that in terms of the Refugees Act the Standing committee on Refugee Affairs has the power to revoke anyone's refugee status at any time. In declaring its support for the UNHCR's recommendation in respect of affected Angolan refugees, the South African government has not only signaled its support for an end to the refugee producing status of Angola, but we have given those affected persons a window of opportunity for durable solutions to their status.

Once again: The options available to affected persons are: assisted voluntary repatriation, and for those who are willing to reacquiring their citizenship, but who nonetheless wish to reside in South Africa for reasons such as study or work, these persons should approach the Angolan embassy and apply for their passports and other documents. We will announce very shortly a procedure where these persons will be afforded an opportunity to

apply for appropriate visas under the Immigration Act. These persons will then have the same status as every other foreign national who is living in South Africa and whose stay is governed by the provisions of the Immigration Act.

The last option available to Angolan refugees whose status may be the subject of review by SCRA, is to apply to the standing committee for an exemption from the cessation regime. This category will remain refugees in this country until the SCRA determines otherwise.

The department has been in consultation with SCRA and once SCRA has communicated its approach in this regard, the department will make known certain specific information and assistance points where affected persons may be helped to apply for each of the available options. We hope to be able to make this announcement within the next few days.

# Films and Publications Board

The modern world revolves around the internet and modern communications gadgets. Inherently however the new cyberspace does come with its own dangers, particularly to children. Harmful and age inappropriate content is easily accessed by children in the comfort of their homes. Adults are not immune from these dangers either.

Recently the Films and Publications Board (FPB) had an outreach program in Bredasdorp where we were privileged to meet Chrisna Junios. Chrisna was generous enough to share her story with us and has given me permission to share it with all of you.

A few years ago, Chrisna's marriage was on the rocks and she was emotionally in a very bad place. Desperately she turned to social media and befriended a person online and they began communicating and eventually built a friendship.

Unfortunately the marriage problems got worse and she suffered what is commonly called a nervous breakdown. She was admitted to hospital. Upon discharge she accepted a lift home from her cyber friend she had continued communicating with throughout the process. She never arrived home. Instead she was kidnapped and had to endure torture and degradation at the hands of her kidnappers. She was drugged and suffered sexual assault. She was finally rescued after 13 months in captivity.

No one can imagine the strength it took to recover from this horrible experience. Chrisna is with us today as a guest of the department. She is joined by her new husband Mr. Neno Junios, you are both very welcome here this afternoon

Chrisna's experience is a vivid reminder to us all that while the cyber world has revolutionised our lives, we should never imagine it is without peril to ourselves and our children.

The work done by the FPB must be supported across party lines and we should not fall into the mistaken notion as some have done, that this body is no different from the censorship board of the old Apartheid era. It is a vital state institution that enhances our security capabilities and very literally continues to save countless lives.

The FPB has this year secured partnerships worth more than R 20million to ensure that its classifications are understood and also to cultivate appreciation for the caution that we all need to exercise in cyberspace. Apple ITunes and Multichoice are among the companies the FPB has reached agreement with.

Some other achievements include the launch of online submissions system for the gaming industry, and the implementation of an electronic content labeling system aimed at ensuring broader access by distributors.

# Legal department

We are pleased to announce that the Amendment of the Citizenship Act as amended by Parliament came into effect on the 1 January 2013. The Act will add to our efforts which are aimed at securing the National Population Register.

With this Act we have sought to clarify the existing law which was sometimes misinterpreted and have affirmed that any person who applies for naturalisation an must have been resident in the Republic for a continuous period of five years after having been granted permanent resident status. In effect this means that a person may only apply for naturalised status if they have been living in the country for ten years or longer.

We have also now introduced the principle of reciprocity regarding dual citizenship. This means that dual citizenship will now only be permitted if the country of origin of the applicant allows dual citizenship and if not; the applicant will have to renounce such citizenship prior to acquiring South African citizenship.

This year the department was able to successfully defend 23 out of 29 court applications. These consisted of immigration, labour and civil claims. That equates to a 79% success rate.

At the same time the department can report that it has successfully implemented measures to ensure that we reduce the risk of possible claims against the department arising from contractual disputes.

In conclusion let me thank the Minister for her unwavering support and guidance the DG, and DDG's and all of the officials of the department most of whom are unsung heroes of our country who go to work every day and do their very best for the people of this country.

Issued by: Department of Home Affairs

9 May 2013

# Address by Naledi Pandor, MP, Minister of Home Affairs, introducing the Home Affairs budget vote debate in the NCOP

28 May 2013

Chairperson,

Chairperson of the Select Committee on Social Services Mrs RN Rasmeni MP,

National Council of Provinces MPs,

Deputy Minister of Home Affairs Fatima Chohan, MP.

Last weekend, under the theme Pan-Africanism and African Renaissance, the African Union and member states marked the 50th anniversary of the founding of the Organisation of African Unity (OAU). Many will recall the words of Kwame Nkrumah of Ghana in a famous speech he gave on the founding of the OAU in Addis Ababa on 25 May 1963.

He said: "unite we must. Without necessarily sacrificing our sovereignties, big or small, we can here and now forge a political union based on defence, foreign affairs and diplomacy, and a common citizenship, an African currency, an African monetary zone and an African central bank."

Fifty years on, the unification of Africa remains a visionary ideal. It has proved immensely difficult to form an effective political union let alone one bound together by trade and investment. Most African exports go to markets in OECD countries; only 10% go to other African countries. So there is much work to do in the free movement of goods, and the free movement of people.

Twelve years ago the OAU became the African Union and it has played a key role in reshaping what was pejoratively called the 'hopeless continent' into a continent that is now full of hope for the future.

One of the areas in which we must build hope is that of recognising that we are one people in Africa, divided by colonialism and apartheid yet ready to be united as one powerful continent in seeking peace and development.

South Africa was reviewed by the ARPM and was (report released in January 2011) found wanting on its policies and actions taken to prevent xenophobia. Home Affairs established a counter-xenophobia unit (as required by the Immigration Act) and a communications programme. We are working with UNHRCR, the EU and some NGOs on developing a programme to build unity and peace in diverse communities. I think we need to strengthen our interventions and move with speed to reach out to communities.

As I speak, five years to the month after the outbreak of anti-foreigner violence that left 62 dead and thousands displaced and damage running into millions of Rand, there are signs that more needs to be done given recent violence in parts of Gauteng. The violence against vulnerable African foreigners is totally unacceptable and must be rejected by all peace loving South Africans.

Home Affairs has a role to play in building tolerance and peaceful communities. There are actions that we can and must take. We need to conduct sustained campaigns for building peaceful and diverse communities, as mandated by law (Immigration Act). In addition we have in place stakeholder forums across the country, primarily to promote issues to do with citizenship. These forums can play a role in promoting harmony between citizen and foreigner and in shaping a more tolerant climate in our communities.

We need, as the National Development Plan directs, "to adopt a much more progressive migration policy in relation to skilled and unskilled migrants. Immigrant workers can make a substantial contribution to economic growth and job creation. However, the threat of xenophobia could destabilise communities. In this regard, effective planning for migration and urbanisation is important."

# The National Population Register

One of our top priorities in Home Affairs is to create a secure trustworthy national population register. Our first step is to register the birth of every citizen on the National Population Register (NPR). Our second step is to issue 16-year-olds with an ID and add their fingerprints to the Home Affairs National Identification System (HANIS). We record any change in a citizen's status - through marriage or death - on the NPR. Our third step is to protect the Register against fraud or corruption.

Under apartheid officials often neglected to register the births of Africans and this neglect unfortunately continues

to this day in communities that are remote or marginalised. So we established a late registration of birth process to provide these citizens the opportunity to register and acquire enabling documents.

Our one objective is to reach those citizens whose births were unregistered and those with birth certificates who had never applied for an ID. Another objective is to inform and mobilise South Africans about the importance of the Register, the early registration of birth and the fight against corruption over fraudulent birth, death and marriage registration.

National and international syndicates working with corrupt officials seriously compromise the Register by selling and duplicating identities. We have recently suspended 9 officials in the Eastern Cape for corrupt practices related to acquisition of permits and identity documents.

As part of our campaign strategy we have launched more than 250 stakeholder forums covering the majority of district municipalities and metros. The stakeholder forums identify needs and the needy; support and monitor the department and hold us accountable.

Stakeholder forums are strictly non-partisan and focused on service delivery. They work with the support of the three tiers of government and all political parties. The enthusiasm with which communities and their representatives have embraced the work of the forums is humbling and inspiring.

Another key aspect of the strategy was to develop close cooperation between Home Affairs and relevant government departments, such as Education, Health, Social Development and SAPS. This drew on the positive example of this type of cooperation during the successful hosting of the 2010 FIFA Soccer World Cup. The support of government at all levels has also been crucial.

The support of members of the NCOP and stakeholder forums is critical. We continue to draw inspiration from the support of members of this house in assisting the department to rid our country of the legacy of late registration of births. It is my proposal that we should end late registration by 2015.

In the 2012/13 financial year, Home Affairs registered 602,530 births within 30 days of delivery. This was made possible by the steady expansion of our national footprint that reaches into the most rural and far flung areas through the use of 389 provincial and district offices and 117 mobile offices. In addition, we have connected 347 heath care facilities across the country of which 85 hospitals in various provinces were connected in the previous financial year.

According to the 2013 mid-term population estimates there were 1,095,669 births in 2012 (not the financial year). So that suggests that 6 out every 10 births were registered in our target period.

In the 2012/13 financial year, Home Affairs issued 1,039,862 identity documents to first time applicants. We will continue to work with all relevant stakeholders to mobilise our youth to apply for identity documents.

Home Affairs remains concerned at the problem of duplicate identity documents. We have publicised in all print media and in all provinces a list of over 49,000 people affected by duplicate IDs to come forward to the department for assistance. Yet few of those listed as affected by duplicate IDs came forward. We cannot continue with this legacy. We intend invalidating all duplicate IDs by December this year. Those affected can approach us between now and December for assistance

The ID smart card will be issued from July 2013

The Home Affairs IT Modernisation Programme is currently underway. It will radically improve service delivery levels to citizens, government and the private sector. This programme will introduce a paperless environment within the department as well as live data capture, e-visa and permitting, the Trusted Traveller Programme, the Enhanced Electronic Movement Control System, the National Identification System (NIS) with biometric features, and the smart ID card.

Between July and September this year Home Affairs will introduce the phased roll out of the smart ID card in 27 regional Home Affairs offices with live capture capacity across the country. The first issue of ID smartcards will be free of charge and thereafter it will cost R140, the price of the current green book. We will replace 6 million a year or 500,000 a month.

That means that the smartcard machines will produce 3,000 per hour, or 24,000 in an 8 hour day, or 480,000 per

month. This rate of production can be increased in future years if required by adding a second 8 hour daily shift to bring production to 960,000 per month or nearly 12 million cards per annum.

## Immigration policy review

Another of our top priorities is the effective management of immigration. We will pay close attention to key aspects of immigration. Critical challenges include asylum seekers and refugees; attracting international migrants with scarce skills; and dealing with flows of Southern African Development Community (SADC) migrants with lower level skills who currently work illegally or are abusing the asylum seeker process.

Our overarching concern is to manage immigration in support of development priorities while not compromising our sovereignty or security. We want every citizen, including every official, to welcome immigrants and at the same time to be vigilant in regard to national security and the corruption that undermines it. Immigration is a growing human activity that enriches and develops nations and regions such as SADC.

However, citizens must also understand that the protection of our sovereignty, our state and our society is paramount and immigration that is not effectively managed brings serious risks, including that of social instability.

To realise the benefits of immigration while minimising its risks requires that South Africa must put in place the laws, systems, processes and people that are needed to manage immigration effectively. Such an approach requires the active and coordinated participation of many departments and civil society partners.

# Asylum seekers and refugees

We are working through a number of issues to do with asylum seekers and refugees. First, I want to say a few words about the issue of risk assessment. We allow asylum seekers to enter SA without determining their identity or making any assessment of possible risks and threats. The current admission approach is based on mere compliance when it should be based on a well-informed assessment of risk.

This is not what happens in other countries. For example, if an asylum seeker enters Germany by air, his or her application is processed within the airport's transit area. We don't do this. We are working on a strategy to allow us to carry out early security and identity screening processes.

Second, the vexed issue of the determination of asylum and the location of refugee reception centres. At the moment reception offices are not at ports of entry but in urban centres. They were located there, because it was thought that only genuine asylum seekers would come to SA at the time the Refugees Act was passed some twelve years ago. That's not what happened and our asylum system has been overrun by a mixture of economic migrants, and smuggled and trafficked victims.

In other countries UNHCR and other stakeholders play an active role during the refugee status determination phase. We are looking to develop practices to allow the UNHCR to play a greater role in our asylum management processes. It is our intention to initiate studies on migration so that we have a more informed data based perspective on these matters to support future amendments and policy development.

Third and last, we are considering the introduction of a SADCC quota of permits for economic migrants. We think a more effective means of distinguishing from job-seekers and economic migrants.

The current permitting regime (policy, legislation and strategy) does not enable the regulation and management of work-seekers from the SADC region in spite of actual and historical labour flows. As a result these work-seekers are abusing the asylum seeker system. A SADC work-seeker permit will be carefully matched against adequate protection for South Africans.

Any permits issued will also be conditional upon bilateral agreements reached with each SADC country that participates. Such agreements should be in support of national and regional development; strengthening immigration systems, and jointly developing measures to strengthen security, and curb irregular migration.

To achieve the objectives I have outlined to this house our budget for the 2013/14 financial year has been set at R6,7 billion that will be utilised as follows:

• Departmental programmes receive R4, 8 billion of which R 1,8 billion is allocated to our provinces.

- The Film and Publication Board receives R82 million.
- The Electoral Commission receives R1, 6 billion.
- The Government Printing Works receives R134 million

In conclusion, may I take this opportunity to extend my gratitude to Deputy Minister Fatima Chohan, the Director-General and senior management of the department for their support.

Issued by: Department of Home Affairs

28 May 2013

# Vote 5: International Relations and Cooperation

# Budget Vote Speech by Minister of International Relations and Cooperation, H.E. Ms Maite Nkoana-Mashabane, at the National Assembly, Cape Town

30 May 2013

Honourable Speaker

Honourable Members

Your Excellencies Ambassadors, High Commissioners and Representatives of International Organizations;

Distinguished guests;

Ladies and gentlemen;

Fellow South Africans;

Comrades and Friends,

A few days ago, President Jacob Zuma was in Addis Ababa, Ethiopia, for the 50th anniversary celebrations of the Organisation of African Unity/African Union (OAU/AU) – our Pan-African organization founded in 1963 for promoting our unity in diversity, strengthening our solidarity, and building on our common history and shared values.

Kwame Nkrumah captured this vision in his address to the inaugural meeting of the OAU when he said: "Our objective is African union now. There is no time to waste. We must unite now or perish".

Indeed, we have not perished – today we are a continent on the rise. We pay tribute to our forbearers for their foresight that gave our continent the OAU and its successor, the AU.

# Honorable Speaker,

Next year will be twenty years since as a nation we began our journey in 1994 towards a better South Africa in a better Africa and a better world.

During the negotiations, we spelt out our transformation agenda in our May 1992 document rightly entitled Ready to Govern: ANC Policy Guidelines for a Democratic South Africa which set four foreign policy goals for the post-apartheid dispensation, namely:

- The transformation of our foreign policy with the view to democratizing our international political and economic relations for peace and friendship;
- Our integration as a full member of the international community;
- To develop a foreign policy that will promote regional cooperation, peace and security; and
- To establish a professional foreign service in which training, employment equity and affirmative action will be important components for the attainment of high standards of service.

Soon after the 1994 elections, we elaborated these ideas further in a document we called Foreign Policy Perspective in a Democratic South Africa which provided additional details of the foreign policy that the new government was going to pursue.

All these unfolded in an era of the transition from the end of the Cold War to a new world order which many thought would be dominated by a triad made up of North America, the European Economic bloc, and Japan.

In just nineteen years we reset South Africa's international relations that were constructed and developed during 400 years of exclusion, colonialism and apartheid. Today, the goals we set for ourselves when we began this journey have been achieved:

- Our country is no longer a pariah state but a valued and respected member of the international community;
- We have a dynamic, independent foreign policy that speaks to our domestic priorities, which is supported by a professional foreign service;
- We expanded our global footprint from 34 to 126 Missions across all continents and time zones;
- Our international trade surged, creating millions of jobs; and tourist arrivals continue to grow year after year;
- Our African Agenda has placed our continent at the center of our foreign policy;
- Our relations with countries of the South are firmly grounded on shared interests and common challenges;

- Our partnership with countries of the North is based on mutual respect and cooperation;
- We are active in the multilateral system for the transformation of the global governance architecture;
- Our economic diplomacy promotes South Africa's broad economic objectives globally; and
- We are considered globally a member of what has become known as "emerging powers".

In the next year and beyond, DIRCO will lead a coordinated campaign, through the footprint we have established, to diversify and consolidate our international relations. The budget we present to you today (Honourable Members) is about availing more resources so that DIRCO can power ahead into new frontiers of cooperation, contributing towards the eradication of poverty, inequality and unemployment. The proposed figures are attributable to our reality of operating in an international environment.

### Honorable Members,

Our journey since 1994 whose achievements are widely recognized has been through small but yet giant steps that we take, working together with our people. This Administration is one such giant step.

In 2009, this Administration made a number of foreign policy commitments to the people of this country in the context of the five priorities of creating decent work and sustainable livelihoods, while focusing on education, health, crime, and rural development. This was done with an understanding that the cornerstone of our foreign policy lies in our domestic interests. We stand before you today to affirm that these commitments we made in 2009 have been fulfilled. We therefore wish to thank all who responded to our call that working together, we can do more.

### Honourable Speaker,

Our relations with our neighbours are in good shape, thanks to our bilateral mechanisms as well as the integration objectives of the Southern African Development Community (SADC) and Southern African Customs Union (SACU).

Bilaterally, we continue to work for strong diplomatic and economic ties with countries of our region; and our Bi-National and Joint Commissions, including continuous exchange of high-level visits, have all been instrumental in this regard.

We stand for a strong SADC as an integrated community in various domains that is supported by an effective Secretariat.

SADC has taken a lead in working for peace and stability in our region, and our contribution in this regard has been through preventive diplomacy and mediation; our membership of the Organ on Politics, Defence and Security; and through regional peacekeeping efforts.

As a member of the SADC Organ Troika, we have urged the leaders in Madagascar to put their country first and act in accordance with the letter and spirit of the roadmap that they themselves have committed to in order to ensure a credible election with an acceptable outcome.

We remain seized with the process of assisting the parties in Zimbabwe to implement the Global Political Agreement and the Roadmap to elections in the context of the SADC mediation framework.

We welcome the proposal for an Intervention Brigade as a realistic option to bring security normalcy to the eastern DRC. SADC's leadership has set a good example by deploying its brigade as part of this intervention force. Our government condemns in no uncertain terms attacks on civilians, humanitarian actors, and MONUSCO peacekeepers.

These excellent relations we have with our neighbours extend to all regions of our continent.

During his recent State Visit to our country, Nigerian President Goodluck Jonathan emphasised the value to Africa and the importance of a strong working relationship between South Africa and Nigeria.

We remain concerned with the peace and security situation on our continent. The stabilisation of the Great Lakes Region, Central Africa, North Africa as well as parts of West Africa and the Horn of Africa – requires urgent attention if we are to consolidate the gains we have made in recent years to restore peace to Africa. We are therefore in full support of peace initiatives in the DRC, the CAR, Mali, Guinea Bissau, Somalia, and between

South Sudan and Sudan. Libya, Tunisia and Egypt need all of us as they transit towards a new socio-economic and political dispensation. We firmly support the ongoing constitutional processes in these countries and are indeed ready to revitalize our structural bilateral consultation mechanisms with them.

The humanitarian assistance we provide is an act of solidarity with sisterly countries in need.

We have for many years been seized with the issue of the status of Western Sahara. It remains our firm commitment to continue supporting all efforts aimed at achieving a just, lasting and mutually acceptable political solution in that country. The self-determination of the people of Western Sahara is essential.

# Honourable Speaker

The primary objective of the OAU was to achieve a better life for the people of Africa, eradicating all forms of colonialism, and defending their sovereignty, territorial integrity and independence.

We must therefore recall to memory the contribution made by the Conference of All Independent African States and the All African People Conference (AAPC) to the birth of the OAU, because it was these two conferences that led the way and shaped the ideas that are associated with the OAU today.

The AAP Conference, which met for the first time in December 1958 in Accra, Ghana, was a gathering of anticolonial movements fighting for freedom, along with the few independent African states under the clarion call "Hands Off Africa!". While the ANC could not attend this conference because of restrictions imposed on it by the apartheid regime, it was nonetheless represented by one of its leaders who was resident in Ghana, a former Treason Trialist, Comrade Alfred 'Tough' Hutchinson. He read the ANC's message to delegates which I wish to quote:

We ... welcome the convening of the Conference and wholeheartedly congratulate its organisers. We should like particularly to place on record the deep appreciation of the oppressed people of South Africa of the fact that those who have already achieved their freedom and independence have not forgotten their duties and responsibilities to those who are still in chains, and to the sacred cause of African freedom and independence. (Close quote)

This history is important not only because of the background it gives to the origins and outlook of the OAU, but also to demonstrate that South Africans were not bystanders in the evolution of the OAU. Indeed, the ANC participated in the inaugural meeting of the OAU in 1963 and continued as a member through the Liberation Committee which was established for the execution of the OAU's objective of decolonization.

As such, a series of national activities are envisaged for our own celebration of the Golden Jubilee of the OAU/AU under the theme: "Pan Africanism and the Renaissance". A special sitting of this House is to convene so that our Parliament can also pronounce itself on this important Pan-African event.

The celebration of the Golden Jubilee of our Union is the beginning of another voyage towards the centenary of the continental body in 2063.

Today, Africa is different from what it was fifty years ago. Not only is the decolonisation process almost complete, but significant progress has also been achieved towards African unity. Our continental Peace and Security Architecture, the NEPAD, and the African Peer Review Mechanism (APRM) – are all among the concrete steps we have taken to find African solutions to our challenges of peace, development and democracy.

South Africa's contribution to this Pan-African endeavor is the reason our country is respected on the continent and globally. Our role during the transition from the OAU to the AU, in the establishment of NEPAD and the APRM, as a member of the AU Peace and Security Council, as well as our commitment to the AU Commission and other organs of our Union – are all informed by our belief that a better Africa is possible, and in our lifetime.

# Honourable Speaker

Building strong South-South relations is another leg on which our foreign policy stands. We do this through:

- Establishing good bilateral relations with countries of the South;
- Developing a focused strategy and approach for engagement with the "emerging powers" of the South; and
- Participating in mini-lateral bodies of countries of the South such as the Non-Aligned Movement for the pursuit of the interests of developing countries in the global system.

In this regard, our government is inspired by the outcomes of recent BRICS Summit as contained in the eThekwini Declaration and eThekwini Action Plan.

The IBSA (India, Brazil, South Africa) Trilateral Agreement celebrates its 10th anniversary this year; and we will use this to reflect on the milestones and long-term future of this formation.

What makes our South-South engagement strategy so effective is the fact that it is rooted on strong bilateral relations.

Our relations with the countries of Asia continue to strengthen at a pace that necessitates a greater focus to the East. Africa and Asia share a complimentary outlook for the future.

China and India are not only strategic bilaterally, but are also partners through the BRICS and IBSA. Furthermore, their partnership engagements with Africa resonate with our African Agenda.

With regards to the Forum on China–Africa Cooperation (FOCAC), you would recall that South Africa assumed the co-chairship in June 2012 in Beijing. We remain committed to work together with China over the next six years to ensure the implementation of the 5th FOCAC Beijing Action Plan (2013-2015).

The Gulf region is equally important as a political player in global affairs as well as a source of foreign direct investments (FDIs) and destination for our exports.

However, peace in the Middle East remains elusive despite the various efforts to bring some respite to the almost daily toll of human life and shattered livelihoods of people. The view that the conflicts in the Middle East constitute a risk for international peace and security is not far-fetched. It is for this reason that we will continue to direct our efforts in contributing to the peaceful resolution of the conflicts in Palestine, Syria and other areas of conflict in that region.

As president Zuma said in his State of Nation Address: "We stand with the people of Palestine as they strive to turn a new leaf in their struggle for their right to self-determination; hence we supported their bid for statehood. The expansion of Israeli settlements into Palestinian territories is a serious stumbling block to the resolution of the conflict".

Our relations with Latin America and the Caribbean region are also underpinned by shared South-South values and goals. This partnership is indeed strengthened by the presence of a large African Diaspora in the region. We are committed to the expeditious implementation of the Five Legacy Projects of the AU Diaspora Summit we hosted last year.

### Honourable Members

We have good bilateral relations with countries of the North.Our strategic political dialogue with the United States of America continues to positively impact our bilateral relations. The US remains our major trade, investment, tourism and technology partner.

Europe remains South Africa's main trading partner, source of investment and valuable supplier of cutting-edge technology and capacity-building. Our partnership with the European Union serves as a platform for political dialogue and the expansion of our economic ties.

We are looking forward to participate at the Tokyo International Conference on African Development (TICAD) V Summit to be held in Yokohama, Japan, from 1-3 June 2013.

### Honourable Members;

Our country attaches great importance to promoting multilateralism. Since re-entering the world stage in 1994, South Africa has taken up many international positions of responsibility, often the task was daunting, but through the innovative hard work and dedication of our people, we have consistently recorded resounding successes. Today we are an influential global player.

We have sought to utilise our various memberships in the international fora to promote our national interests and advance the African Agenda.

The United Nations remains one single fora where nations of the world converge under one roof to discuss issues of common interest. South Africa's election to the UN Peace Building Commission, following directly on our UN Security Council membership, is testament to our continued commitment to global peace and security. It also coincides with our membership of the Economic and Social Council (ECOSOC), which is the principal coordinating body for economic and social matters within the UN system.

Building on G20 reforms of the international financial architecture and the Bretton Woods institutions, we should intensify our advocacy and diplomatic work on the transformation of the global governance system. The expansion of the UN Security Council in the permanent and non permanent category should be a priority.

South Africa has continued to play an active international role in numerous multilateral disarmament and non-proliferation meetings, because this is important to our agenda for the creation of a peaceful and prosperous century.

The next three years will also be critical in setting the post-2015 agenda for the international partnership for development.

#### Honourable Members

This journey to freedom, as our icon Madiba taught us, is but a long walk. Every good step we take is just the beginning of a better one. Some priorities should therefore preoccupy our approach into the future.

We have initiated implementation modalities on the National Development Plan. One of these is on South Africa's national interests with the view to elaborating a policy and strategy in a manner that balances our domestic priorities with equally important imperatives of cooperation and partnership as well as Pan Africanism and South-South solidarity.

The African Agenda must be consolidated. The AU continues to be the primary vehicle that carries the hopes and aspirations of all Africans. As we look to the future, as South Africa, we embrace Vision 2063 of the AU which is encapsulated in the 50th Anniversary Declaration adopted recently at the conclusion of the Golden Jubilee celebrations. This Vision contains priorities that form the pillars of the tasks bestowed on us by history in our march to the next 50 years of our Union in 2063.

The achievements of decolonisation must entail self-reliance and true socio-economic emancipation.

The success of NEPAD's Presidential infrastructure initiative that we champion and the AU's Programme for Infrastructure Development in Africa (PIDA) is essential not only to our integration agenda, but specifically for the realisation of the Continental Free Trade Area.

The current trend of gaining political power unconstitutionally has to be halted. In this regard, the decision taken by the recent AU Summit, at the initiative of South Africa on the urgent establishment of the African Capacity for Immediate Response to Crises is historic, and indeed a leap towards the operationalisation of the African Standby Force.

Elections should not be a source of dispute and political instability but a democratic path through which the people decide peacefully on who should govern them as stipulated in the AU Charter on Democracy, Elections and Governance.

# Honorable Members;

We are glad to announce that the administrative requirements for the establishment of the South African Development Partnership Agency have now been completed. The Proclamation was signed by President Zuma and the Agency will soon become operational. Shortly, we expect to table a Bill in Parliament for the creation of the Partnership Fund for Development. This Fund will replace the African Renaissance and International Cooperation Fund and provides the mechanism for the funding of development cooperation programmes administered through the Agency.

The establishment of the South African Council on International Relations (SACOIR) is also in the final stages.

DIRCO has made strides to improve on our human resource capacity by filling some of the key positions which were vacant. Organizational development remains at the heart of a well functioning organization.

Our Department took heed to a Presidential call for job creation. Since 2005, DIRCO placed unemployed youth on Cadet, Learnership and Internship programmes through which we continue to contribute towards job creation initiatives. Today, beneficiaries of the Cadet programme, Ms M Letlala, Ms NP Malekane and Ms NS Msimang are here as my special guests. I am also pleased to be joined by 20 scholars from three schools in Cape Town, that is, Langa High School, Zonnebloem Nest Senior Secondary School and Beauvallon Secondary School who are here as part of the DIRCO's "Take-a-Girl and Boy-Child to Work Day".

We remain committed in our efforts to further respond to another Presidential call to prioritize "communication and marketing" in our work. We continued to strengthen our Public Diplomacy mandate through informative public participation platforms to enhance communication between government and public. We believe that the establishment of our internet based radio station "UBUNTU Radio" will further enhance and strengthen our desire to reach out to our national and international partners with ease.

### Honorable Speaker and Members,

The foreign policy goals we set for ourselves when we began this journey in 1994 have been achieved. We have now reached a turning point where we have to marshal our forces in order to remain among the top economies of the world of today and the future. We are ready for this task. History defines destiny, not only in humans, but also amongst states. We are stronger and more determined for the long walk in this journey to a better South Africa in a better Africa and a better world.

As we say in anthem of the Africa Union: Let us all unite and toil together To give the best we have to Africa The cradle of mankind and fount of culture Our pride and hope at break of dawn.

I thank you!

Issued by: <u>Department of International Relations and Cooperation</u> 30 May 2013

# Budget Vote speech by the Deputy Minister of International Relations and Cooperation, Mr Ebrahim I Ebrahim, to the National Assembly, Cape Town

30 May 2013

Honourable Speaker;

Honourable Minister Maite Nkoana-Mashabane:

Ministers and Deputy Ministers present;

Honourable Deputy Minister Marius Fransman;

The Chairperson and Members of the Portfolio Committee on International Relations and Cooperation;

Honourable Members of Parliament;

Your Excellencies, Ambassadors, and High Commissioners;

Representatives of International Organisations;

Invited guests;

Ladies and gentlemen,

Our foreign policy of Ubuntu expresses the desire for others to also have what we want for ourselves. South Africa's foreign policy, like that of any other state, is a projection of our domestic imperatives. Through our foreign policy, we project South Africa's vast opportunities as an investment destination of choice, as a world-class tourist destination, and as an exporter of quality goods and services.

Indeed, this is what we do on a daily basis through all our Missions abroad, through our high-level visits, diplomatic interactions and the various channels of mass communication. A recent study released by Brand SA affirms that South Africa ranks very favourably, especially with regard to financial infrastructure, competitiveness, governance and human development in comparison to global and emerging market competitors. These findings were compiled from data sourced from the World Bank, the United Nations Development Programme, the World Economic Forum and the Ibrahim Index of African Governance, among others.

# Honourable Members;

It is in our national interest that we continue to champion the promotion of human rights in our country, Africa and the world.

The major hallmarks of our human rights agenda are most visible in the conduct of our foreign policy strategies, particularly, in our efforts to strengthening the African Agenda. Our involvement in peacekeeping missions in Africa finds expression in our key foreign policy strategy on Africa. We are inspired by the belief that the promotion of human rights is essential for development and prosperity of any nation in the world.

It is not surprising that South Africa is increasingly called upon to share its experiences and to play an active role in mediating between conflicting parties, in assisting with post-conflict reconstruction and development efforts by those countries emerging from conflict, and to assist others in developing their own mechanisms for reconciliation and nation-building.

We have demonstrated our commitment to continue monitoring the on-going political transitional processes in Egypt, Libya and Tunisia. We have offered our assistance and experiences to the transitional governments and political role players in these countries, particularly in the drafting of their respective constitutions and in the reconciliation process.

We must also emphasise that, for Libya in particular, we have made an undertaking to share our experience with the formation of a National Defence Force as well as the establishment of an institution similar to our Truth and Reconciliation Commission. We will be firming up this commitment in the near future.

We have been actively involved with the Government of Sri Lanka. Our approach has also taken into account the important role of civil society, non-governmental organisations and other relevant stakeholders. The idea behind our involvement is to help the people of Sri Lanka in dealing with the aftermath of the civil war that took place in 2009. I have personally visited Sri Lanka to engage at various forums, mainly about our own experiences. Similarly, I also had an opportunity to engage with a number of delegations visiting our shores from Sri Lanka on the same issues. We will continue our efforts to share the message of hope and peace with the people and the Government of Sri Lanka.

Such countries are constantly reminded of the importance of strengthening economic ties, which in turn ensures that the transition to peace is accompanied by visible and growing prosperity among all sectors of society.

Our message is therefore consistent throughout – the importance of establishing inclusive dialogue, the importance of justice, democracy, the rule of law and a legitimate Constitution as a basis for peaceful co-existence.

# Honourable Chairperson:

As the Minister has already indicated, Asia remains a strategic continent for South Africa, and our political and economic relations continue to strengthen.

The importance of some of the countries notably China, Japan, India and South Korea as foreign direct investors in our country could not be overemphasised. The region's importance for South Africa is underscored by the fact that Asia is the fastest-growing region in the world, followed by Africa. Although trade between South Africa and these countries is growing, the skewed trade in their favour requires sharp focus.

The South African Government will continue to strengthen its engagements with all its key partners, including Nepal, Bangladesh, Thailand, Vietnam and the Philippines.

# Honourable Members;

Another important structure that defines our milestones is the South Africa-China Strategic Dialogue. This is an important platform where we engage on issues of common interest and mutual benefit. At its fifth session, which took place in November 2012, the establishment of the Joint Working Group on South Africa-China Cooperation featured prominently. It was also during this session that the Chinese Government offered a total of 200 scholarships to the Government of South Africa. We must take advantage of this opportunity.

Our relations with Japan remain solid. We continue to enjoy cordial bilateral relations with this part of Asia, through our Strategic Cooperation Partnership. In March this year, I had an opportunity to co-chair the 12th South-Africa-Japan Partnership Forum meeting, which was an important milestone in the evolution of our bilateral relations, focusing on the official development assistance from Japan to South Africa, and the upcoming Fifth Tokyo International Conference on African Development (TICAD V).

Our relations with South Korea are sound, particularly in the fields of trade, information and communications technology and water management.

# Honourable Chairperson;

Our engagements with Central Asia, specifically, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan are gaining momentum. Towards the end of this year, we expect to welcome President Nursultan Nazarbayev of Kazakhstan in South Africa. We are looking forward to a stimulating dialogue on issues of common interest.

We are also making economic strides in neighbouring Uzbekistan. SASOL has established a permanent presence in this country, and will partner with the Uzbek Government in the production of liquid fuel from gas.

# Honourable Members;

The deteriorating military and humanitarian situation in Syria and the resultant number of fatalities, internally displaced people and refugees continues to increase. South Africa has condemned the on-going violence perpetrated both by the Government of Syria and the atrocities committed by rebel and sectarian groups. South Africa is convinced that there can be no military solution to the crisis and urges all parties to immediately put an end to the violence, to start engaging in dialogue, and reach an agreement on a political transition based on the Geneva Communiqué of June 2012.

The granting of Observer Status to Palestine by the United Nations (UN) General Assembly last November was a significant turning point in the struggle for Palestinian statehood. We again urge all parties in the Palestine/Israeli conflict to enter into genuine negotiation, to create an independent Palestinian State, based on the 1967 borders with East Jerusalem as its capital.

Likewise, we continue to support the right to self-determination of the Saharawi people.

The Republic of Iraq remains an important country for South Africa. We are guided by our shared common history of a struggle for independence and self- determination. We have already welcomed and hosted the Minister of Trade of the Republic of Iraq to our shores in November 2012, and an agreement on economic and technical cooperation between the two countries was signed.

Although the Islamic Republic of Iran finds itself in a difficult position internationally, our government is of the view that we should continue to maintain good relations with this country. At the invitation of Dr Hossein Abdollahian, Deputy Iranian Foreign Minister for African and Arab Affairs, I paid a visit to Iran in April 2013. One of the objectives of my visit was to encourage his government to take the necessary steps to seek consensus with the UN and its agencies on its nuclear programme.

#### Honourable Members:

India, Brazil, South Africa (IBSA) and Brazil, Russia, India, China and South Africa (BRICS) are both strategic platforms, which allow for South-South politico-economic cooperation to strengthen and counteract the global balance of forces.

# Ladies and gentlemen;

Moving closer to the prospects that the Indian Ocean Rim holds for our development, it must be emphasised that this formation has attracted the quest for influence and hegemony in the geo-strategic context, driven by global competition for natural resources and market share. A clear strategy to engage this formation is therefore necessary for our own economic development.

In the immediate neighbourhood, these include countries such as India, which is projected to rank third-largest in the global economy by 2050.

The need to leverage this agglomeration of key economic anchor countries is in congruence with South Africa's domestic priorities, namely economic growth, job creation and skills development, as well as the regional and continental integration agendas.

Clearly, South Africa's foreign policy continues to evolve and respond to the dynamics of the ever-changing global politics.

We will therefore continue to work effectively to advance our national interests through our foreign policy engagements.

I thank you.

Issued by: <u>Department of International Relations and Cooperation</u> 30 May 2013

# Budget Vote Speech by the Deputy Minister of International Relations and Cooperation, Mr Marius Fransman, to the National Assembly, Cape Town

30 May 2013

Honourable Speaker,

Honourable Minister Maite Nkoana-Mashabane and other Ministers with us today,

Honourable Deputy Minister Ebrahim Ebrahim,

The Chairperson and members of the Portfolio Committee on International Relations and Cooperation,

Honourable Members of Parliament.

Your Excellencies Ambassadors,

High Commissioners,

Representatives of International Organisations

Invited guests,

Ladies and gentlemen.

As our foreign policy approaches its 20th anniversary next year, it is critical that we fully assess the progress made in respect of our international relations agenda. It is appropriate that we evaluate the impact of our engagements against the agenda we have placed before us. In her address, our Minister did justice to that.

# Honourable Chairperson,

Today, South Africa is a better place than it was 19 years ago. Our promise to create a better life for all our people is beginning to see the light of day. Changing the quality of the lives of our people has been our vision for the past 19 years. Creating more employment, reducing the levels of poverty and unemployment was and still is the cornerstone of our democracy and reason for our foreign policy.

When the African National Congress took over the reins of government in 1994, our new government was faced with multiple challenges of transformation. Today, this country has been transformed in every sphere. Today, our international relations engagements have elevated our country from a pariah state to a great nation we can all be proud of.

We have opened up economic opportunities for our people, integrated our land into the global village and played no small role in bringing peace and stability to our continent. But we also recognise the challenges that still lie ahead.

From increased levels of education, access to water, electricity, sanitation and housing, to a visionary foreign policy that is premised upon the principle that our economic prosperity as a country is intrinsically linked to the prosperity of the rest of Africa.

Over the past 19 years, we have promoted relations with strategic partners, and build formidable partnerships with like-minded states, we developed and implemented a foreign policy agenda that is founded on the principle that there can be no development and prosperity in Africa without peace and no peace and prosperity in Africa without development.

We have played our role in preventing and mediating conflicts across our continent, we have committed our resources to post-reconstruction and development on our continent. We have developed and implemented an independent and robust multilateral architecture in favour of the developing world.

We have successfully designed and implemented a foreign policy based on the principles of Ubuntu, human rights, human development and international solidarity with the developing world. Today, we can confidently say that we have made progress. Africa today is a far more peaceful (albeit the challenges) continent than it was two decades ago. In brief, this is what this great nation has achieved in the past 19 years.

# Honourable Members,

The year 2013 marks the penultimate year before our country celebrates the 20th anniversary of our freedom in 2014. This year also marks the 20th anniversary of the deaths of two of South Africa's greatest patriots, democrats and diplomats – Comrades OR Tambo and Chris Hani.

It is also the 25th anniversary of the death of another great patriot, diplomat and protégé of OR Tambo – Comrade

Dulcie September. It is therefore important that as we forge ahead in the implementation of our foreign policy agenda, we dedicate our achievements to these great citizens of our country.

## Honourable Speaker,

The extent to which we can succeed in advancing our foreign policy is directly dependent upon the support and mandate we receive from the masses. It is common course that our foreign policy initiatives have historically been perceived as a terrain which is far removed from our communities.

This is a perception we have to dispel among our people. It is for this reason that the Public Participation Programme under the leadership of our President, and approved by Cabinet in 2010, has been fully utilised by the Department of International Relations and Cooperation (DIRCO) to debunk these misconceptions and ensure that our people are fully involved in the development and implementation of our foreign policy agenda.

We have used this space to reinforce accountability to citizens and robustly engage with them in respect of policy priorities through continuous public participation events. We have in the past three years travelled the length and breadth of this country. We have engaged and interacted with the citizens through structured meetings.

We have shared and debated our foreign policy trajectory with students, business, the elderly, our youth, non-governmental organisations and community-based organisations across all spectrums of society. We have had focussed sectoral meetings and outreach programmes with different sectors in preparation for our hosting of COP17/CMP7, the Global African Diaspora Summit and recently the Fifth Brazil, Russia, India, China and South Africa (BRICS) Summit, among others.

This community and civil society engagements have brought us closer to the citizens – helping us to not only communicate our work, but to also amend and formulate international relations policy to benefit our people.

# Honourable Chairperson,

This year, we intend to continue in engaging and prioritising our work with the youth, women and the unemployed citizens through outreach programmes. Just yesterday, I had a community outreach programme where I addressed the people of Cape Town about the 50th anniversary of the Organisation of African Unity/African Union (OAU/AU), outcomes of the recently concluded AU Summit as well as plans for the year-long celebrations of this anniversary.

This year, we also intend establishing BRICS community chapters which will form the basis for community empowerment by our BRICS countries within local communities. This initiative will give impetus to BRICS commitments at local, provincial and national levels.

We have also succeeded in applying similar community-based structured engagements within the Saldanha Industrial Development Zone precinct. We will, therefore, continue utilising the latest social media platforms to further enhance our approach to outreach programmes.

# Honourable Chairperson,

The promotion of peace, democracy and justice on the continent comes at a cost. Our Minister has just announced the progress made thus far regarding the establishment of the South African Partnership Development Agency. Indeed, the signing of this proclamation is one more step in the right direction towards accelerating the establishment of the agency to assist the Government in pursuit of its vision of international solidarity, and a better Africa through mutual assistance as well as partnership with other development actors.

The Agency will serve as the focal point for all South Africa's outgoing development assistance. It will provide greater policy cohesiveness, harmonisation, synergy and coordination among all spheres of government.

We believe that South Africa is uniquely placed to develop partnerships with African countries, and other partners, those from the North and South, the multilateral institutions, civil society and the private sector, in a manner that drives innovation around African developmental challenges for the creation of self-sufficient societies, reducing the need for aid and capitalising on the human and natural resource assets of Africa.

Today, Africa has become a place of real opportunity and optimism with improved regional integration, a strong continental voice, a drive towards democracy and good governance and with signs of real economic growth.

### Honourable Speaker,

We have also participated fully in the resolution of conflicts in the region. Since the 2009 coup, Madagascar has been suspended from membership of both the Southern African Development Community (SADC) and the AU, pending restoration of a constitutional order. Our country as a member of the SADC Ministerial Committee Organ Troika as well as the chair during the period 2010 to 2011 committed itself to ensure that Madagascar implemented its Roadmap towards constitutional normalcy.

Today, we talk of a Madagascar that is preparing itself to host elections in July and September this year. For our part, we will continue to work closely with the SADC Troika on politics, defence and security cooperation in its efforts to finding lasting peace and stability through peaceful elections.

### Honourable Members,

In a complex and insecure world, it is necessary that South Africa articulates and presents its foreign policy positions with a singular voice. Our department remains central in the coordination of the implementation of South Africa's foreign policy pursuant to Cabinet's approval in 2008 of the "Measures and Guidelines for Enhanced Coordination of South Africa's International Engagement".

Our success in securing the release of Prof. Cyril Karabus is an example of an expression of this mandate. In the past few months, we had intense negotiations with the Government of the United Arab Emirates (UAE) to secure the release of Prof. Karabus, who was arrested in August 2012 at the Dubai International Airport while on transit. Today, Prof. Karabus is back at home. We must therefore express our appreciation to the Government of the UAE, DIRCO embassy staff in Abu Dhabi and all other individuals who played a direct or indirect role in supporting this process.

The role we play in providing consular services to South Africans in distress abroad is critical in strengthening social compact. Furthermore, in order to keep a record of South Africans travelling abroad, we have introduced an Internet- based system known as the Registration of South African Abroad (ROSA).

We continue to provide the necessary support in cases of missing South Africans abroad, repatriation of mortal remains of South Africans who pass away in foreign countries, and those who are detained and serving time away from home. Our government will continue providing the necessary consular support to all South Africans in distress. In short, our consular services are stronger now than ever before.

We continue to review and strengthen our human resource capacity. Our department is currently embarking upon an organisational review process after a functionality assessment conducted in collaboration with the Department of Public Service and Administration. The end product of the review will help us to effectively perform our dual mandate of both domestic and Foreign Service dimensions.

# Honourable Speaker,

Our department continues to make strides in giving priority to the promotion of gender, youth and women. As a result, approval for the establishment of a Youth Directorate has been granted by the Department of Public Service and Administration.

Our State Protocol unit continues to attach great importance to working with other organs of the state, including provinces for more coordinated engagements. Through our outreach programmes, as a result, there has been an increased understanding and acknowledgement that international relations is not a shared mandate.

The year in review has also been an eventful one. Our department has and continues to facilitate and host incoming state visits, joint ministerial commissions, international conferences, and many other events that require the necessary protocol services.

With the limited resources at our disposal, we continue to achieve the goals we have set ourselves to achieve. In addition to providing training on economic diplomacy for our diplomats, our Diplomatic Academy has championed

training on the Post-Reconstruction and Development Programme to African diplomats from different parts of Africa, especially those countries emerging from conflict.

Accordingly, the proposed Budget Vote tabled by the Minister today represents the priority areas that our department place significant emphasis on: Administration, International Relations, International Cooperation, Public Diplomacy and State Protocol, and Transfer Payments.

As a department, our foreign policy engagements spread across different regions with different currencies. The multiple currencies continue to affect our operations, and indeed impact negatively in carrying out our mandate.

It is our innovation that has brought to the fore some of the ideas we have embraced. We have given a good account of our work, and we must look forward into the future with great optimism, and do more in attaining the goals we set in our vision for 2030.

Today, Africa is rising. Let us also rise as peoples of Africa. As we celebrate the 50th anniversary of the OAU/AU, let us recommit ourselves to promoting an integrated, prosperous, peaceful and unified Africa driven by its own citizens and representing a dynamic force in the global arena.

I thank you!

Issued by: <u>Department of International Relations and Cooperation</u> 30 May 2013

# Vote 6: Performance, Monitoring and Evaluation

### 2013/14 Budget Speech by Minister Collins Chabane Department of Performance Monitoring and Evaluation

28 May 2013

Chairperson of the Portfolio Committee on Appropriations
Deputy Minister in The Presidency for Performance Monitoring and Evaluation
Honourable Members
Honoured guests
Members of the Audit Committee
Management and staff of the Department of Performance Monitoring and Evaluation
Members of the media present
Friends and comrades
Ladies and gentlemen.

It gives me great pleasure to present the third budget vote of this young department, which has made remarkable achievements within a short space of time. The Department of Performance Monitoring and Evaluation is one of the two anchor programmes of the ANC government which received an overwhelming mandate from votersto govern this country for another five years in 2009.

The ANC committed to all South Africans that it will introduce National Planning and Performance Monitoring and Evaluation to closethe gap in long term planning for the country and to ensure that government produces the key outcomes we want and our people desire.

# Honourable Chairperson

There are no major changes or policy shifts from the strategic choices we made and published through our Strategic Plan and Annual Performance Plan. We will continue on the journey that we have started of monitoring government performance against the five key priorities of education, health, reducing crime, job creation and the development of rural communities.

I will use this opportunity to report back on some of the advances we have made with our M&E programmesand to describe few areas we will focus on during this financial year.

# Honourable Members

This year marks the eve of our country's celebrations of 20 years of South Africa's young democracy. This will be a time to reflect and take note of the achievements we have made as a country to deliver to our people and improve their lives for the better. It will also be an opportunity to reflect on the challenges ahead in the consolidation of our democracy.

Last financial year, as a follow-up to the mid-term review, we started doing research work for the production of the 20 year review of the country's progress towards becoming a non-racial, non-sexist and prosperous society. We have set ourselves a target to publish the 20 year review by the end of this year.

The 20 year review will use evidence to reflect on the progress we have made as well as the challenges we have faced since 1994. It will also reflect on the things we need to do going forward in order to consolidate the gains we have made and plug the gaps that exist.

The building blocks of the review will be the work we have done so far through the outcomes approach, as well as existing and new research work which is being undertaken by ourselves and various research institutions. The five thematic issues which will inform the review will be, one the extent to which the wellbeing of the citizens has changed; two, the way in which society has transformed; three, changes in the wider environment; four, changes in government and finally international outcomes.

This government has delivered many services which have led to improvement of the lives of our people-but more needs to be done. Our latest development indicators report, which will be released shortly, provides an indication of the progress made in a variety of areas. The indicators reveal that, with regard to the delivery of basic municipal services, access to a basic level of water infrastructure increased from 92% of households in 2009 to 95% in 2012; access to a minimum level of sanitation infrastructure increased from 77% in 2009 to 85% in 2012; and access to electricity increased from 81% in 2009 to 88% in 2012. An example with regard to building a non-sexist society is that there has been a vast improvement in the representation of women in all three tiers of government since

## Honourable Chairperson

In 2009, we undertook to make government work better, faster and smarter. We did this by introducing the outcomes approach and negotiating inter-departmental and inter-governmental delivery agreements for the 12 priority outcomes.

We have been monitoring progress on the implementation of the delivery agreements for the outcomes as well as facilitating quarterly reporting to Cabinet. We are pleased that the evidence and the trends emerging from our work confirm that we were correct to focus our nation and government on these key priorities.

In June last year, we published the Mid-term Review on progress made against the targets set in the delivery agreements. The review described the good progress which has been made and made concrete proposals on steps to be taken to improve performance in areas where there had not been as much progress as had been hoped. For example, unemployment remains a challenge and our economic growth rate remains too low. Implementation of the National Development Plan, the National Infrastructure Plan, the New Growth Path and the Industrial Policy Action Plan should catalyse investment and support for industry in creating more employment.

Many departments have adopted the new approach of focusing on measurable results and impacts and the government as a whole is starting to achieve a number of the targets which we set for ourselves. There is improved coordination between government departments and between the three spheres of government, particularly in the important concurrent functions of basic education and health. In both of these sectors the national and provincial departments are now working together more effectively to improve service delivery. This is particularly so in the health sector, where the national department has been able to successfully oversee a range of improvements in the delivery of health services at provincial level.

As a result, life expectancy has improved from 56 years in 2009 to 60 years in 2012. The infant and under-5 mortality rates have been reduced from 40 and 56 per 1 000 live births respectively in 2009 to 30 and 42 per 1 000 live births respectively in 2012. The mother to child HIV transmission rate has declined from 3.5% in 2009 to 2.7% in 2012. The TB cure rate increased from 63% in 2009 to 74% in 2012. Patient satisfaction measured through the Stats SA General Household Survey has also improved from 54% in 2009 to 64% in 2011.

We are now working with National Treasury and the national departments responsible for concurrent functions to ascertain the potential for further improvements to the management of concurrent functions through greater use of national norms and standards, drawing on the successes in the health sector.

With regard to education and skills, the number of learners matriculating each year has been increasing steadily, from  $110\ 000$  in 2009 to  $136\ 000$  in 2012. The percentage of Grade 1 learners who attended formal Grade R increased from 80% in 2009 to over 90% in 2013.

There has been an improvement in Grade 3 literacy which has risen from 48% of learners operating at a minimum literacy level in 2009 to 52% in 2012. Due to increased standard setting, monitoring and support by the Department of Basic Education, the delivery of textbooks by the provincial education departments has improved remarkably over the last year. 98% of the textbooks that were planned to be delivered had been delivered by the beginning of the 2013 school year.

The numbers of young people in learnerships and artisan programmes has increased, as has the number of learners in FET Colleges. The FET College pass rate improved by about 10% on average between 2009 and 2012. The placement rate of FET college graduates has also improved, from 22% in 2009 to 41% in 2012.

With regard to crime, there has been a decrease in overall serious crime from 3 924 cases per 100 000 population in 2009 to 3608 cases in 2012. There have also been reductions in the rates of contact crimes and trio crimes. In terms of combating corruption involving amounts of money larger than R5 million, 239 people were arrested and 32 people convicted between 2009 and 2012.

While the economy has been growing and creating more jobs, the numbers of people seeking work has also increased. This, coupled with the global economic downturn, has inhibited our ability to meet our targets for reducing unemployment. As I mentioned earlier, the government will remain focused on addressing this key issue.

As a department, we play a particularly important role in outcome 12, the development of an efficient and effective public service. We believe that by improving the quality of monitoring and evaluation within departments, we will improve the efficiency and effectiveness of the public service.

There are still a number of challenges to be overcome to strengthen monitoring and evaluation practices in government. Many of the plans for the programmes of departments are not yet sufficiently rigorous in terms of measuring baseline data and clearly explaining how the programme will achieve its intended objectives. There is not yet enough measurement of outcomes and impacts and some departments do not yet have the necessary information management systems in place to do this. We need to do more to build a culture of continuous improvement as opposed to keeping on doing things in the same way because they have always been done that way.

In order to address these challenges, we are engaged in a range of monitoring and evaluation capacity building initiatives including managing national and provincial M&E forums, M&E learning networks, developing guidelines and training courses for officials and partnering with other countries to learn and share best practices. In order to build capacity for monitoring and evaluations, we have partnered with PALAMA and the South African Monitoring and Evaluation Association (SAMEA).

The department is also contributing to outcome 12 by monitoring a range of indicators of public service efficiency and effectiveness, by monitoring the quality of management practices in departments and municipalities, and by monitoring the quality of frontline service delivery to citizens, which the Deputy Minister will elaborate on in detail. Some of the indicators which we have been monitoring include the payment of suppliers within 30 days, the development and implementation of service delivery improvement plans, the time taken to fill vacancies and to finalise disciplinary cases, as well as the finalisation of Anti-corruption and Presidential Hotline cases.

With regard to the quality of front-line service delivery, there have been some marked improvements in some departments. For example, the average number of days taken by the South African Social Security Agency or SASSA to process a social grant application decreased from 30 days in 2009 to 5 days in 2012. This is a remarkable achievement. There has also been an improvement in the average time taken for police to respond to calls for assistance.

In September 2012, President Jacob Zuma received the National Development Plan (NDP) on behalf of our nation from the National Planning Commission (NPC). The NDP has been adopted by Cabinet and will be implemented by this government. The NDP provides a road-map for tackling the triple challenges of poverty, inequality and unemployment.

With its adoption, we now have a shared long-term strategic framework within which more detailed planning can take place. The crucial challenge is to ensure that medium and short-term planning is situated within the context of the long-term agenda of the NDP. In order to achieve this, in collaboration with the National Planning Commission Secretariat, we are currently in the process of translating the NDP priorities into the 2014-2019 Medium-Term Strategic Framework (MTSF).

The MTSF will be positioned as the first 5-year building block of the NDP, and will inform the new five year strategic plans of national and provincial departments.

This will result in a clear line of sight between the actions and targets in the NDP and the actions and targets in the plans of individual departments, which in turn will ensure that the NDP is thoroughly and systematically implemented. It will also ensure that progress with the key actions and targets in the NDP will be regularly reported on to Parliament, through the annual reporting process.

There is a high correlation between the priorities in the NDP and the current 12 priority outcomes. Many of the indicators and targets are consistent and overlap with the current delivery agreements. This correlation will enable us to maintain continuity in the planning and monitoring and evaluation processes of government. The draft MTSF will be submitted to the July Cabinet Lekgotla for consideration and finalised for submission to the new Cabinet for consideration after the 2014 national elections.

### Honourable Members

Last year we indicated that we will work with other government departments and provinces to identify key projects, programmes, plans and policies to be evaluated.

Seven evaluations started in the past financial year and will be completed in this current financial year and improvement plans will be developed and monitored. We have begun with preparatory work for sixteen evaluations to be carried out in the current financial year.

In the past three years of its existence, DPME has made good progress in collaboration with our sister departments in developing, piloting and implementing monitoring and evaluation systems to contribute to the building of a capable and developmental state.

Last year, we reported that we have worked with other transversal departments and institutions as well as the Offices of the Premier to develop and pilot an instrument to monitor management practices in national and provincial departments. This instrument, the Management Performance Assessment Tool or MPAT, draws on the monitoring work of other institutions such as the Auditor General and the Public Service Commission and does not duplicate their work. It provides a single holistic picture of the state of management practices in a department.

Generally, audits focus on compliance only, whereas MPAT focuses on getting managers to work more smartly. This is important to improve government performance - for example, getting departments to procure more smartly results in better service delivery by suppliers and contractors, and savings from reducing corruption and increasing value for money.

We also said last year that the MPAT assessments will be repeated annually so that improvements can be tracked. We are pleased to announce that in the past financial year, 156 national and provincial departments participated in the assessments. This represents a substantial increase over the 103 departments which participated in the 2011-12 MPAT assessment cycle.

This increased level of participation can be attributed to the fact that many departments have indicated that they find the assessment process useful. The process of getting the top management of each department to assess itself against a holistic set of good practice management standards and to agree on required improvements is the main value-add of the MPAT assessment process. Management practices in departments are generally weak because top management has not paid sufficient attention to improving them and by carrying out annual MPAT assessments the Presidency and the Offices of the Premier are sending out a clear message that improving administration is a priority of government.

The monitoring of management practices is starting to bear fruit in a number of areas. For example, the average time taken to fill a funded vacancy in national and provincial departments improved from 9 months in 2010 to 4 months in 2012. The responsiveness of departments to cases referred to them from Chapter 9 institutions and from the national Anti-Corruption Hotline has also improved. Compliance rates have improved regarding important issues such as finalising performance agreements for heads of department and the submission of financial disclosure forms by senior managers.

However, there is still much room for improvement in departments, particularly in administrative areas such as payment of suppliers within 30 days and the setting and monitoring of service delivery standards, and we will be continuing to closely monitor these issues to ensure that they improve.

The diagnostic in the NDP points to a South African local government system that has inherent weaknesses in capacity and performance. These include ineffective service delivery due to poor planning, poor administrative and financial management practices, shortage of skills, and undue political influence in the recruitment of senior managers, amongst others. Last year, we reported that we have started to develop an appropriate tool to assess the quality of management practices and basic service delivery in municipalities in collaboration with the Department of Cooperative Governance and National Treasury.

This has been done, and during this year we will be piloting the implementation of the Municipal Assessment Tool (MAT), focusing on both the quality of generic management practices such as planning, human resources, financial management, community engagement and governance, as well as the quality of basic service delivery.

The pilot phase will comprise the assessment of 10 municipalities which will inform the refinement of the assessment tool, so that assessments of municipalities can start taking place more widely from next year. We hope that once embedded in the system of local government, this will go a long way towards laying a firm foundation for sustained improvement in the performance of municipalities.

One of the intentions of the MPAT and MAT assessments is to lead and drive a process of addressing issues raised by the Auditor General, and we expect that these assessments will result in improved audit reports overtime.

We are in the process of establishing an operational management support programme in partnership with the National Treasury and the private sector, with the aim of assisting departments and municipalities to address some of the operational weaknesses that we have identified through our MPAT, MAT and frontline service

delivery monitoring programmes.

## Honourable Chairperson

The biggest challenge facing the department is to ensure that other departments and municipalities act on M&E information. In the past Members have proposed that DPME should be given "teeth" to enable it to enforce its recommendations. However, I would advise members to consider this proposal very carefully. There is an existing legal system for accountability and consequences for poor performance, as described for example in the Public Service Act and Public Finance Management Act. In line with the Constitution, this legal system emphasises the accountability of the Executive Authorities and Accounting Officers of departments to Parliament.

If Parliament calls departments to account for how they are acting on M&E findings, it will help DPME to ensure that its findings are acted upon. We therefore look forward to receiving many more invitations to present to portfolio committees.

The argument for giving DPME teeth has also been one of the arguments for enabling legislation for performance monitoring and evaluation. The department is continuing to explore this issue with other departments at the administrative centre of government, and will bring an initial policy document to the Standing Committee on Appropriations in the coming months.

### Honourable members

In the last financial year, we presented the first audited annual report for DPME. The Auditor General South Africa (AGSA) expressed an unqualified audit opinion. We are currently compiling our annual report for the financial year ended in 31 March 2013. We are confident that once again we will receive a favourable audit opinion.

Turning to the budget, the Department has been allocated R192.7 million for the 2013/14 financial year. Of this, R109 million will be spent on compensation of employees, R75 million on goods and services, and R9 million on payments for capital assets. The Department has four budget programmes, which correspond with the four branches of the department, and the budget has been allocated to these programmes as follows:

- Administration: R57 million
- Outcomes monitoring and evaluation: R61 million
- Monitoring and Evaluation Systems Coordination and Support: R17 million
- Public Sector Oversight: R57 million.

In conclusion, as our approach to M&E matures, we increasingly recognise the need to strengthen the involvement of citizens in monitoring government service delivery. We are excited to announce that the citizen based monitoring programme is now being piloted with the South African Police Services and the Departments of Health and Social Development to give practical expression to this commitment. The Deputy Minister will further elaborate on this exciting initiative.

I now commend the budget to the house.

I thank you.

Issued by: <u>The Presidency</u>

28 May 2013

# Address by the Deputy Minister for Performance Monitoring, Evaluation and Administration, Mr Obed Bapela, on the Budget Vote of the Department of Performance Monitoring and Evaluation

28 May 2013

Honourable Minister, Mr. Collins Chabane
Chairperson of the Standing Committee on Appropriations
Members of the Standing Committee on Appropriations
Chairpersons and members of other committees
Esteemed guests
Comrades and friends
Ladies and gentlemen
Honourable members.

In 2009, in response to the call for a more responsive and interactive government, President Jacob Zuma established the Department of Performance Monitoring and Evaluation (DPME). Since then the department has been implementing a number of monitoring initiatives. The Minister has already referred to some of the initiatives.

Amongst these initiatives was the Presidential Hotline. The Presidential Hotline provides a platform for citizens to voice their complaints about the quality of services they receive from government.

The Presidential Hotline is now three and a half years old. In its short period of existence, it has proven to a valuable monitoring tool for citizens and government.

From its inception in October 2009 to 31 March 2013, the Presidential Hotline received a total of 160 914 cases. The case resolution rate is now at 90%. This is encouraging given that the Presidential Hotline started with a case resolution rate of 39% in November 2009. Over the last year we have been working intensively with targeted departments and provinces to improve their responsiveness of government to hotline cases. As a result, the case resolution rate of the provinces has improved from 50% to 71%.

Our work with provinces and national departments to improve their responsiveness to complaints will continue this year. The cooperation from both national departments and provinces has been encouraging, and it indicates that departments are beginning to understand the importance of being responsive to the citizens.

The visibility and profile of the Presidential Hotline is being improved. We are sending regular reports on case resolution to the Forum of South Africa Directors General, the Presidential Co-ordinating Council and Cabinet to ensure that departments take responsibility for putting our people first - Batho Pele.

In the context of the Presidential Hotline, "case resolution" means that a citizen has been contacted and has been given a response to their query or complaint. This does not always mean that the response we provide to a complaint will satisfy the caller. Some cases involve difficult and complex issues and are difficult to resolve quickly. However, in such cases the least that we can do is to assure the citizens that they have been heard and that we working with the relevant departments to ensure that their issues are addressed.

The quality of complaints resolution is as important as the number of complaints resolved. We have started working with departments to ensure that, in addition to complaints being addressed quickly, citizens are also satisfied with the way in which their cases are resolved. In this regard, since October 2012, we have been conducting interviews with citizens who logged cases on the Hotline to gauge their level of satisfaction with the Hotline service. Between October and December 2012, we called 3 211 citizens and 64% of respondents rated the service as satisfactory whereas 34% rated the service they had received as poor. These surveys will now be ongoing and we will use the information to help us focus on those departments and municipalities which need assistance in improving the quality of their case resolution.

There are good stories to be told about the help that citizens receive through the intervention of the Hotline.

### To mention a few:

Mr Vuyani Kholiwe from the Eastern Cape called to seek for assistance from the Hotline after trying unsuccessfully to apply for a foster care grant for his nephew. The matter was referred by the Hotline to the Office of the Premier in the Eastern Cape for investigation. Social workers made an assessment and assisted Mr Kholiwe and, in January 2013 the grant was approved and the child is now attending a local pre-school.

Another example is that of Mr George Mogale from the North West. Mr Mogale reported that he could not register his new marriage since his divorce application was not processed by the Rustenburg Magistrate Court. Through the intervention of the Presidential Hotline, his case was resolved on 21 January 2013.

Mr Anele Dyongman called to indicate that in 2010 and 2011 he had received National Students Financial Aid Scheme financial aid but in 2012 his fees were not paid despite funding confirmation from National Student Financial Aid Scheme of South Africa (NSFAS). With help from the Department of Higher Education and Training the student was able to be funded through the Discretionary Fund of the Department to cover his registration fees, textbooks and accommodation for 2013.

Ms Priscilla Mvuembe called the Presidential Hotline on 25 January 2013, reporting that she had applied for her child's unabridged birth certificate on 18 April 2012 but had still not received it. The Births Unit finalised the unabridged birth certificate on 28 January 2013.

These and other examples illustrate our determination to do things differently, to be responsive to the needs of our citizens and to be a caring government that puts people first.

We will continue to use the Hotline as a monitoring tool that assists with identifying service delivery trends and challenges in order to unblock blockages in our service delivery value chain.

#### Honourable Members

As mentioned in our budget speech last year, we are continuing with our programme of on-site monitoring of frontline service delivery, which we are implementing jointly with all nine Offices of the Premier. I want to take this opportunity to thank all the Offices of the Premiers for the leadership that they have shown in their support of this important monitoring initiative.

I am pleased to announce that last year we monitored 215 frontline facilities, including 23 South African Social Security Agency (SASSA) facilities, 30 police stations, 37 schools, 51 health facilities, 19 courts, 14 drivers' license testing centres, 22 municipal customer care centres and 19 Home Affairs offices.

This brings the total of facilities we have monitored since the inception of the programme in June 2011 to 350. This type of hands-on monitoring at the coalface of service delivery is very important for government to gain insight into how citizens are experiencing service delivery in these facilities.

During each of these visits, a score card is produced and an improvement plan is agreed to. I want to take this opportunity to thank the departments responsible for these functions for the enthusiastic manner in which they have embraced the programme and for taking the findings seriously.

We have not experienced any defensiveness regarding the programme. Rather, we have found that departments appreciate the score cards and that they have committed to work with us to ensure that the findings are acted upon.

Government will use the information gathered through the frontline service delivery monitoring visits and followup visits to catalyse improvements in the quality of services our people receive in public facilities. This holds true particularly where simply improving the management and leadership at a facility can bring immediate improvements in the quality of services being rendered.

From these visits, we are beginning to see the positive impact of the efforts of government to improve service delivery.

I personally conducted a monitoring visit with the DPME team to the City of Johannesburg customer care centres in Midrand and Randburg. In the Midrand centre I found a well-functioning facility with happy customers but in the Randburg centre I found many frustrated citizens and I found their frustrations to be valid. In meetings with the management of the municipality we were assured that facility managers would be more visible in these centres in future and that the improvement programme of the City will bring results.

In my visits to Mafikeng SASSA, I observed visible improvements in the speed of registration of grant applicants. In Montshiwa Clinic, I found that substantial improvements had already occurred, including the refurbishment of the clinic and improved stock management of medicines. While I found the building in which Mafikeng Drivers' License Testing Centre is housed to be in poor condition, I was assured that its upgrading had already been

#### budgeted for.

My visit to the Gugulethu SASSA office coincided with the re-registration of social grant beneficiaries. Many citizens were dissatisfied with the speed at which services were delivered. This was validated by the facility manager, who indicated that a shortage of staff was exacerbating the issue. However, there was assurance from the management of SASSA that capacitation of the facility was underway.

I was particularly pleased with the initiative taken by the management of the Fezeka Municipal Customer Care Centre, who had already put plans in place to prioritise the elderly and persons living with disabilities in both their service provision and in term of access to the facility. To the management of the Umzimkhulu SASSA office – we were inspired by the enthusiasm of your team in acting on our findings – we hope that your hands-on management style, your accessibility to citizens, and your creative problem-solving approach will inspire other facility managers.

In this current financial year, we have set ourselves a target of monitoring at least 140 facilities in all provinces. Importantly, we will conduct follow-up visits to ensure that the agreed improvements in 81 poorly performing facilities out of the 350 facilities which have been monitored to date are implemented. Together with the responsible national department as well as the Offices of the Premier, we will be able to bring about positive changes in the conditions of these 81 facilities.

In spite of some complaints about less than helpful attitudes of some staff at some facilities, we have often found exemplary management and leadership during these visits. We witnessed managers who are committed to public service and who have developed excellent relationships with the communities they serve. These are the public servants who deserve to be celebrated.

One of the objectives of our frontline service delivery monitoring programme is to encourage all service delivery departments and municipalities to carry out this kind of monitoring themselves, of their own service delivery facilities. We would like to see all Ministers and MECs and Mayors visiting their own service delivery sites regularly, to identify and address problems. The President set a very good example in this regard with his recent visit to Eldorado Park, shortly after receiving a letter from a citizen in the area, and by the way in which the government has responded swiftly to the drugs-related problems raised by citizens in that area.

Through our frontline service delivery monitoring work, we have found a gap in the manner in which we do monitoring - the absence of the voice of the citizens on whose behalf we are called upon to serve. In this regard, last year, we promised to develop a citizen-based monitoring framework by 31 March this year. I am pleased to announce that we have delivered on that promise. The citizen based monitoring framework was approved by the Minister in February 2013.

This year, we will begin with the implementation of the citizen-based monitoring programme. We will be carrying out intensive piloting and prototyping of citizen-based monitoring approaches at police stations, clinics and social services sites. This two year piloting process is being undertaken in partnership with the South African Police Service and the Departments of Health and Social Development. Through this action-learning approach we hope to develop practical and scalable ways to improve service delivery.

The importance of this citizen-voice in monitoring performance cannot be overstated. We exist to serve the citizenry. To do this effectively, we need routine and systematised ways to measure government's performance from the citizens' perspective.

As described in the National Development Plan (NDP), we need to increasingly establish a constructive dialogue between government and communities about their experiences of service delivery. This will have two benefits, firstly it will assist us to improve our service delivery, and secondly, it will contribute towards increasing citizen participation in governance and developing a more active citizenry.

#### Honourable Members

We have made sure that our M&E programmes are informed by international good practice, while being customised to our unique conditions. We have undertaken a number of study tours and we have established strong working relationships with international organisations with expertise in this area, such as the World Bank. As a result, we are now starting to receive delegations from other African countries, which are very interested in the work that we are doing. This is itself a vindication of the President's decision to establish a dedicated unit for performance monitoring and evaluation in the Presidency.

In conclusion, I wish to thank Minister Chabane, the DPME Director General Dr Sean Phillips and his management, members of staff in my office, the Chairperson and members of the Standing Committee on Appropriations for their support.

I thank you.

Issued by: The Presidency

28 May 2013

# Vote 7: Public Works

Budget Vote Speech Vote 7 by Public Works Minister Thulas W Nxesi Minister of Public Works, Rebuilding the Department of Public Works: rebuild capacity, improve service delivery and expand job creation

8 May 2013

#### 1. Introduction

Honourable Chairperson,

Members of Cabinet,

MECs,

Honourable Chairperson and members of the Portfolio Committee,

Honourable Members of Parliament,

Let me also recognise in the gallery the presence of:

Chairpersons and senior management of our Public Entities,

The Director-General and senior management of the department,

Representatives from DPW's Young Professionals training scheme, and beneficiaries of the EPWP programme, Members of my family, in particular my wife.

Welcome.

In the time available, I want to present the budget vote for 2013/14; account for what we have done as a department over the last year; and, most importantly, convince this House that the Department of Public Works is serious about turning itself around, and that we have a plan to take us forward.

#### 2. The budget vote

The Departmental budget allocation has been reduced by 20% from R7.7 billion in 2012/13 to R6.2 billion in 2013/14. The decrease is attributable to the following:

- The phasing out of the devolution of the property rates grant to provinces
- Cabinet approved budget reductions of R1.5 billion over the Medium Term Expenditure Framework (MTEF)
- Shifting of R290 million to the Department of Home Affairs for border management in line with the devolution of budgets to line departments.

Adjustments to the department's baseline reflect the ongoing reorganisation of the department and new priorities, and include the following:

- A reprioritisation of R827 million to the Administration and the Immovable Asset Management programmes to provide for the implementation of a turnaround programme in the department.
- A reprioritisation of R150 million to the Independent Development Trust for the implementation of its transformation programme; and
- A reprioritisation of R247 million from the Expanded Public Works Programme (EPWP) Integrated Grant for Municipalities to the EPWP programme for the Non-state Sector seen to be particularly effective in the creation of work opportunities.

The department's budget reflects government priorities and the department's efforts to address – in particular - Outcomes 4, 8 and 12.

In relation to the National Development Plan (NDP), my department – and the branches – are currently aligning their activities to support many of the identified goals of the NDP.

In addition to its core mandate as custodian and manager of the state's immovable assets, the Department of Public Works (DPW) has a further mandate to create jobs and work opportunities and to address skills shortages in the Built Environment.

# 3. Expanded Public Works Programme

The Expanded Public Works Programme (EPWP) remains an effective part of government's response to the triple challenge of poverty, unemployment and inequality.

Our initial target in the second phase of the EPWP - for the period 2009 – 2014, was to create 4.5 million work opportunities. This has now been increased to nearly 5 million new work opportunities – with a special emphasis on unemployed youth and women. As part of this, some 8 000 youth will be recruited for artisan training to be employed by the national and provincial departments of public works.

Moreover, in our choice of projects we seek to improve the quality of life of poor communities in particular.

#### Examples include:

- road maintenance projects
- working for Water projects involving removal of alien vegetation
- home Community Based Care projects
- the Community Safety Programme and
- a cemetery maintenance programme piloted in rural municipalities.

The EPWP programme is making a real difference to people's lives. Indeed, earlier this week, with Deputy Minister Cronin, I visited the Lentegeur Police Station in Mitchell's Plain – a state of the art project of Public Works. We were thronged by community members who impressed upon us the positive impact of EPWP for individuals and the community.

I am pleased to announce that the problem of under-spending on the EPWP incentive grant – which amounted to R358 million in 2011/2012 - has been eliminated in financial year 2012/13.

None of this would have been possible without the active partnership, coordination and participation of municipalities, provinces and non-profit NGOs, Community Based and Faith Based Organisations.

As we move into Phase III of EPWP, we have to ensure that all these stakeholders are on board, that they are supported where necessary – and that, collectively, we further up-scale EPWP programmes. Amongst others we need to investigate an expanded role for EPWP in the roll out of the Strategic Integrated Projects (SIPs), and ensure that - collectively as government departments and state owned enterprises - we all utilise EPWP and labour intensive methodology to maximise job creation.

### 4. Capital projects

In the course of 2012/13 some 214 projects were completed. These included high-profile projects for: the Department of Justice, Correctional Services, South African Police Service (SAPS), and the South African National Defence Force (SANDF).

Capital projects created some 18 815 jobs during 2012/13. The target for 2013/14 is approximately 40 000 jobs. Some 300 capital projects will be completed by end of March 2014. This includes the Matola Raid Monument in Mozambique.

The erosion of core professional services of the department has impacted negatively on our ability to deliver on the mandate. The following mitigating measures have been adopted:

- The department has secured a budget appropriation of R66 million to fill 88 out of 219 vacant and unfunded core professional positions.
- Joint professional teams have been created to support smaller regional offices, and to work with major clients.
- We are currently reviewing training programmes for young professionals, technicians, and artisans as part of our vision to rebuild state capacity in the Built Environment.
- The department has mapped out the roll-out programme to resuscitate maintenance workshops with priority areas being Western Cape and Gauteng.

Working through EPWP, with the Eastern Cape Provincial Department of Public Works and Roads, and the Department of Defence, we are rolling out low cost bridges initially in Eastern Cape, before extending the programme to other provinces. These bridges, as well as providing safe river crossing during rainy seasons, especially for school children, also improve access and social and economic mobility for entire communities.

# 5. Asset investment management

The department's Long Term Infrastructure Plan comprises three key elements:

- First, new buildings, replacements and upgrades— to ensure service delivery to clients and the public from appropriate buildings;
- Second, maintenance and repairs to safeguard the assets we have.
- Third, rehabilitation, renovations and refurbishments. The conservation of state buildings is central to the Inner City Regeneration strategy, as well as our strategic goal of shifting the larger percentage of government accommodation away from leases to occupation of our own buildings.

Concrete achievements and plans include the following:

- Eleven buildings were rehabilitated in 2012/13, with a further 15 earmarked for the current year in order to accommodate user departments.
- As part of the Accessibility Programme, 42 buildings were made more accessible for people with disabilities last year, with a further 146 buildings prioritised for the current year.
- Two properties measuring 433 hectares earmarked for sustainable human settlements were approved for release in 2012/13. A further 5 properties have been identified for release in the current year.
- In terms of Inner City Regeneration, targets for 2013 include: the completion of Precinct Development Plans for West Capital and Paul Kruger Street, as part of the Tshwane Inner City Project and Master Plan, and identification of four sites within the Paul Kruger Street Precinct for head office accommodations for national departments.

In implementing the Green Building Programme a number of pilot projects in water efficiency, waste management, energy efficiency and eco-labelling of construction materials are being rolled out. Key amongst these is the current base-line study on energy efficiency in public buildings. The pilot will target 1 000 buildings and contribute to the creation of green jobs.

#### 6. Prestige

We have taken firm control of Prestige by centralising it, implementing a new structure, and creating a direct reporting line to the Director-General. This has already resulted in the cancellation of a number of high-priced projects.

All Prestige projects are now undergoing investigation. The process is complete in regard to Pretoria. We have now extended the investigation to Cape Town where R100 million was spent on renovating 11 houses. Similarly many of the problems surrounding the security upgrade at Nkandla are rooted in the failure of supply chain management processes, poor management and lack of accountability.

As a department we completed our preliminary internal investigation at the beginning of the year. We have referred our findings to the SIU for further investigation. We are also cooperating with the Public Protector's investigation. Parliament is planning to discuss our report, and the Auditor-General has undertaken to audit Prestige projects.

I can assure honourable members, no stone is being left unturned. I have given an undertaking, that as a department, we will act against any official where evidence of wrong-doing exists.

We have revived the parliamentary village boards. Our priority is to now deal with unauthorised and illegal residents and to introduce an access card system and review all aspects of security.

Additionally, policy proposals on norms and standards will be presented to the Executive for a decision by 30 June. These measures will be underpinned by the deployment of additional resources in Cape Town and Pretoria. The new systems will be fully operational within 6 months.

I also need to mention that we have completed an audit of heritage buildings and drawn up a detailed inventory of moveable assets with photos and valuation certificates. This greatly assists in safeguarding these important heritage items. It also provides a baseline for decision making on the future care of heritage sites. In this respect I need to point out that maintenance of heritage buildings is an expensive business.

#### 7. Policy: Transforming the Built Environment

The Department of Public Works remains responsible for the regulation and transformation of the construction and property sectors. Skewed property ownership patterns need to be addressed, and the construction industry has to create an environment where emerging contractors graduate into sustainable businesses.

The following processes were finalised in the last year:

- The Construction Sector Charter Council was registered as a section 21 Company.
- The National Contractor Development Programme (NCDP) driven by the Construction Industry Development Board (CIDB) was launched in December 2012, and a National Contractor Development Forum comprising DPW and other national infrastructure development departments has been established to coordinate contractor development. The NCDP is also being rolled out to municipalities in partnership with COGTA and South African Local Government Association (SALGA).

On the legislative front, this year the department will be tabling in Parliament the Expropriation Bill, as well as a bill to establish Agrément South Africa as a public entity. Deputy Minister Jeremy Cronin is driving these processes and will provide further details.

[As an aside: Having recently rebranded themselves as leaders of the Anti-Apartheid struggle, I have no doubt that the Democratic Alliance (DA) will lend their full support to the Expropriation Bill.]

# 8. The department's public entities

I need to mention the important work done by the entities that report to the Minister of Public Works.

Agrément South Africa – The Department of Public Works has utilised Agrément certificated products in the construction of new schools in the Eastern Cape and North West provinces.

The Construction Industry Development Board (CIDB) – It's outputs include: developing standards for government tenders; and maintaining a national Register of Projects, as well as the contractor registration and grading system which is both a risk management tool for clients, as well as a development tool for emerging contractors. The CIDB can also de-register contractors for non-performance and for breaches of the CIDB Code of Conduct.

CIDB also promotes skills development through its Employment Skills Development Agency creating 2,800 learning opportunities per year.

The Council for the Built Environment (CBE) ensures that only registered and competent professionals are allowed to practice. It remains a major concern that only a quarter of registered professionals in the built environment are black. Last year the CBE established a candidacy programme to help remove bottlenecks and assist young black graduates to attain professional registration.

Meanwhile, the CBE bursary scheme produced its first batch of 8 graduates last year, one of whom is in the audience today.

Key outputs for CBE for the upcoming year include:

- contributing to the skills plan for the infrastructure roll out programme
- environmental sustainability in the built environment
- research into labour intensive construction and
- health and safety in construction.

The Independent Development Trust (IDT) - supports the DPW to fulfil its mandate, as well as providing project management services to other national and provincial departments. IDT supports the EPWP's management information system, ensuring verifiable statistics - and the Non-state Sector programme. As part of SIP 13, IDT has been appointed as one of the implementing agencies for the national Schools Beautification programme.

IDT has championed women contractors in the construction sector. 30% of its projects in 2012/13, with a value of

R1.7 billion, were awarded to women contractors. DPW is currently working with IDT to develop a new business case to review the organisation's mandate, funding model and institutional form – to ensure the long-term sustainability of the organisation.

# 9. The Turnaround Strategy: Rebuilding Public Works

The department's past performance has been characterised by corruption and mismanagement. This is a large and complex organisation where, all too often, there is misalignment between the mandate and the structure of the organisation. We are currently addressing the challenge of organisational structure with the assistance of the Department of Public Service and Administration (DPSA).

I want to assure this House that the turnaround project to 'Rebuild the Department of Public Works' is now well under-way:

- We have the funding from National Treasury
- The core of the Turnaround Team is in place under the office of the Director-General, not in the Ministry, so if the Minister is recalled tomorrow it will not derail the whole turnaround.
- The planning processes are well-advanced with annual, 3-year and 7-year plans in place developed in consultation with National Treasury.
- Much of DPW's problems can be traced to a long period of unstable and constantly changing leadership. I have also said that any turnaround strategy needs to be led from the top. I believe we have now stabilised leadership with the appointment of the new DG and CFO, and other changes at leadership level.

Our strategic focus has been on taking control of five key areas:

#### 1. Combatting fraud and corruption

We have worked closely with the SIU (Special Investigations Unit) to investigate irregular leases and projects – some 40 investigations in all, of which 23 are completed. This has resulted in successful disciplinary actions, the suspension of six officials and the dismissal of three, including one DDG. We have instituted court actions to recover monies wrongly paid by the department. We are also awaiting reports from disciplinary hearings involving a further two senior officials.

Arising out of the completed investigations into Prestige in Pretoria, the SIU has recommended that we suspend and discipline the responsible officials – which we have started to implement.

SIU investigations, taken together with recent findings of the Competition Commission, tell the same story: over-pricing and collusion between some officials and sections of the construction industry – a timely reminder that it takes two to tango; that corruption and greed in the private and public sectors are mutually reinforcing each other.

In the light of this, we have started to enhance investigating capacity within the department:

- Internal Audit was empowered to commission forensic investigations. Some 19 investigations have been completed.
- We are also establishing an internal Compliance and Enforcement Unit advised by SARS as part of a separate Risk Management Branch.
- Looking forward, we are establishing a separate Supply Chain Management (SCM) Branch. In this regard we are working closely with National Treasury to review and strengthen SCM processes.

Our broad approach can be characterised as follows:

We will investigate and prosecute cases of fraud and corruption, but it is equally important to but in place robust systems, and here I am quoting from our South African Revenue Service (SARS) colleagues, with the intent: "to make it easy for weak people to do the right thing, and difficult for bad people to do the wrong thing."

#### 2. The immovable assets register

The state land reconciliation with Deeds Office records has been substantially completed. This exercise involved scrutinising the records of some 180 000 land parcels, ascribing custodianship to the responsible department or level of government, and commencing the vesting process where necessary - a complex process involving numerous

stakeholders. The figures we now have will form the basis of a physical verification process due to commence in July 2013.

National DPW still has to allocate custodianship to some 4 500 land parcels, and approximately 24 000 land parcels need to be vested – a lengthy process which will take until March 2016 to complete.

My main point: although this is a lengthy exercise, I am are very confident that we are on-track for the creation of an Asset Register that will – for the first time ever - accurately reflect the state's assets.

Let me make a further point: that this is a real game-changer. With a sustainable register of state immoveable assets in place, we will have at our disposal the tools to leverage this massive property portfolio for economic development. This will also assist us to drive the transformation of the property sector in South Africa.

#### 3. Audit of leases

The department presently manages a portfolio of 2 788 leased properties across the Republic. In his 2012 Budget speech, the Minister of Finance announced Treasury's support for a national audit of leases by DPW - a timely response to the numerous lease scandals at the time.

To date, 100% of these leases have been reviewed. Of these, 1 316 required attention, revision or renewal. These we regard as backlog leases. 365 of these leases have already been addressed. Recommendations for the remaining 951 leases will be in place by the end of June, 2013.

# 4. Improving audit outcomes

The clean audit project was initiated in December 2012 to address audit queries – and includes a consortium of specialist service providers which has been deployed across the Department's Head Office and 11 regional offices.

I am pleased to announce that the department has appointed 64 unemployed commerce graduates as part of this initiative. Indeed this is working out so well, that the Department is considering employing an additional 40 unemployed graduates. Skills development of Finance and Property staff is a secondary, but vitally important, output of this project.

A key area of focus is the reduction of late payments and compliance with the President's instruction to pay suppliers within 30 days. As part of this project, the DG and I are visiting the regions to meet with service providers, and to work with officials to address complaints.

Irregular expenditure is also a key focus of the Clean Audit Project.

This involves the inspection of every transaction in terms of compliance with supply chain management policy. I am pleased to confirm that all transactions for the department and the PMTE will be fully tested for the 2013/2014 financial year – in order to eliminate irregular expenditure going forward.

## 5. Operationalising the PMTE (Property Management Trading Entity)

Honourable members will be aware of the background to this issue. In 2006 Treasury approved the establishment of the Property Management Trading Entity within DPW with the injunction that a business case be submitted within two years. The failure to finalise these processes contributed significantly to both DPW and PMTE receiving negative audit opinions in subsequent years.

I am pleased to confirm that we have now formalised the establishment of the Entity. A detailed business case is under development and will be submitted to Cabinet for approval in August, 2013.

I wish to assure this House that the turnaround is proceeding in full consultation with organised labour. I have also given an undertaking that no retrenchments are envisaged. The parties have agreed to develop a National Framework Agreement to guide the change process.

## 10. Concluding remarks

I would like to conclude by thanking the following people.

- The President for entrusting me with the Public Works portfolio
- The Auditor-General, Public Protector and members of the parliamentary committees for their constructive criticism
- Members of the SIU for arming us in the fight against corruption
- Treasury and TAU for the assistance and support in developing and implementing a turnaround strategy
- The DPSA for assisting us to address HR challenges.
- The Director-General and senior management of the department, as well as the previous Acting DG who have kept the ship afloat, even as we try to turn it around.
- The entities of Public Works who have contributed their personnel and their knowledge to assist in the turnaround; and
- I particularly want to thank all those officials of the Department of Public Works who are actively assisting in the process of rebuilding.
  - My message to them and to honourable members is this:
- Whilst we must never underestimate the magnitude and scope of the task we face, even so:
  - We have stabilised the department
  - o We are making real progress in tackling the immediate and systemic challenges
  - o We have put in place the building blocks and we have a plan to rebuild Public Works.

Together we can make Public Works work.

I thank you!

Issued by: <u>Department of Public Works</u> 8 May 2013

### Public Works Budget Debate 2013/14 by Jeremy Cronin, Deputy Minister of Department of Public Works

8 May 2013

When I joined the Ministry of Public Works in June last year, the department was still in the midst of very difficult but absolutely necessary fire-fighting. Minister Nxesi who was appointed a few months before me, in late 2011, arrived to find three large and daunting files on his desk – from the Auditor General's Office, from the Special Investigations Unit, and from the Public Protector. Cracking down on corruption, dealing decisively with malpractices, focusing inward on ourselves – all of this has been a necessary posture.

But while the Turnaround and Stabilisation effort continues, the department is now relatively stabilised. I would like to believe that many old-hands in the department, professional colleagues who have remained at their posts, now have a renewed sense of purpose. They have been joined by new appointments, including Director-General, Mziwonke Dlabantu and a new CFO, Cox Mokgoro.

All of this means that we can now focus more intently on our key strategic responsibilities, we can begin to look outwards and forwards, and not just inwards and backwards. One such essential move is to take seriously what is surely our core strategic responsibility – our multi-billion rand property portfolio.

#### The Property Management Trading Entity

According to the SA Property Owners Association (SAPOA) the South African property market is worth some R4.9-trillion – of which R188-billion is owned by national government departments and public entities.

Although not all of this, of course, falls under the National Department of Public Works (DPW), we are certainly the largest single property owner (whether public or private) in SA. Unfortunately we have not always managed this multi-billion rand asset with the necessary public sector professionalism.

We often say that "we have good policies, we just fail to implement them". I am sure this is often true. But this too easily excuses the policies themselves and the need to self-critically evaluate them as we learn from experience. Back in 1997 the DPW White Paper identified structural and operational weaknesses that impeded DPW's performance in property management. The White Paper championed budgetary reforms that would introduce a quasi-market mechanism into the relationship between DPW and what were now called "client" departments using state-owned accommodation.

Capital expenditures, rental and rates costs for state-owned accommodation would now be devolved out of DPW's budget and transferred to the budgets of national departments. In the words of the White Paper: "client departments will [then] be required to pay a fee comprised of a capital charge, a notional rent and management fee, for the accommodation and related services which the DPW will provide. This will entail the DPW developing mechanisms for service level agreements with clients, thus 'contractorising' its most important set of external relationships."

This marketisation of the relationship between DPW and "client" departments was not necessarily entirely misguided. However, in keeping with the times, it was encased unfortunately within a set of neo-liberal/new public management assumptions and priorities. The first of these was that introducing a market mechanism into the relationship would result in transparency, budgetary cost-cutting, and the right-sizing of what was said to be a "bloated state". What this assumption neglected was that for the new "contractorising" relationships to be set-up, considerable initial expenditure (at least) would be required, particularly on professional skills, to capacitate the DPW to run a Property Management Trading Entity, not least given the vast portfolio it would be dealing with.

The second problem is that the policy then got stuck between its budget reduction ambitions and its equally neoliberal ambitions to set up a new property State Owned Enterprises (SOE), spun out of the department and modelled on private property companies – a publicly-owned Growth Point, if you like. Again, it is not as though there is nothing to be learnt from private sector property companies – but a Property Management Trading Entity within the DPW should have different developmental priorities and possibilities – beyond business efficiency to achieve profit maximisation.

These priorities should include using our property portfolio to help catalyse integrated urban development to turn around the decay of many of our CBDs, for instance. We also need to integrate much more fully labour intensive approaches (and the EPWP) into the maintenance of our property portfolio. Likewise there are many possibilities for driving green retro-fitting and accessibility – the public sector property portfolio should be a trend-setter in

these important social and developmental objectives, rather than the laggard that it often currently is.

Finally in April 2006, in line with the White Paper, the DPW devolved its maintenance, property rates, municipal services and leasing budgets to its national user departments and introduced accommodation charges.

At the same time it was recognised that this budgetary reform would require structural changes within the DPW. In response to DPW's White Paper, National Treasury approved the establishment of a Property Management Trading Entity (PMTE) in March 2006.

The approval was subject to several requirements including:

During the first year of operation of the trading entity, Public Works must seek approval from National Treasury to establish a fully-fledged trading entity by 1 April 2007, which would comply with all the conditions for trading entities.

In 2006, the department developed a draft business case for the establishment of the "fully fledged" PMTE, but, I suspect for reasons noted above, it was never finalised. The department also failed to properly segregate the functions of its "main account" from those of the PMTE.

This has contributed significantly to both the department and the PMTE receiving disclaimed audit opinions over the past few years. Added to this, the manipulation of narrow BEE objectives in the space of these new "contractorised" arrangements – (manipulation by established and aspirant property developers, and dishonest elements within the department) – further muddied the waters. What had set out to be an intervention to achieve greater transparency and cost-saving has turned out often to be the exact opposite. It is time to make a new beginning.

#### Interim measures

To address these long-delayed issues, the department, with effect from 1 April 2013, has now adopted interim structural measures to clearly segregate the functions of the PMTE and DPW's Main Account. All relevant Asset and Property Management functions within DPW have now been ring-fenced to form part of the PMTE's operations. At present, the PMTE is operating as an account rather than a fully-functional trading entity.

# Medium/long term measures:

The intention is for the PMTE to be suitably positioned and structured to enable the department to better deliver on its mandate to (a) provide fit-for-purpose accommodation to its user departments at appropriate rentals; and (b) obtain and retain funds for future property developments. We have therefore commenced a fast-tracked process to develop policy options for the long term operating model for the PMTE in order to finalise and submit the business case for approval.

It is envisaged that this process will be concluded in August / September 2013.

### Legislation

Another area in which we are beginning to see a shift from internal fire-fighting towards assuming forward-looking responsibility for our strategic responsibilities – is in the area of legislation. And again we are picking up on a long delayed matter.

The second sub-clause of the "Property Clause" in our Bill of Rights reads: "Property may be expropriated only in terms of law of general application – for a public purpose or in the public interest..."

But, as we speak, there is no such legislated "law of general application" outlining an administratively just process in cases of expropriation, and ensuring just and equitable compensation for those expropriated. There was an attempt in 2008 to pass an Expropriation Act, but the Draft Bill was withdrawn.

This Portfolio Committee now has an historic responsibility later this year to finally pilot a constitutionally-compliant (indeed, a constitutionally REQUIRED) Expropriation Act through Parliament. Since we last reported to the Committee in mid-April on the Draft Bill gazetted for public comment we have received a significant number of public responses.

We would like to use this opportunity to thank all of those who have made submissions, our departmental officials are busy processing them. I understand that many inputs are generally supportive. Others raise concerns which appear to be based on mis-readings of the Draft Bill – but that often tells us something – that our intentions are not coming through as clearly as they might. Expropriation is an emotive issue and, therefore, not all of the submissions received are constructive, some are quite emotional. Many of these are, in effect, not quarrelling with the Draft Bill, but with the requirements of the Constitution itself – which, for instance, explicitly does not regard market value as the sole criteria in assessing compensation.

## Independent Development Trust (IDT)

Among the many challenges confronting the DPW is the sustainability of one of our key developmental entities – the Independent Development Trust. The IDT was established in 1990, as an independent, civil society, grant-making agency with a R2 billion government endowment earmarked by the apartheid government for the enhancement of the standard of living conditions of disadvantaged communities – basically a last gasp attempt to create a black middle class buffer in the face of impending democratic change.

In April 2000, the Trust was reconstituted as a Schedule 2 Public Entity in terms of the Public Finance Management Act. In March 2007, Cabinet took a decision that "IDT must be transformed into a government development agency that will implement projects which are commissioned by government departments. It must cease to be a civil society organisation, an independent agency or a funding agency".

The changes and expansion of IDT's mandate since its inception have eroded the R2 billion capital injection it received back in 1990. The entity is currently severely constrained financially and is being sustained through State funding. For IDT to continue to exist it needs to be redefined within a prescribed mandate that will ensure over a predetermined period IDT becomes self-funded and sustainable. Over the past few years there has also been the matter of mandate creep leading to duplication in function with other State institutions.

We believe that the IDT has a critical developmental role to play – particularly in regard to the project management of social infrastructure construction (schools, clinics, community centres, libraries, etc.). Private sector contractors and even government departments or municipalities often fail to foster active community participation in the planning, construction and maintenance of social infrastructure.

This results in a sense of community alienation - and even, sometimes, in the wanton destruction of what is meant to be community-owned public property. An active, developmental approach to project managing the construction of social infrastructure is the critical niche we believe the IDT needs to specialise in.

In line with all this, the department (working closely with Treasury) is actively developing a new business model for the IDT. We have set ourselves the task of producing an agreed business model for the IDT by the end of July this year.

# **Expanded Public Works Programme**

Earlier this year an international workshop on Public Employment Programmes was jointly hosted by UCT and the UN's ILO here in Cape Town. As the DPW we were actively involved in the event. I am not sure if South Africans appreciate the extent to which many countries (now also facing serious unemployment crises) are extremely interested in our own EPWP and particularly the sheer scale of it, as well as the multi-sectoral and innovative approaches we have pioneered.

When the programme was first started, I think that the belief was that it was to be of short duration. Alas, we now know that our unemployment crisis is deeply systemic and stubbornly present. Even the National Development Plan envisages some 431,000 EPWP participants in 2030 on its more optimistic growth projection of 5,4%.

It rises to 2,6million participants a year if the growth rate is 4,8%. In the present 13/14 financial year we are committed to accelerating participating numbers.

This will be achieved, through amongst other things:

- Working with Provincial Roads Departments to ensure increased labour-intensity on projects funded by the Provincial Roads Maintenance Grant.
- Increased technical support to municipalities to ensure projects are designed and implemented labourintensively. Technical support will be provided to at least 255 municipalities in this financial year, with a particular focus on the 23 least resourced districts in line with the PICC's Strategic Integrated Project 6.

• EPWP will continue to promote skills development by implementing programmes like the National Youth Service where youth are trained in artisan trades in, for instance, the built environment.

The DPW is targeting 3,500 youth this financial year as part of our contribution to the NYS programme.

The budget we are debating today will, I believe, enable us to consolidate the important shift of emphasis now under-way in the DPW – from fire-fighting and inward-looking through stabilisation to a much more active and strategic forward drive.

Issued by: Department of Public Works

8 May 2013

# National Council of Provinces (NCOP) policy debate on Budget Vote No. 7: Public Works by Thulas Nxesi by Minister of Public Works

23 May 2013

"Rebuilding the Department of Public Works: rebuild capacity, improve service delivery and expand job creation."

#### 1. Introduction

Honourable Chairperson
Honourable members of Cabinet
Honourable MECs
Honourable Chairperson and members of the Select Committee on Public Services
Honourable Members of Parliament
The DG, HoDs and officials
Distinguished guests
Ladies and gentlemen.

Welcome. Today, I will present the budget vote for 2013/14; account for what we have done as a department over the last year; and, most importantly, convince this House that the Department of Public Works is serious about turning itself around, and that we have a plan to take us forward.

## 2. The budget vote

The departmental budget allocation has been reduced by 20% from R7.7 billion in 2012/13 to R6.2 billion in 2013/14. The decrease is attributable to the following:

- The phasing out of the devolution of the property rates grant to provinces;
- Cabinet approved budget reductions of R1.5 billion over the Medium Term Expenditure Framework (MTEF); and
- Shifting of R290 million to the Department of Home Affairs for border management.

Adjustments to the department's baseline reflect the ongoing reorganisation of the department and new priorities, and include the reprioritisation of R827 million to the Administration and the Immovable Asset Management programmes to provide for the implementation of a turnaround programme in the department.

The department's budget reflects government priorities and our efforts to address, in particular: Outcomes 4,8 and 12.

In relation to the National Development Plan (NDP), my department is aligning activities to support goals of the NDP.

# 3. Expanded Public Works Programme

The Expanded Public Works Programme (EPWP) remains an effective part of government's response to the triple challenge of poverty, unemployment and inequality.

Our initial target in the second phase of the EPWP - for the period 2009-2014 - was to create 4.5 million work opportunities. This has been increased to nearly 5 million work opportunities – with a special emphasis on unemployed youth and women. As part of this, some 8,000 youth will be recruited for artisan training to be employed by the national and provincial departments of public works.

I am pleased to announce that the problem of under-spending on the EPWP incentive grant – which amounted to R358 million in 2011/12 - has been eliminated in financial year 2012/13.

None of this would have been possible without the active partnership, coordination and participation of provinces, municipalities and non-profit NGOs, Community Based and Faith Based Organisations.

As we move into Phase III of EPWP, we have to ensure that all these stakeholders are supported where necessary – and that, collectively, we further up-scale EPWP programmes. We need to embed EPWP in the roll out of the

SIPs, and ensure that - collectively as government departments – at all levels - and State Owned Enterprises - we all utilise EPWP and labour intensive methodology to maximise job creation.

Concrete examples of EPWP projects include:

- Eastern Cape with the Eastern Cape Provincial Department of Public Works and Roads, and the Department of Defence, we are rolling out low cost bridges.
- KwaZulu-Natal Road Maintenance Project at Newcastle Local Municipality at Madadeni 100% labour intensive; providing livelihoods and skills transfer, as well as reducing flooding.
- Northern Cape The Hakskeenpan Bloodhound Project within the Municipal area of Mier to clear and prepare a track for the latest attempt on the World Land Speed record. It involves work for 317 EPWP beneficiaries (60% women) and long-term benefits in terms of tourism resulting from media exposure for this unique facility the world's longest and fastest race track.
- Western Cape street cleaning project in the Breede Valley Municipality.
- Free State EPWP Social Sector ECD programme has trained 1,310 practitioners and matrons in Grade R curriculum over the last three years (360 in 2012/13).
- North West the ATCSC (Angels of Tomorrow Community Support Centre) partnered with the Mafikeng Local Municipality to create 400 work opportunities involving the following programmes waste collection, maintenance of roads and storm water drainage, as well as care of parks and grave yards.

# 4. Capital Projects

In the course of 2012/13 some 214 projects were completed – including the upgrading of the Nelson Mandela Museum in Mthatha. Capital projects created some 18,815 jobs during 2012/13. The target for 2013/14 is approximately 40,000 jobs.

Some 300 capital projects will be completed by end of March 2014. This includes the Matola Raid Monument in Mozambique.

The erosion of core professional services of the department has impacted negatively on our ability to deliver on the mandate. The following mitigating measures have been adopted:

- The department has secured a budget appropriation of R66 million to fill 88 out of 219 vacant and unfunded core professional positions.
- Joint professional teams have been created to support smaller regional offices, and to work with major clients.
- The department has mapped out the roll-out programme to resuscitate maintenance workshops with priority areas being Western Cape and Gauteng.

## 5. Asset Investment Management

Concrete achievements and plans include the following:

- Eleven buildings were rehabilitated in 2012/13, with a further 15 earmarked for the current year in order to accommodate user departments.
- As part of the Accessibility Programme, 42 buildings were made more accessible for people with disabilities last year, with a further 146 buildings prioritised for the current year.
- Two properties measuring 433 hectares earmarked for sustainable human settlements were approved for release in 2012/13. A further five properties have been identified for release in the current year.
- In terms of Inner City Regeneration, targets for 2013 include: the completion of Precinct Development Plans for West Capital and Paul Kruger Street as part of the Tshwane Inner City Project and Master Plan.

In implementing the Green Building Programme a number of pilot projects in water efficiency, waste management, energy efficiency and eco-labelling of construction materials are being rolled out. Key amongst these is the current base-line study on energy efficiency targeting 1,000 public buildings.

### 6. Prestige

We have taken firm control of Prestige by centralising it, and creating a direct reporting line to the Director-

General. This has already resulted in the cancellation of a number of high-priced projects.

All Prestige projects are now undergoing investigation. The process is complete in regard to Pretoria. We have now extended the investigation to Cape.

Similarly many of the problems surrounding the security upgrade at Nkandla are rooted in the failure of supply chain management processes, poor management and lack of accountability. As a department we completed our preliminary internal investigation at the beginning of the year. We have referred our findings to the SIU for further investigation. We are also cooperating with the Public Protector's investigation. Parliament will discuss our report, and the Auditor-General has undertaken to audit Prestige projects.

I can assure honourable members, that as a department, we will act against any individual where evidence of wrong-doing exists.

We have revived the parliamentary village boards. Our priority is to now deal with unauthorised and illegal residents and to introduce an access card system and review all aspects of security. Meanwhile MPs houses have been programmed for a maintenance upgrade.

Additionally, policy proposals on norms and standards will be presented to the Executive for a decision by June 30th. These measures will be underpinned by the deployment of additional resources in Cape Town and Pretoria. The new systems will be fully operational within six months.

I also need to mention that we have completed an audit of heritage buildings and drawn up a detailed inventory of moveable assets. This greatly assists in safeguarding these important heritage items, and provides a baseline for the future care of heritage buildings.

## 7. Policy: Transforming the Built Environment

The Department of Public Works remains responsible for the regulation and transformation of the construction and property sectors. Racially skewed property ownership patterns need to be addressed, and the construction industry has to create an environment where emerging contractors graduate into sustainable businesses.

The following processes were finalised in the last year:

- The Construction Sector Charter Council was registered as a section 21 Company.
- The National Contractor Development Programme (NCDP) driven by the Construction Industry Development Board (CIDB) was launched in December 2012, and a National Contractor Development Forum -comprising DPW and other national infrastructure development departments has been established to co-ordinate contractor development. The NCDP is also being rolled out to municipalities in partnership with COGTA and SALGA.

On the legislative front, this year the department will be tabling in Parliament the Expropriation Bill, as well as a bill to establish Agrément South Africa as a public entity.

# 8. The department's Public Entities

I need to mention the important work of the Entities that report to the Minister of Public Works:

- Agrément South Africa The Department of Public Works has utilised Agrément certificated products in the construction of new schools in the Eastern Cape and North West provinces.
- The Construction Industry Development Board (CIDB) outputs include: developing standards for government tenders; and maintaining a national Register of Projects, as well as the contractor registration and grading system which is both a risk management tool for clients, as well as a development tool for emerging contractors.
- The Council for the Built Environment (CBE) ensures that only registered and competent professionals are allowed to practice.
- It remains a major concern that only a quarter of registered professionals in the built environment are black. Last year the CBE established a candidacy programme to help remove bottlenecks and assist young black graduates to attain professional registration.

• The Independent Development Trust (IDT) - supports the DPW to fulfil its mandate – as well as providing project management services to other departments – to deliver social infrastructure. IDT supports the EPWP's management information system and the Non-state Sector programme.

DPW is currently working with IDT to develop a new business case to review the organisation's mandate, funding model and institutional form – to ensure the long-term sustainability of the organisation.

# 9. The Turnaround Strategy: Rebuilding Public Works

The department's past performance has been characterised by corruption and mismanagement.

This is a large and complex organisation where, all too often, there is misalignment between the mandate and the structure of the organisation. We are currently addressing the challenge of organisational structure with the assistance of the DPSA.

I want to assure this House that the turnaround project to 'Rebuild the Department of Public Works (DPW)' is now well under-way:

- We have the funding from National Treasury;
- The core of the Turnaround Team is in place under the office of the Director-General not in the Ministry so if the Minister is recalled tomorrow it will not derail the whole turnaround.
- Annual, 3-year and 7-year plans are in place developed in consultation with National Treasury.
- We have said that much of DPW's problems can be traced to a long period of unstable and changing leadership. I have also said that any turnaround strategy needs to be led from the top. I believe we have now stabilised leadership with the appointment of the new DG and CFO, and other changes at leadership level.

Our strategic focus has been on taking control of five key areas:

## 1. Combatting fraud and corruption

We have worked closely with the SIU (Special Investigations Unit) to investigate irregular leases and projects – some 40 investigations in all, of which 23 are completed. This has resulted in successful disciplinary actions, the suspension of six officials and the dismissal of three, including one DDG. We have instituted court actions to recover monies wrongly paid by the Department. We are also awaiting reports from disciplinary hearings involving a further two senior officials.

Arising out of the completed investigations into Prestige in Pretoria, the SIU has recommended that we suspend and discipline the responsible officials – which we have started to implement.

In the light of continued evidence of collusion between some officials and sections of the construction industry, we have started to enhance investigating capacity within the Department:

- Internal Audit was empowered to commission forensic investigations. Some 19 investigations have been completed.
- We are also establishing an internal Compliance and Enforcement Unit advised by SARS as part of a separate Risk Management Branch.
- Looking forward, we are establishing a separate Supply Chain Management (SCM) Branch. In this regard we are working closely with National Treasury to strengthen SCM processes.

Our broad approach is one of zero tolerance: to prosecute cases of fraud and corruption, but to also put in place robust systems "to make it easy for weak people to do the right thing, and difficult for bad people to do the wrong thing."

## 2. The Immovable Assets Register

The state land reconciliation with Deeds Office records was completed by 31 March 2013. This involved scrutinising the records of 180,000 state land parcels. The findings will form the basis of a physical verification process to commence in July 2013. This will also reveal where assets are being occupied illegally. Moreover, we will be applying a fair value to our register to give a more accurate reflection of the current value of the portfolio.

Crucial to the success of this project, is the on-going collaboration between the National DPW and the provinces to confirm custodianship of land parcels and treatment of unregistered land. This has meant developing policies, regulations, operating models and a standard reporting template that requires national and provincial DPWs to keep track of all state land categories. Together with the provinces, and input and co-operation from the departments of Rural Development and Land Reform and Human Settlements, we are rebuilding the state's immovable asset registers.

National DPW still has to allocate custodianship to some 3,200 land parcels, and approximately 24,000 land parcels need to be vested – a process which is expected to take until March 2016 to complete.

My main point: although this is a lengthy exercise, I am very confident that we are on track for the creation of an Asset Register that will – for the first time ever - accurately reflect the state's assets.

Let me make a further point: that this is a real game-changer. With a sustainable register of state immoveable assets in place, we will have at our disposal the tools to leverage this massive property portfolio for economic development. This will also assist us to drive the transformation of the property sector in South Africa.

#### 3. Audit of Leases

The Department presently manages a portfolio of 2,788 leased properties across the Republic. In his 2012 Budget speech, the Minister of Finance announced Treasury's support for a national audit of leases by DPW – a timely response to the numerous lease scandals at the time.

To date, 100% of these leases have been reviewed. Of these, 1,316 required attention, revision or renewal. 365 of these leases have already been addressed. Recommendations for the remaining 951 leases will be in place by the end of June, 2013. Meanwhile all new leases are now being correctly processed.

# 4. Improving audit outcomes

The Clean Audit project was initiated in December 2012 to address audit queries – and includes a consortium of specialist service providers deployed across the Department's Head Office and 11 regional offices. I am pleased to announce that the Department has appointed 64 unemployed commerce graduates as part of this initiative. This number is likely to be increased. Skills development of Finance and Property staff is a vitally important output of this project.

A key area of focus is the reduction of late payments and compliance with the President's instruction to pay suppliers within 30 days. As part of this project, the DG and I are visiting the regions to meet with service providers, and to work with officials to address complaints.

Irregular expenditure is also a key focus of the Clean Audit Project. I am pleased to confirm that all transactions for the Department and the PMTE will be fully tested for the 2013/14 financial year – in order to eliminate irregular expenditure going forward.

## 5. Operationalising the PMTE (Property Management Trading Entity)

Honourable members will be aware that in 2006 Treasury approved the establishment of the Property Management Trading Entity within DPW with the injunction that a business case be submitted within two years. The failure to finalise these processes contributed significantly to both DPW and PMTE receiving negative audit opinions in subsequent years.

I am pleased to confirm that we have now formalised the establishment of the Entity. A detailed business case is under development and will be submitted to Cabinet for approval in August, 2013.

I wish to assure this House that the turnaround is proceeding in full consultation with organised labour.

## 10. Concluding remarks

I would like to conclude by thanking the following people:

• The President for entrusting me with the Public Works portfolio.

- The Auditor-General, Public Protector, SIU and members of the parliamentary committees for their constructive criticism and support.
- Treasury and DPSA for the assistance and support in developing and implementing a turnaround strategy.
- The Director General and senior management of the department who have kept the ship afloat, even as we try to turn it around.
- MECs and HoDs whose participation has reinvigorated MINMEC so that we now speak of a 'Public Works family' which includes us all.
- I particularly want to thank all those officials of the Department of Public Works who are actively assisting in the process of rebuilding.

My message to them – and to honourable members - is this:

- Whilst we must never underestimate the magnitude and scope of the task we face, even so:
- We have stabilised the department;
- We are making real progress in tackling the immediate and systemic challenges;
- We have put in place the building blocks and we have a plan to rebuild Public Works;
- Together we can make Public Works work.

#### I thank you.

Issued by: <u>Department of Public Works</u> 23 May 2013

# Vote 8: Women, Children and People with Disabilities

#### Budget Vote 2013/14 speech by the Minister of Women, Children and People With Disabilities, Ms Lulu Xingwana

22 May 2013

"Unity in action towards socio-economic freedom for women, children and people with disabilities"

Chairperson, Honourable Members

Opening the first democratic Parliament in 1994, former President Nelson Mandela had this to say: "... And so we must, constrained by and yet regardless of the accumulated effect of our historical burdens, seize the time to define for ourselves what we want to make of our shared destiny ... And in this glorious vision, ... our endeavours must be about the liberation of the woman, the emancipation of the man and the liberty of the child". With those words, our former President defined what must constitute the building blocks of our collective goals as a nation.

The 1994 democratic breakthrough marked a decisive milestone in the creation of a society based on the principles of equality, justice, human dignity and non-sexism.

## Corporate Governance

Honourable Members, in our speech last year, we said: "To ensure good governance and transparency an independent labour law firm (Fluxmans) has been appointed to investigate allegations of corruption, nepotism and mismanagement in the department".

I am pleased to inform you that the investigation has been finalised and its recommendations have been implemented. This included disciplinary hearings against those implicated, and those found guilty were dismissed. As the African National Congress (ANC) government, we have declared zero tolerance to corruption and mismanagement.

We now have improved the capacity of the department with the appointment of the Director-General, Ms Veliswa Baduza and the Chief Financial Officer. We also have a fully functional Audit Committee, Risk Committee, a Supply Chain Management Unit and an improved Human Resource Management Unit. We are therefore confident that we have established the necessary systems, structures, controls and procedures that will enable us to discharge our mandate more effectively. The turnaround strategy we adopted in consultation with National Treasury last year is being implemented. The results and improvements are now being realised in the department.

#### Women empowerment and gender equality

As a nation, we have made significant progress in promoting women empowerment and representation in the key decision-making structures. Before 1994, the South African Parliament had a mere 2.7% representation of women. Through the visionary leadership of former President Nelson Mandela and the ANC, women representation immediately increased tenfold to 27% following the 1994 elections. After 1997, having adopted the 30% target for women representation as ANC in the Mafeking Conference, we stood at 30% and 33% representation of women after the 1999 and 2004 elections respectively under the leadership of former President Thabo Mbeki.

In its Polokwane National Conference held in 2007, the ANC adopted the  $50\50$  representation. This jumped women to 44% in Parliament and 43% in Cabinet under President Jacob Zuma. Chairperson, the progress our nation is making is mainly due to the commitment of the African National Congress to women empowerment and gender equality. If the other parties in this august House could follow suit, we would have long reached the  $50\50$  target in SA.

Chairperson, this year we mark the 100th anniversary of the historic women's march, led heroically by Charlotte Maxeke, against the discriminatory pass laws which restricted black people's movement and affected families through the 1913 Native Land Act. The sad and harsh reality of the 1913 Land Act, whose sole objective was dispossession of millions of African people of their land, was succinctly captured by the former Secretary General of the ANC, Sol Plaatjie in his book, Native Life in South Africa, where he acclaimed: "Awakening on Friday morning, June 20, 1913, the South African native found himself, not actually a slave, but a pariah in the land of his birth". For rural women in particular, the impact and effect on the Land Act was devastating.

During this year, the year of the women's movement centenary, we will advocate that more land must be allocated to women. We are calling on all our partners in government across all three spheres in partnership with CGE, together with the agricultural and business community, to join in this partnership. We will ensure that the campaign includes young women and women with disabilities.

Last year we informed this House that we were finalising consultations towards the Women Empowerment and Gender Equality Bill. This Bill is based on the International Instruments that South Africa has signed and ratified including the Beijing Platform for Action, CEDAW, the AU Protocol, the SADC Gender Protocol, our Constitution and Bill of Rights. I am pleased to inform this House that the Draft Bill was approved by Cabinet last year in August for public consultation. The draft Bill that incorporates inputs from the public participation process was tabled at NEDLAC for negotiations. The revised Bill, will be tabled in Cabinet for its consideration before presentation to the National Assembly.

We believe that this Bill, once enacted, will become a powerful instrument to advance the objectives of gender equality and women empowerment. It will enforce compliance both within and outside the public service. We will continue to influence policy positions and government programmes to reflect the imperatives of gender equality and women empowerment. This Bill will assist to accelerate the engendering of policies and programmes across the public and private sector.

We continue to work with government departments and state-owned enterprises such as DTI, DED, DRDLR, IDC, IDT and SEDA to facilitate opportunities for women in rural, peri-urban and informal settlements to participate in the economy.

A number of women projects are unfolding positively, with some women businesses growing in leaps and bounds. For example, in Gauteng Ms Anna Phosa has her business (Dreamland Piggery) doing exceptionally well, with her piggery production supplying Pick and Pay. She recently acquired an abattoir and is training other women in piggery production. In Limpopo, a cooperative of women led by Ms Mavis Mathabathe is becoming a South African brand in the production of Moringa supplements. They are already exporting to Indonesia, Swaziland, Botswana, USA, UK and the Netherlands.

The Department of Science and Technology (DST) has agreed to build her a pack house in the village. Ms Nobuntu Landiwe Saka, in the Eastern Cape has also grown her business to become a household brand with her traditional attire and beadwork. She is now running a sewing training centre with the support of the DRDLR and the Eastern Cape Provincial Government, who have agreed to build a factory for women in the village.

In KwaZulu-Natal, women cooperatives - led by Maureen Magubane Chairperson of WARD have established five bakeries. They have also been awarded a feeding scheme contract by the MEC for Education in KZN, Mr Senzo Mchunu. They are getting a contract from Simba to supply them with potatoes from their farms to produce Simba Chips.

We also have Mrs Ventura of Molo Songololo, a children's organisation that helps poor mothers through economic empowerment programmes such as growing vegetable gardens, sewing projects and a bakery. One of our VVIP's today in the gallery is Mr Nenio Mbazima a deaf author and comedian. Please buy his book; you will laugh from the first page to the last.

As a department, we continue to support and coordinate the development of rural women in all sectors. We will again observe International Day for Rural Women on the 15th of October to highlight the situation of rural women in South Africa, and bring their priorities to the attention of the nation, policy makers and the private sector, as we did last year in KZN in partnership with the Premier's office and the Rural Women's Movement (RWM).

With regard to the Traditional Courts Bill, we will continue to work with rural women and other stakeholders to ensure that the provisions of the Bill are consistent with our Constitution and protect the rights of women.

Gender responsive budgeting is an essential tool for development, poverty alleviation and redistribution. Chairperson, you will recall that last year we made an undertaking that, together with the Motsepe Foundation, we would pursue the Women Budget Initiative to ensure that our budgeting processes and allocations are gender-responsive. I am pleased to inform the House that the Motsepe Foundation has completed a baseline research with the Departments of Agriculture, Energy, the DTI and Health in partnership with the Department of Women, Children and People with Disabilities and UN Agencies. This output will reinvigorate multi-stakeholder Gender Responsive Budget Analysis in South Africa.

As part of our monitoring mandate, we have developed the Integrated Mainstreaming Framework, as well as sector-specific Monitoring and Evaluation Strategies to monitor progress made in the realisation of the rights and empowerment of all three sectors. We have also developed a quarterly reporting tool so that we can be able to determine trends and progress or regression.

In line with the undertaking we made last year, we launched the National Council Against Gender-Based Violence under the leadership of Deputy President Kgalema Motlanthe on the 10th December 2012. The Council has finalised its Annual Action Plan, and will be engaging with communities through awareness- raising programmes and educational campaigns across the country. This will include road shows, consultations summits and driving the 365 Days National Plan of Action to fight gender based violence.

Working together with the Ministers of Police, Justice and Correctional Services, we will continue to support, promote, coordinate and monitor access to justice. This includes the effective and efficient services to all victims, such as the Sexual Offenses Courts, the Family Violence and Sexual Offences Units in the South African Police Services, the training of police and forensic social workers, restorative justice as well as effective rehabilitation of offenders. These pillars constitute the key element of our fight against gender- based violence.

Chairperson, during the 57th UN Commission on the Status of Women, the department managed to stage a special parallel signing ceremony on 11th March 2013 at the UN-Women Headquarters in New York, where we registered South Africa's commitment to the United Nations - Campaign on "Commit to End Violence Against Women and Girls". The ceremony was led by Ms Michelle Bachelet, the Under Secretary General and Executive Director of UN-Women. South Africa was commended for its solo stance in Africa on the issue of sexual orientation and gender identities as well as on the matter of sexual and reproductive rights for women and girls.

We were praised for our valiant efforts in ensuring that for the first time in the Commission there were agreed conclusions on violence against women that were adopted in the session itself. Several concrete recommendations have emerged in the final outcome document which we need to domesticate in the country as well as monitor the progress thereof. We were also congratulated for developing a multi-sectoral approach towards fighting gender-based violence, by launching the National Council Against Gender Based Violence on International Human Rights Day last year as well as launching the Orange Day campaign as part of our 365 Days National Action Plan.

## Children's rights and responsibilities

The post apartheid ANC government has always prioritised children's rights and wellbeing as part of our overall development plan. Our first President, Nelson Mandela said: "There is no keener revelation of a society's soul than the way it treats its children".

Therefore, to give concrete expression to this vision, the ANC government signed the United Nations Convention on the Rights of the Child as the first of a number of international and regional treaties that we ratified in 1995. We are happy to announce that we are ready to submit the next report to the UN and AU in July this year. This report indicates that we have made remarkable progress since receiving our last comments from the UN Committee.

One of the main achievements during this reporting period was the establishment of the Department of Women, Children and People with Disabilities (DWCPD) in 2009 to improve the coordination and monitoring of policies and programmes for children. Since this government came into power, there has been considerable improvement in the lives of vulnerable children in general, access to their rights, services and benefits, and a reduction in their poverty levels and inequality. These achievements were brought about by the numerous progressive legislation and social and economic policies introduced by the ANC government since 1994.

The Department of Health and UNAIDS data show substantial progress in preventing mother-to-child transmission of HIV since 2004. This resulted in a significant drop in new child infections during this period. Progress has also been made over the past four years in the implementation of the national Prevention of Mother-to-Child Transmission programme that has enabled South Africa to reduce mother-to-child transmission of HIV from 8% to an estimated 2.7% at six weeks after birth. We are working towards zero transmission.

Through Department of Social Development (DSD), the child support grant (CSG) has had a significant impact on the wellbeing of vulnerable children. A study conducted in 2012 by the DSD, SASSA and UNICEF found that the CSG promotes early childhood development, reduces stunting, improves school retention and better school outcomes, increases access to health care, lowers the risk of child labour (especially for girls), and lowers risky

adolescent behaviour for the most vulnerable children. It therefore reduces poverty and vulnerability as well as helps to break the inter-generational transmission of poverty.

The universalisation of a formal pre-primary year (Grade R) through the public school system in terms of the White Paper 5 on Early Childhood Development (ECD) (2001) has made early childhood education in the year prior to the start of formal schooling universally available. I am looking forward to the policy process that will address the feasibility of introducing two years of universal access to ECD before primary school as proposed in the National Development Plan. The introduction of pro-poor education policies such as "no-fee" schools in the poorest three quintiles and school fee waivers for poor learners in fee-paying schools through the National Norms and Standards for Public School Funding (1998, as amended) and the Exemption of Parents from the Payment of School Fees Regulations has made primary and secondary education free for more children.

The scourge of violence against children remains a concern though. We are coordinating and continuing through numerous advocacy and awareness-raising campaigns, such as child protection week led by DSD which starts next week, the promotion of the use of positive discipline rather than corporal punishment and the prevention of all forms of violence against children as articulated in the programmes of the National Council Against Gender Based Violence, working together with SAPS and DOJCD.

To improve government's coordination, advocacy and monitoring capacity, we have revised the National Plan of Action for Children (NPAC) 2012 – 2017 and a monitoring strategy which establishes a mechanism for coordination, collaboration and mainstreaming of children's rights.

Chairperson, you may recall for example that last year we made a commitment that with regard to the Techno-Girl programme, 1 829 girls will be part of the June school holidays intake from both the public and private sector. Over 3 920 girls, including girls with disabilities, have undergone job shadowing. As a nation, we must continue relentlessly to encourage girls to pursue careers in the natural sciences to change both the mindset and this professional technical labour market which remains predominately male-dominated.

Furthering the inclusion of children's voices in matters that affect them, we have in collaboration with the Nelson Mandela Children's Fund, instituted an annual Children's Parliament to provide our children with a platform to report on how government and civil society are responding to their rights and needs. We first went to Gauteng legislature in 2011. Last year, we held the Nelson Mandela Children's Parliament in Mpumalanga. At both sessions thus far, the children pleaded with all leaders to urgently address the scourge of violence and abuse. This year, the Nelson Mandela Children's Parliament will be held in the Eastern Cape Province in partnership with the Eastern Cape Provincial government and legislature.

Last year, we launched an On-Line Child Safety campaign in partnership with government departments and Google SA as part of Child Protection Week. The fundamental objective of this campaign is to protect children from harmful online activities.

Chairperson, our government has made remarkable progress through the Department of Home Affairs (DHA) to address the barriers in registering children's births and as a result, the rate of early birth registration has increased significantly over the last ten years. In 2003, 68% of births were registered within one year. This increased to 83% in 2010 and jumped a further 4% to 87% by 2011. The number of births registered within the prescribed thirty days also increased to reach 45% in 2010, and has increased further to 51% in 2011. The numbers of very late birth registrations have dropped by more than 50% between 2010 and 2011

It is therefore evident that there remain both major challenges and opportunities to unite around the vision of our first President for all children when he said "Our children are the rock on which our future will be built, our greatest asset as a nation. They will be the leaders of our country, the creators of our wealth, those who care for and protect our people". Therefore, as a nation we must invest more in our children.

### Rights of People with Disabilities

Chairperson, 1994 did not only bring about improvement in the lives of women and children. It also afforded people with disabilities recognition of their rights as equal citizens. The baseline Country Report to the Convention on the Rights of Persons with Disabilities, approved by Cabinet on April 17 this year for depositing at the United Nations, provides us for the first time with baseline information on the status of South Africans with disabilities, and enables us to sharpen our interventions to realise the rights of people with disabilities to equality.

Once again, it was the African National Congress which, in 1994, walked the talk and became the first party to have an MP with disabilities, the late Hon Maria Rantho, who went on to become the first disabled Public Service Commissioner. Parliament today boasts 16 MPs and altogether we have 96 public representatives with disabilities in the country.

Chairperson, it saddens me to report to the House that progress in both the public and private sector in attaining set targets for employment equity for persons with disabilities has not been met yet. The 2012/13 Annual Report of the Commission for Employment Equity reports that the national average for the employment of people with disabilities by designated employers only reached 1.4%.

Chairperson, unless we link these targets to the Directors-General's Performance Agreements and Ministers' Deliver Agreements, whatever we are planning to do with the Department of Public Service and Administration, we will not achieve these targets. Chairperson, I am proud to report that the best performing department in this regard is the Department of Women, Children and People with Disabilities with 5.55% for people with disabilities and 61% for women.

Chair I leave the further elaboration on our disability report to the Deputy Minister Bogopane-Zulu.

#### Conclusion

In conclusion, I would like to express my appreciation to Deputy Minister Bogopane-Zulu, the Director-General and her staff, as well as the Members of the Portfolio and Select Committees for providing support and diligent oversight to ensure that the rights of women, children and people with disabilities are protected and promoted.

Honourable Members, as signatory to the various International Conventions and Protocols, we will continue to ensure that South Africa secures outcomes that will promote and protect the rights of women, children and people with disabilities. We will ensure that we discharge our reporting obligations to the United Nations and other bodies.

I would also like to express appreciation to the international agencies such as the UNDP, UNWomen, UNFPA, UNICEF, UNAIDS, UNEP, DIFID,OHCHR and our private sector partners such as ACSA, Motsepe Foundation, MTN, ABSA, Old Mutual and Tirisano Travel for their support. Sincere gratitude to government departments, our provincial governments, municipalities and civil society, for their collective response and commitment to realise the rights of women, children and people with disabilities.

Members are reminded Orange Day on Saturday will take place in Khayitsha . Working together we can do more to build a fully inclusive society free from unfair discrimination, inequality, abuse and exploitation! Collectivism for an empowered society requires that we address the triple challenges of our time - inequality, poverty and unemployment.

While improvements have been made in this area, our baseline budget remains an area of great concern and discussions are on-going with National Treasury to ensure that we improve capacity within the core areas of the department. This is our area of great need, our core programmes on disabilities women and children . We also need financial support for the council against GBV. We thank DFID and UN Agencies for their pledge to fund the council. We trust more will join their example in this area of need.

Chairperson, as I step down, allow me once again to quote the immortal words of Charlotte Maxeke: "This work is not for yourselves - kill that spirit of self, and do not live above your people, but live with them. If you can rise, bring someone with you."

Halala Charlotte Maxeke Halala! Halala Lillian Ngoyi Halala! Halala Ruth First Halala! Halala Helen Joseph Halala! Halala Sophie du Bruyn Halala! Halala Victoria Mxenge Halala! Halala Albertinah Sisulu Halala! Halala Ruth Mompati Halala! Halala Dorothy Nyembe Halala! Halala MaDinoge Halala!

Malibongwe!!!!

Issued by: <u>Department of Women, Children and People with Disabilities</u> 22 May 2013

# Budget Vote 8 speech by Honourable Hendrietta Bogopane-Zulu (MP) Deputy Minister of Department of Women, Children & People with Disabilities

22 May 2013

House Chair, Honourable Minister, Honourable Members, Distinguished guests, Ladies and gentlemen.

### Chairperson,

Looking back, we can agree that we have made progress in our task to strengthen collective action towards the realisation of the rights of people with disabilities as equal citizens, even though we could have done better.

The finalisation of the baseline Country Report on the Rights of Persons with Disabilities in April 2013 has provided us, for the first time, with a comprehensive platform from which we can measure progress, set targets aimed at improving outcomes of our collective efforts to improve the lives of people with disabilities.

## Chairperson,

I would like to take this opportunity to thank the disability rights movement, parents of children with disabilities, disabled people individually and collectively, government across all three spheres, state owned enterprises, institutions of higher education and training, Parliament and the Chapter 9 and 10 institutions for their contributions in making this report a reality.

The (African National Congress) ANC led-government has done well in putting in place reasonable accommodation measures that unlock opportunities for people with disabilities, remove barriers to participation, enable self-representation, and facilitate access.

# To name but a few examples:

- Taxpayers are able to claim tax benefits for all disability-related costs incurred. We call on all tax payers who have not made use of this measure, to visit their nearest SARS offices to register for this significant benefit, and in particular parents, guardians and care-givers of children with disabilities.
- Voters with visual impairment are now able to vote in secret, unassisted, following the development of a universal ballot template (UBT) by the Independent Electoral Commission (IEC) in partnership with the South African National Council for the Blind.
- The Reserve Bank ensured, by following a participatory consultative process with disabled people organisations, that the Mandela bank notes have special features to ensure accessibility for people with visual impairment.

The ANC in its 2009 Manifesto set out five national priorities to which we remain committed. We gave life to these commitments through action-driven projects focusing on investing in the empowerment of people with disabilities.

We call on South Africans with disabilities to ensure that they participate effectively in the ANC Manifesto development processes to ensure that the 2014 - 2019 Manifesto has better articulated disability specific priorities and outcomes.

#### Chairperson,

Economic independence for the majority of South Africans remains elusive. Access to finance is but one of the many obstacles faced by entrepreneurs, and disabled entrepreneurs are no exception.

My appreciation therefore goes to the Industrial Development Corporation (IDC) that has funded Vuka Academy Driving School, owned by a disabled entrepreneur, and intended to facilitate access to driving for those with mobility impairment currently operating in the Free State and Northern Cape.

We believe and trust that more funding will be made available so that this project can expand to other provinces since access to transport remains a dream for the majority of disabled people.

Organisations such as the Medunsa Organisation of Disabled Entrepreneurs (MODE), the Disability Workshop Development Enterprise (DWDE), and the Work4You Social Enterprise, to mention but a few, have all developed expertise through innovation and forging partnerships in developing the entrepreneurial and productivity skills and capacities of people with disabilities across the impairment spectrum.

The R50m disability grant allocated by the IDC and the expertise acquired by these organisations could go a long way in easing the burden to economic empowerment for entrepreneurs with disabilities if they join hands.

#### Chairperson,

Allow me to congratulate institutions such as the Athena Private FET College and the South African Disability and Development Trust (SADDT) that have both formed partnerships with SETAs and companies such as Woolworths, Waltons, Makro, the Foschini Group, the Southern Sun group and rural municipalities in skilling young people with disabilities "even those in the deepest rural areas" through learnerships and placements, enabling these companies to exceed their set equity targets.

As one of the beneficiaries, Sizakele Mdladlana from Khayelitsha, a wheelchair user, says: "I am a tax payer, I have my own house, got married and proudly take care of my own family."

# Chairperson,

There is ability in disability that is, if you define us according to our disabilities. In ensuring that disabled people with their God given talents benefit and contribute to the Mzansi Golden Economy as announced by Minister Mashatile, we facilitated and supported the establishment of an agency called the Gifted Stars "It's your time to shine".

Gifted Stars will grow into a one–stop shop for any talented disabled person to knock and access opportunities, as well as for industry to find talented disabled persons. This Agency will cater for amongst others: Acting, Broadcasting, Literature, Dancing, Singing and Art.

## Honourable Members,

We would all agree that education remains a crucial weapon to liberate people from oppression. The same is true for people with disabilities.

To accelerate that reality we engaged institutions of higher education and training to create an enabling environment for students with disabilities through:

- the facilitation of the establishment of disability rights units,
- the development of disability policies,
- the inclusion of disability in diversity programmes, and
- the consolidation and the establishment of HEDSA.

We further ensured that there is a review of the NSFAS funding guidelines for reasonable accommodation support to students with disabilities, especially as it pertain assistive devices as well as personal assistance. We call on all students to familiarise themselves with the new guidelines and ensure their adherence.

# Chairperson, Hon Members,

It has never been the belief of the ANC led-government that we could solve the social challenges faced by South Africans alone, hence "together", as we realise our goal of working together, it gives hope to every South African.

In the words of Chaeli Mycroft-

"Hope is what keeps us going, it's what keeps us striving for the lives we deserve. I have hope for myself, but I also have hope for all other children with disabilities. I hope that my actions as an ability activist will leave the world

more accepting and more accommodating for all people and not just people with disabilities, because we are all different and we all have the need to be accepted regardless of having a disability or not."

These are the same words of hope echoed by the children at the Pontsho disability centre in Khureng village, Lepelle-Nkumpi Municipality in Limpopo. Today, they play and learn in a new state of the art centre built for them, instead of the shack they were cramped in.

The children and their parents had hope that one day their dream of decent safe facilities will become a reality.

Our thanks goes to Mutual and Federal, the SA Breweries, ABSA, Defy, Nestle, Mr Price, the Alimdaad Foundation and the many other local businesses that demonstrated that together we can turn hope into reality as we did in Khureng.

Armed with the same commitment to make dreams become a reality through partnerships, Konica Minolta, MTN and Neotel ensured that a fully accessible computer laboratory equipped with all access related hard and soft ware became a reality for the students of the University of Limpopo.

In the same vein the Sive School for the Deaf today stands proud with well trained teachers, a functioning library, a renovated school and boarding facilities after being included in the MNet Cares Naledi Literacy Project.

Hope is what the women of Gombani, a deep rural village in the Mutale Local Municipality in the Vhembe district of Limpopo had.

Today they are making bricks and constructing their own houses using the hydro-foam alternative construction technology made possible through a partnership by MTN, PPC Cement, Lafarge, Siyazama, coordinated by the IDT, and supported by Karen Khula, a woman-owned construction company, as well as SAWIC for technical assistance and quality control.

A better life has arrived and women are doing it for themselves.

#### Chairperson,

Hope for children with intellectual and mental disabilities and their families is at times a distant dream, but we are changing this through partnerships.

The learners at Forest Town School, supported by teachers who believe in them, PPC Cement and other private sector donors have made it possible for a bakery, confectionery, coffee shop, beauty salon and ICT repair centre to be established for all those over the age of 16 to acquire labour market skills, rather than go home to nothing.

We handed over these facilities with pride knowing well that even though they have intellectual disabilities, they will be contributors to the economy of the country and not mere beneficiaries of social services. We call on government, SETAs, SOEs, parents, communities and captains of industry to give them a chance by continuing to support them.

### Honorable Members,

South Africa stands proud among nations on many issues, and disability rights are no exception. With the signing and ratification of the Convention on the Rights of Persons with Disabilities in 2007, we are beginning to give effect to articles such as Article 32 on International Cooperation.

With the support provided to a number of disabled people from other African countries, we have witnessed the goodwill of our African people who have turned hope and a dream of the young Nigerian girl, Adeife Adenaran, into reality.

Through her book, "Can you imagine?", as well as the Adeife Adenaran Trust, we have collectively managed to raise sufficient funds and pledges during the recent State visit by President Jonathan, for the construction of a school for visually impaired children in Nigeria.

Financial and technical support from the UN family in 2013/14 will enable us to integrate disability-specific indicators into the country wide Planning, Monitoring and Evaluation system, to complete the legislative audit and to strengthen disability data management instruments in StatsSA.

Chairperson,

As we move forward, the road to disability inclusion, mainstreaming and integration is a long and winding one. But slowly and surely we have hope that we will get there.

19 years later, people with Albinism continue to experience discrimination in the language we use, medical and cosmetic exclusions, assistive devices and them not being disabled enough to benefit from any opportunities or services available to disabled people.

For the first time ever, South Africa will convene an African Conference on Albinism, bringing together: Linguists and the medical industry amongst others to address the challenges faced by people with Albinism.

Despite Chapter 1, Section 6 of the SA Constitution that gives effect to the recognition of Sign Language as the first language for deaf people and empowering the State to put in place relevant measures, we have thus far not done much.

This year, working hand in hand with the Department of Arts and Culture and PanSALB, we will start the process of recognising Sign Language as the 12th official language as directed by the President.

In conclusion, Chairperson, Honourable Members,

We have set the standards to which we can all rise, with the understanding that each finger affects the strength of the whole hand, and that the things that break our hearts are the very things that open them.

Working together, hand in hand, step by step, creating an inclusive, caring and barrier-free society for all.

I thank you!

Issued by: <u>Department of Women, Children and People with Disabilities</u> 22 May 2013

# Vote 9: GCIS - Government Communication and Information System

# Speech by Minister in The Presidency for Performance Monitoring and Evaluation, Collins Chabane on the occasion of the Government Communication and Information System Budget Vote

9 May 2013

Chairperson of the Portfolio Committee
Deputy Minister in The Presidency for Performance Monitoring and Evaluation
Honourable Members
Honoured guests
Friends and comrades
Members of GCIS management and staff present
Members of the media present
Ladies and gentlemen.

The Government Communication and Information System (GCIS) mandate was, since its establishment, to serve as the central communications agency of a relatively new democratic government leading the reconstruction and development of post-apartheid South Africa.

A government communication system that mobilises the nation behind the National Development Plan, showcases progress and invites South Africans to work together to address challenges is critical to the achievement of Vision 2030.

This is an organisation responsible for informing all citizens of our country about what government is doing for them and how they can participate in the governance and consolidating our democracy.

The GCIS has a responsibility to act in the interest of all South Africans, without discrimination and communicate effectively in all official languages and reach all communities in urban, peri-urban and rural areas. In its 15 years of existence GCIS has managed to reach millions of South Africans through different platforms which include publications, news media, radio, television and Izimbizo.

We are presenting this budget vote on the eve of the celebration of our 20 years of freedom. In this regard, GCIS will mobilise society and the country at large towards taking stock and celebrating what we have achieved as a nation in this 20 years. Government will also recount what this democratic government has done and continues to do to improve the lives of all South Africans.

Through GCIS, the country should recount the gains it has made, as confirmed by the results of the Census 2011 and government own monitoring, that a lot has been done and life in our country is changing for the better. They need to know that life expectancy has improved to 60 years of age since 2009. The RDP housing programme has built over three million housing units since 1994.

The percentage of households with access to potable water infrastructure has increased from 60 per cent in 1994 to over 95% per cent. Access to electricity has increased from 50 per cent of households to approximately 85 per cent.

Our people must also know that the percentage of Grade one learners who attended formal Grade R increased from 80% in 2009 to over 90% in 2012. There was also improvement in Grade 3 literacy from 48% of learners operating at minimum literacy level in 2009 to 52% in 2012. The textbook distribution for 2013 school year with grades four to six, has achieved national average of 98.7%.

Also in the area of health, the TB cure rate has increased from 63.4% in 2009 to 73.5% in 2012. Patient satisfaction measured through the Stats SA General Household Survey has also improved from 54% in 2009 to 62% in 2012.

#### Honourable Members,

A functional GCIS fulfilling its mandate properly should also be able to inform our nation that while we are making good progress, there are still challenges. There are a number of South Africans still awaiting delivery which has not reached them yet. We believe that an informed nation will have a better appreciation of the challenges we have and the work this government is doing to improve their lives.

As the GCIS, we are the first to say that a lot of good communication has taken place in the past 15 years and acknowledge that we have not been able to reach every South African as we should. As we enter 20 Years of Freedom, we must be able to enhance our communication and ensure that we reach every community and household through different mediums available at our disposal.

GCIS continues to enhance existing communication platforms and products, and initiate new ones to ensure that targeted audiences and communities receive relevant information through a variety of means. GCIS is also establishing partnerships with strategic stakeholders within the three spheres of government, and within the broader society, because we recognise that it is only through working together that we can indeed do more.

## Honourable Members,

In this financial year, we will begin with a campaign to mobilise society towards consolidating our democracy in the context of the 20 years of freedom. Government, led by the Presidency, is conducting a review of our achievements for the past 20 years. These will form the narrative that government will use to focus the nation's attention on our achievements and to motivate South Africans to work together to do more and ensure that every South African receives the services which are due to them.

As we champion the ethos of Working Together across all sectors of our society, informed by research, we know that people prefer face-to-face or unmediated communication by government especially, at the local level.

Through the izimbizo programme, we have had information seminars led by political leadership and activations in shopping malls, sport facilities and at taxi ranks. This also enabled physical distribution of information to citizens.

Using a variety of platforms, just over 3 000 communication projects were implemented in the most remote corners of our country, reaching more than 23 million people.

The Thusong Service Centre programme was established by government to serve as information centres for communities. They later evolved, realising the service delivery gap, to become service delivery points close to where people live. They are there to promote cost-effective, integrated, efficient and sustainable service provision to serve the needs of citizens better. This programme has brought hope and relieve to our people. Last year, we expanded access to information and services for citizens, including the use of integrated mobile units where key service departments sign up people for services and provide information. Our mothers and grandmothers in urban, peri-urban areas are now able to register for social grants, apply for IDs and certificates through Home Affairs within their localities.

However, we are aware of the challenges facing this programme and that not all of them are fully functional. We have undertaken a process of review so we can identify the gaps and ensure that this essential service to our people serves its purpose. Our partnership with the Phelophepa health train of Transnet alone visited 24 train stations in 4 provinces and serviced around 380 000 beneficiaries.

In 2012/13, GCIS provincial and district offices supported national days and significant campaigns with activities that included the rollout of President Jacob Zuma's Siyahlola Monitoring Visits; Deputy President Kgalema Motlanthe's War on Poverty drives, and Public Participation Programmes of Cabinet Ministers and Deputy Ministers in over 2000 events.

We place special emphasis on supporting municipalities in their communication, with preference given to municipalities who are part of Local Government Turnaround Strategy.

GCIS does so to close the gap between municipalities and communities, which sometimes contributes to the factors behind unlawful protest in some communities. Honourable Members, we also have a mandate to ensure that government's vision and policies are clearly understood in the public service. We coordinate an Internal Communicators' Forum, to ensure coherence of messages across the various channels and outlets departments manage.

While we work closely and consistently with public media to disseminate information to as many South Africans as possible, we also recognise that the dissemination of government information is not the primary business of public media. Against this background, we are pleased that Vuk'uzenzele, a free national government newspaper, continues to gain traction among its target audience with a monthly circulation of 1,7 million.

Last financial year, we have also distributed 20, 4 million copies of the Vuk'uzenzele in deep rural, rural and periurban areas. Through effective distribution management practices, a performance metric of 99.6% has been sustained against an industry average of 98% Vuk'uzenzele is the only newspaper in the country available in Braille and all official languages. Citizens with access to internet access the newspaper through an online version, which is due for further enhancement and improved usability. The online edition attracted a remarkable 483 533 hits since April last year.

## Honourable Members,

One of our flagships, the Government news agency formerly known as BuaNews, repositioned itself as SANews in the past year, to enhance branding of the agency's identity and online searches. From one of the smallest newsrooms in the country, SAnews.gov.za produces hard news and human-interest features, carries loads of exciting pictures, video content on YouTube, and is also available on Facebook and Twitter.

The government news agency has become more popular with the public as opposed to the media and it will continue to be marketed to the broader public as a complement to South Africa's rapidly diversifying news and information mix. Today the agency receives more than half a million hits per month from users domestically and internationally.

In securing a wider reach across the South African population we recently piloted a project to feed radio news bulletins live to community radio stations across the country.

To cater for the communication and information needs of the leadership corps in the Public Sector, we continue to publish its monthly Public Sector Manager (PSM) magazine, with 170 000 copies produced in 2012/13.

The magazine gave birth to a quarterly supplement, GovComms, which analyses communication trends in the public and private sectors for government communicators. 45 000 copies of this newsletter are produced each quarter. In the current financial year, number of magazines will be reduced to 144 000 copies with GovComms increased to 48 000 per annum.

Also in the past financial year, GCIS launched My District Today, a weekly electronic newsletter capturing progress at the coalface of service delivery in the five priority programme areas of government. Currently over 500 key stakeholders from within and outside government, including members of this house, receive this product.

#### Honourable Members,

In the online environment, GCIS also informs citizens, stakeholders and other interest groups through the SA Government Online and GCIS websites. The SA Government Online website serves as the official entry point to online government information. During 2012/13, the page views for the website increased by approximately 4,8 million, compared to 2011/12.

Social Media have evaporated the geographical boundaries within which society previously conducted itself. It has defined and broadened the scope of possibilities with regards to worldwide government communication. GCIS will continue to put government information in this space.

## Honourable Members,

GCIS will in this financial year produce 45 000 copies of the South Africa Yearbook and 20 000 copies of the Pocket Guide to South Africa which is extensively used to market the country as a tourist destination. GCIS has continued to support the President's State of the Nation Address campaign annually, and to support the National Orders.

The post-SoNA Ministerial media briefings, implemented by GCIS assisted in unpacking implementation of governments' Programme of Action for 2013/14 and beyond. GCIS plans to implement Ministerial Cluster media briefings on a more regular basis throughout the year in providing up to date information to citizens through media.

GCIS continues to support the National Orders as they are integral to celebrating our heritage, fostering the acknowledgement of our country's heroes and heroines and building our nation's social identity, which is a key enabler in the National Development Plan.

Honourable Members,

GCIS has began to lead and drive communication between Government and the media led by the Cabinet Spokesperson and GCIS CEO to impact on the media and communication agenda. Through our Rapid Response system, government is working to set the media agenda, respond to issues in the communication environment and set the communication agenda in the interest of the public.

This is to ensure that Government asserts its voice and achievements in the battle of ideas in the media. It is also to ensure that it is proactive in communicating policies and programmes to diverse communities, using in particular, the SABC African Language Radio Stations (ALS) and community media.

The GCIS has also begun to ensure a steady and more frequent stream of government's voice in mainstream media through weekly opinion pieces by the CEO of GCIS on current issues. In enhancing the effectiveness of the government-wide communication system, GCIS continues to assist departments to formulate and implement communication strategies and plans on major campaigns.

These campaigns include the London 2012 Olympics, Civil Registration and Vital Statistics Conference, Census 2011, National Population Register, Worlds Aids Day, Remission of Sentence and World Economic Forum.

GCIS also provided communication support and contributed to the communication success of South Africa's hosting of mega events such as the Brazil, Russia, India, China and South Africa (BRICS) Summit and the Orange Africa Cup of Nations (Afcon).

Honourable Members,

GCIS is tasked with communicating the work of government through implementing cost-effective media bulk buying in newspapers, radio, television, outdoor and digital media, through relevant advertising messaging.

Equally importantly, GCIS works to capture dynamic archives of South Africa's history. A culture of strategic media bulk buying is gaining momentum, and progress is being made on delivering cost saving to the fiscus.

In the previous financial year, GCIS bought media for 41 clients; this included national departments, provinces, and entities. I am pleased to announced that this advertising expenditure was valued over R250 million, for which GCIS paid about R220 million.

The amount saved through bulk buying was over R30 million. GCIS through its media buying operation, continues to support the financial viability of a diverse community media sector, by placing over R37 million in advertising in community press, radio and television.

Honourable Members,

I am pleased to announce that GCIS has yet again received an unqualified audit on both financial statements and performance information. The organisation continues to work smarter and displays sound financial management of public funds.

The vacancy rate has been kept consistently at 5% throughout the year. The Employment Equity Plan has been implemented and the following achievements were maintained with 53% of females at senior management level and 2.3% employees with disabilities.

This month GCIS will be relocating premises, Tshedimosetso House, in Hatfield. These premises will be equipped with state of the art technology that will enable GCIS to become more impactful in executing its mandate.

Over the medium term, expenditure is expected to increase from R396.7 million in 2013/14 to R430.8 million in 2015/16. The increased spending will mainly be in the Administration Programme and will be used for costs of IT and office accommodation.

GCIS was allocated additional funding of R19.1 million over the medium term. As an additional savings measure approved by Cabinet, GCIS budget was reduced by R3.9 million in 2013/14, and R8.3 million in 2014/15 and R13.1 million in 2015/16.

These reductions, have delayed some of the planned expansions of communication services. However, the department has implemented measures, to mitigate any potential adverse effect on the achievement of outputs.

In conclusion, Chairperson, I would like to thank the Deputy Minister, Obed Bapela, for his leadership and strategic guidance to GCIS. I would also like to thank the Portfolio Committee for its vigilance and its support for the work of this important institution of government.

I thank the Acting CEO, Phumla Williams, and the management and staff of GCIS for the outstanding work performed in a very dynamic, challenging and at times, under-resourced, environment.

Issued by: <u>Government Communication and Information System (GCIS)</u> 9 May 2013

# Media Development and Diversity Agency (MDDA) Budget Vote Speech by Deputy Minister in The Presidency for Performance Monitoring and Evaluation, Mr Obed Bapela

9 May 2013

Chairperson of the Portfolio Committee,
Minister in The Presidency for Performance Monitoring and Evaluation, Hon. Collins Chabane,
Honourable members,
Honoured guest members of GCIS management and staff present
Members of the MDDA Board,
Management and staff present members of the media present
Friends and comrades
Ladies and gentlemen.

Today I feel privileged to stand before this house to deliver this budget vote, as we celebrate Africa month and also celebrating the 50th anniversary of the OAU under the theme "Pan Africanism and African Renaissance." This 50th anniversary is expected to facilitate and celebrate African narratives of past, present and future, and as a country and a continent we are acutely aware of the role that a strong and diverse media plays in meeting these expectations.

The mandate of the OAU was to decolonise Africa and unite Africa, ultimately decolonisation produced moments of inspiration, promise and greater political power, but failed to transform issues of economies and indigenous languages among others, the new mandate of the AU is to fulfil vision 2063 so that issues such as diminishing indigenous languages can come to the fore through diverse media platforms.

We take this opportunity to congratulate community radio stations that reach out to almost 80% of our communities in their own indigenous languages, including the Koisan language which is now broadcast on radio.

Ten years ago the fruits of government's tireless work and efforts were realized with the launch of the Media Development and Diversity Agency (MDDA). It is important to reflect on the original concept of the MDDA, in order to better understand and appreciate the current work of the Agency.

The concept of the MDDA was rooted in the founding consensus of our democracy. At its heart is the understanding that our nation's legacy of imbalances and exclusions had to be overcome through a partnership of all sectors of society if our vision of a new society is to become a reality for all South Africans.

The MDDA was informed by the belief that if we address some of the fundamental problems in the media environment then the issues of content and diversity of opinion will start to take care of themselves.

However we have not fully realised. This Parliament in recognizing the exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry, resolved to establish the MDDA, an Agency in terms of the MDDA Act No. 14 of 2002 in partnership with the major print and broadcast media industry, to help create an enabling environment for media development and diversity that is conducive to public discourse and which reflects the needs and aspirations of South Africans.

This is consistent with the freedom of expression provisions enshrined in Section 16 (1) and access to information provisions laid in Section 32 of the Constitution Act No. 108 of 1996 and the MDDA Act.

The mandate of the MDDA is to encourage the ownership, control and access to media by historically disadvantaged communities as well as by the historically diminished indigenous language and cultural groups.

With a view to promote, support and encourage diverse media, but as we are all aware in this house that the majority of media in our country is still owned by four large publishing groups, and according to the survey done by the South African Audit of Circulation, there are at least 29 commercial newspapers written in English, and just a handful written in other indigenous languages of which most of them are regional based. This calls upon us to reflect, debate and begin to provide solutions on our way.

Honourable members,

It is also important to remember that it is also 20 years after the first broadcast by the first SA community radio Bush Radio on the 25th April 1993, headed by Ms. Brenda Leornard, then followed by Zibonele Community radio in Khayelitsha that started as a primary health station under the leadership of Mr Mzamo Mngomana. Similarly it is also 20 years of the National Community Radio Forum (NCRF). This is therefore a year of celebration for the cause of Community Media.

Since 2003, when the MDDA was established the Agency held its first grant awarding meeting in January 2004. With limited resources, in terms of the funding base, compared to the initial idea of setting up an Agency that should have enough financial and human resource muscle to change the media landscape, the Agency has nevertheless done more with less and made significant achievements in its infant stage.

# Honourable members,

I am pleased to report that the commitment and hard work of the MDDA has been shown through the many deliverables, including unqualified audited reports since its establishment.

The Agency has made a mark in developing and diversifying the media landscape, through the guidance of the MDDA Board, the dedication of management and staff, and the adherence to the dictates of the Public Finance and Management Act.

With a limited budget of R233 million accumulatively since 2004, the MDDA has supported more than 484 media projects, throughout South Africa, in all the provinces, focusing on historically disadvantaged communities, using indigenous languages.

As at 31 March 2013, the Agency had:

- trained over 1 800 people
- provided 147 bursaries to different radio and print media
- the Agency created approximately 300 (direct and indirect) job opportunities
- held seminars promoting media literacy and the culture of reading.
- Workshops were also conducted on the corporate governance toolkit to empower beneficiaries to develop a good corporate governance system for sustainability and growth.
- the Agency also held training sessions with its beneficiaries on issues of financial management, compliance with funding agreements, and other key corporate governance issues. These sessions aim to ensure that beneficiaries spend funds in accordance with the funding agreements, thereby enabling the MDDA to transfer money to them.

#### Honourable members,

For the 2013/14 Strategic and Business Plan, in addition to other projects, the MDDA plans to continue to:

- support to at least one community radio
- one community magazine
- one commercial newspaper and magazine at each District Municipality.
- The Agency also plans to support at least one community television in each province.
- they also plan to conduct a study on the social impact of community radio,
- The MDDA plans to continue with interventions in respect of the promotion of media literacy and the culture of reading in all provinces, using all our indigenous languages.

Increasing focus in 2013/14 will be to continue to champion the media transformation discourse.

This will also include:

- media diversity
- ownership & control
- elimination of gender discrimination in the media
- promotion of gender equality
- promoting all languages (with particular reference to indigenous languages)

- promoting access to information by all
- improvement in respect of children content
- working conditions and challenges for media workers and employment equity.

Parliament will hear progress on the inquiries conducted on a range of issues impacting on the mandate of the MDDA.

## Amongst these will be:

- the outcomes of the industry led process of print media transformation which provides a holistic review of the effectiveness of mechanisms (including laws, regulatory structures etc.) in place to ensure accountability of the media.
- The inquiry looked at reinforcing and balancing of the rights enshrined in the Constitution as well as investigations into the best international practices.
- It also explores the possibility of transformation commitments made through a media charter or related tools and assesses progress made following the interventions by Parliament into the transformation of advertising.

#### Honourable members.

The overall objectives of the MDDA strategic focus for the period 2013-2017 is informed by its vision "Access to diversified media for all" and mandate "Ensuring the sustainable development of a vibrant, innovative and people centred media."

The MDDA will prioritise and focus its efforts in the following Key Result Areas as part of its Strategic Objectives:

- Community Media,
- Small Commercial Media,
- Research,
- Training & Development,
- Monitoring and Evaluation,
- Human Resource,
- Communication,
- Branding and Stakeholder Management,
- Risk Management and
- Internal Audit and Financial Management

Government will continue to support and uplift the work of the MDDA in order to make a meaningful impact in creating an enabling environment for media development and diversity.

This will be done with an end game in mind that allows public discourse to flourish and where a diverse, vibrant and creative media flourishes and reflects the needs and aspirations of all South Africans.

This may include possible amendments to the MDDA Act of 2002, as we celebrate 20 years we need to review the mandate. We also call to the parliament to restart the process of the establishment of the parliament television and radio as the law dictates that we should provide a platform to account and debate issues of national interest to the citizens of this country, in the meantime we should look at creative ways on how we can develop content for the DSTV Parliament Chanel, while waiting for the process of establishment to be finalised.

I take this opportunity to thank all the funding partners of the MDDA, who committed to support Government in the implementation of the Objects of the MDDA Act.

We urge that they continue their support for the noble cause of media diversity and plurality of voices and opinions. Together, we aim to increase our funding for the MDDA and fast track transformation of media in South Africa.

We need to build strong partnerships with all community media and all government in general, in order to achieve the 100% access to information as espoused in the 2030 vision of the National Development Plan (NDP), where all communities even in the deep rural can also enjoy 100% access to information.

I also thank the Board of the MDDA led by Ms Gugu Msibi who completed her 5 year tenure as a Chairperson of the Agency and the Management team led by Mr. Lumko Mtimde. The Agency under Ms Msibi's leadership has been stabled, performed maximally and received unqualified audit reports. I wish the new Chairperson of the Agency Ms Phelisa Nkomo and the new Board members good luck.

In conclusion I want to leave you with this profound quote from a Bhuddist Monk "Do not force others, including children, by any means whatsoever, to adopt your views, whether by authority, threat, money, propaganda or even education. However, through compassionate dialogue, help others renounce fanaticism and narrowness".

This is therefore a call to all community, commercial and public radio stations to promote and instil values of social cohesion and patriotism among others in our communities.

I thank you!

Issued by: <u>Government Communication and Information System (GCIS)</u> 9 May 2013

# Vote 10: State Security

# State Security Budget Vote delivered by Minister Siyabonga Cwele

14 May 2013

Today we table our Budget Vote Speech to Parliament, providing a high level policy direction in our pursuit to uphold national security as guided by the constitution. We continue to be resolute in our belief that working together we can builds a safer nation in a secure world.

President Jacob Zuma in his State of the Nation Address reminded the nation in general and intelligent services in particular, of the duty to protect our Constitution; The President affirmed people's rights to protest and demonstrate peacefully but denounced acts of violence, intimidation and destruction of property and loss of life. He called on the security services to double their efforts and restore the authority of the state.

We have headed President's call. The whole security cluster is increasing its capacity and focus on this scourge. We now have plan and are ready deploy the full capacity of the democratic state to identify, prevent or arrest and swiftly prosecute those who undermine our bill of rights by engaging in acts of violence. The 'Eye of the Nation' is watching.

We call upon all law abiding citizen to join us in a campaign of the restoration of the culture of Ubuntu and respect of human rights. Let us reiterate that as a nation we have a right to engage in peaceful and unarmed protest action but we must not allow criminality fear and intimidation to prevail.

The process of restructuring Civilian Intelligence Community into a single department, the State Security Agency has almost been finalised with the imminent passing of the enabling legislation in Parliament. We have achieved a number of noticeable milestones.

We now have finalised the new organisational structure and reconfigured line-functional areas in keeping a new business case. The intention is to develop well-oiled machinery that is able to deliver timely, accurate and relevant intelligence that supports the work of government in delivering a better life to all our people.

We continue to ensure the territorial integrity and sovereignty of the Republic. We are moving away from an inadequate and fragmented model to a fully integrated model of managing our entire border environment.

We have conclude the preparatory work and handed over to the Department of Home Affairs to lead the preparation of the proclamation for establishment of the BMA by 2014. Pending the establishment of the BMA, existing operational structures such as NATJOINTS and NATJOCS are being utilised to achieve integration and cooperation.

The process of developing a National Security Strategy is at an advanced stage. The SSA and the JCPS cluster have already covered a lot of ground in preparing the draft document and we hope to submit it for cabinet approval within the next three months. Thereafter it is critical to canvass inputs and buy-in by the South African public. We hope a parliament will drive this public consultation because we have to work together to secure our nation.

Global security remains stable but fragile due to pockets of conflicts in some regions of the world. One of the most noticeable trends since 2012 is the increase in the threat of terrorism in Africa. As a nation, we may not turn a blind eye on the evolving humanitarian crisis. The primary objective is to urgently restore security in order to allow inflows of humanitarian assistance and the economic reconstruction.

We are intensifying our effort of international collaboration in dealing to threats to global security such as terrorism, disasters and transnational crimes including internet crimes.

In this regard, last year we attended the third international meeting of "High Ranking Officials Responsible for Security Matters" in St Petersburg, Russia, and the first BRICS National Security Advisors' (NSA) Ministerial meeting held in New Delhi, India in January 2013. The outcomes of these meetings helped us share experiences on common approach to addressing threats such as piracy, terrorism and cyber security.

As the current chair of the BRICS National Security Advisor's forum, State Security is leading the process of hosting the next NSA meeting in South Africa later this year. The focus of the meeting will be on strengthening cooperation and finding broad consensus on security issues of mutual concern.

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# Vote 10: National Treasury

#### National Treasury Budget Vote 2013/14 delivered by Minister of Finance Prayin Gordhan

21 May 2013

Honourable chairperson, in presenting the National Treasury's 2013 Budget Vote for the consideration of the House, allow me to reflect briefly on where we stand in meeting our longer term social and economic development objectives.

The global economic outlook is still depressed, and so our own efforts to strengthen economic performance remain critically important. I will say a few things about this challenge shortly.

But even in the currently depressed environment, in which growth is lower than we would like and the revenue outlook leaves little room for fiscal expansion, we are continuing to make progress in the service delivery programmes that are central to development and transformation.

Social and economic progress is best measured, Honourable chairperson, over the long term, and in the past nineteen years we have seen substantial advances on several fronts.

#### Let's reflect on some of these:

- Our economy has grown by over 80 per cent since 1993. National income per capita has increased by 40 per cent in real terms.
- Total employment has increased by more than 3.5 million since 1994.
- Gross fixed capital formation increased from 15 per cent of GDP in 1993 to an average of 20 per cent over the past five years.
- Our social grants system now reaches over 15 million beneficiaries.
- Over 3 million housing units have been built.
- Access to electricity has increased from 50 per cent to over 80 per cent of the population; access to water and sanitation has similarly improved.
- Over 1.6 million work opportunities were created in phase 1 of the expanded public works programme. For the period ahead, it aims to achieve over 500 000 fulltime employment opportunities.
- A new tax administration has been established since 1994 in the South African Revenue Service, and an overhaul and modernisation of the tax structure and administration which allowed tax rates to be lowered alongside broadening of the tax base.
- Over R600 billion in Black Economic Empowerment (BEE) transactions has been recorded since 1995.
- We have demonstrated our capacity to host major global sporting events, and South Africa remains a favoured destination for conferences and events. We continue to see strong growth in tourism.
- Major public infrastructure projects include our partnership with Lesotho in building the Highlands Water Project, completion of the Gautrain rapid rail link, expansion and rehabilitation of our main airports, major national road improvements and the expansion of power generation capacity and rail transport that is now in progress. The total value of infrastructure projects currently under way and in planning amounts to over R3.6 trillion.
- We also had to restructure the fragmented public administration system inherited from the apartheid era (which we tend to forget) while restoring order to the overall public finances.
- Public debt was reduced from nearly 50 per cent of GDP in 1994 to 23 per cent in 2008. Main budget revenue increased from R112 billion in 1994 to over R800 billion last year, while expenditure increased from R135 billion to around R1 trillion.

Honourable chairperson, you will recall that in tabling the 2013 Budget in February I drew attention to the National Development Plan (NDP) which was published last year, and the contribution that it has made to focus our policies and programmes on long-term growth and development challenges. In a sense, the NDP builds on the foundation that I have briefly outlined.

We need the National Development Plan to be a catalyst of ideas, and a spur to further action in addressing the challenges of growth, employment, environmental sustainability, redistribution, social cohesion, education, universal health coverage, social protection and regional economic development.

On infrastructure investment, we also have the work of the Presidential Infrastructure Coordinating Commission. On industrial development, we have the Industrial Policy Action Plan. On environmental protection, we also have the biodiversity and sustainable development strategies. All of these plans complement each other.

Much of the work of the National Treasury, Honourable chairperson, is directed at understanding and reviewing the fiscal and financial implications of these strategies and plans. And this is a job that is getting more demanding every year. We have many policies, many strategies, many action plans.

We now need to do better in converting these plans into actions and implementation. And so the House will welcome, I know, the new emphasis on performance, and measuring results, in our budget documentation and also in the Treasury planning documents and the strategic plans of the South African Revenue Service (SARS), the Development Bank of Southern Africa, the Land Bank, the Government Pension Administration Agency, and the other institutions in this ministry.

The plans for 2013/14 of both the Treasury and the Revenue Service were discussed by the Portfolio Committee on Finance last week.

- The Finance Committee has rightly emphasised in its report to the House that not enough is being done to strengthen municipal governance and financial management. We agree. The Treasury has placed 1800 interns in municipalities this year, and we aim to expand further on this programme in the year ahead. As the Committee report says, "National Treasury cannot manage municipalities from Pretoria, as municipalities were responsible and accountable for running their own affairs."
- The Finance Committee has requested a progress report on the establishment of the Chief Procurement Office and steps taken to improve supply chain management processes and combat corruption. This is indeed a top priority, and a new organisational structure for this office has been agreed, new procurement rules will be implemented this year and steps are being taken to improve the capacity of procurement officials and modernise systems and increase accountability and transparency.
- The Finance Committee has also requested a progress report on provincial financial management interventions. The outcomes for the 2012/13 year show marked improvements in financial performance of provinces in which the National Treasury has been active.
- The Committee has asked for reports on the new automated tax clearance certificate system, the single business registration project, trends in the cost of tax compliance for business and progress with one-stop border posts in Lebombo.

On all of these issues, Honourable Speaker, we are no longer in the policy and planning phase: the tax clearance system gets under way this year; compliance costs are being reduced through simplified systems and new facilities at border posts have been constructed.

Let me turn to the outlook for the economy. Honourable chairperson, we have to face the reality of slow growth internationally, and difficult challenges in our own economy. But it is time to construct a positive narrative, and to work together to implement it. There are many countries that have greater instability, but their economic narrative is extremely positive. South Africans want to focus only on the negative and yet what is needed urgently is to focus on the positive.

In the words of JM Keynes, "The future never resembles the past – as we well know. But, generally speaking, our imagination and our knowledge are too weak to tell us what particular changes to expect. We do not know what the future holds. Nevertheless, as living and moving beings, we are forced to act."

The burning question for South Africans is not only how we navigate through global uncertainty and risks but can we become more resilient and globally competitive. What will it take and can we up our game? In all the cacophony of the present can we build a common purpose among all of us? That's what 50 million South Africans demand of us.

We have to build on our strengths:

- good infrastructure
- institutions that work
- robust democracy
- a dynamic private sector
- strong public finances and healthy financial institutions.

Honourable chairperson,

- South Africa's GDP growth was 2.5 per cent in 2012. Our Budget forecasts project growth of 2.7 per cent in 2013, accelerating to 3.5 per cent next year.
- Overall investment spending remained robust last year, growing by 5.7 per cent. Strong capital investment by the public sector, the addition of electricity-generating capacity, relatively stable inflation and low interest rates are expected to support improved growth rates over the medium term.
- Consumer confidence remains weak, and business surveys also suggest fragile levels of confidence in the economic outlook. This is likely to constrain private household consumption and business investment during 2013.
- Formal sector non-agricultural employment has slowed in tandem with the slowdown in growth, with just 83 000 jobs created in 2012, up 1 per cent on an annual basis.

Labour unrest and stoppages in the mining sector contributed to a much weaker economic performance in 2012. Mining and quarrying subtracted 0.5 percentage points from fourth quarter growth in 2012 and a cumulative 1.2 percentage points from GDP growth in the second half of 2012.

The outlook for the mining sector has been weakened by continued labour unrest and production stoppages, as well as markedly lower commodity prices. In part, slower growth in South Africa reflects a weak global environment.

The International Monetary Fund has downgraded global GDP growth outlook for 2013 to 3.3 per cent from 3.5 per cent previously, although it kept its 2014 estimate unchanged at 4.0 per cent. The IMF sees a three-speed global economy with emerging markets continuing to lead the recovery, and a growing divergence between resilient growth in the US and contraction or sluggish growth in the euro area.

While global financial conditions have improved, the outlook remains weak with downside risks emanating from the Eurozone debt crisis, US fiscal policy challenges, and slower growth in major emerging markets, including China, India and Brazil.

These are clearly circumstances, Honourable chairperson, in which we need to take bold steps to strengthen economic performance.

- The present uncertainty in the labour relations environment in mining and other sectors requires concerted action by organised labour, business, civic leaders and government. There is no room for complacency here: we are all in this together. If we do not resolve our labour relations challenges, we will all be losers, we will see deteriorating confidence, job losses and business failures. But if we find balanced, fair and socially responsible solutions, we all stand to gain: we will see higher investment, higher employment and improvements in living conditions.
- Infrastructure investment is also an arena in which more concerted action is underway. This is not just about building and maintaining the energy, water and transport networks we need for faster growth, but is also about raising our savings performance so that we can finance more rapid investment and growth.
- In urban development, with the city support program we will see more investment in housing and more rapid industrial growth and job creation.
- In rural development and agriculture, we are addressing constraints to land reform and improve support for emerging farmers.
- In further education and skills development, there is greater alignment between the skills that businesses need and the curricula that our colleges offer.
- In regional development and trade, we are beginning to build infrastructure and institutions across national borders that promote more rapid growth, investment and job creation.

I need to stress, Honourable chairperson, that economic growth in our times requires new ideas and a diversity of approaches. In the words of renowned economist Michael Spence, "No one has a complete formula for restoring growth. We will have to be persistent, determined, pragmatic and experimental - a mindset familiar to policy makers in emerging economies where these complex issues are being dealt with on a regular basis."

As part of strengthening our economic performance, a sustainable fiscal policy stance remains critical. Owing to sound management of the fiscus when economic growth was strong, government was able to enter the 2008-2009 recession with healthy public finances and a comparatively low level of debt. This enabled a flexible response to deteriorating economic conditions.

Spending growth reinforced the social security net during a period of declining employment, and provided an

economic stimulus through rising allocations towards infrastructure, and programmes aimed at business support and increasing employment. Going forward, the deficit level will moderate through a combination of revenue growth in line with the economic recovery, and disciplined real growth in spending.

The countercyclical response to the downturn in economic conditions has been substantial and by various measures was amongst the largest in the world. From the peak of the economic cycle in 2007/08, the budget balance swung from a surplus of nearly 2 per cent of gross domestic product (GDP) to a deficit of 6.5 per cent by 2009/10.

This increase in the deficit was not just the result of slowing revenue, as government's efforts to support the public service delivery and the economy also resulted in expenditure increasing from 28.5 per cent of GDP to 33.6 per cent over the same period.

In aggregate, the final outcome of tax revenue for the 2012/13 fiscal year amounted to R813.8 billion, a 9.6 per cent increase or R71.2 billion higher than actual collections in 2011/12 fiscal year.

The persistence of economic weakness since 2009 has meant that government's share of the economy has remained substantial and the deficit has remained high. Counter-cyclicality is not just about supporting the economy and sustaining government spending when revenue declines due to economic conditions. It is also about reversing the accumulation of debt built up during difficult times when economic conditions improve.

At the same time, Honourable chairperson, we need to enhance our capacity to finance long-term infrastructure investments and municipal capacity. I am pleased to report that the Corporate Plan of the Development Bank of Southern Africa (DBSA) outlines a concerted effort to support basic and economic infrastructure development in South Africa and the region. Government will, over the next three years, invest R827 billion in the building of new and the upgrading of existing infrastructure.

These investments will improve access by South Africans to healthcare facilities, schools, water, sanitation, housing and electrification. Simultaneously, investment in the construction of ports, roads, railway systems, electricity plants and bulk water schemes will contribute to faster economic growth. The DBSA has been asked to support government in these critical development areas.

Honourable chairperson, the past year has been a busy one in respect of financial sector reform. A wide range of measures are being taken to improve the environment for retirement savings and reduce the costs and risks associated with financial services. The 2013 Budget Speech announced refined proposals for further consultations with the public.

A central proposal is that pension funds should transfer members' balances into a preservation fund when they change employer, as the default option, and should also identify suitable retirement annuity products for the years beyond retirement. A harmonised tax treatment of pension and provident fund contributions and benefits is also proposed, together with higher caps on contributions.

We have also proposed steps to enhance the governance of pension funds. I will shortly meet with business leaders in the life insurance industry to discuss costs. A first draft of legislation dealing with these proposals will be published towards the end of the year.

We have taken a number of steps to improve our already world-class financial system. This includes complete overhaul of our securities legislation. Parliament passed the Financial Markets Act last year, and the President has agreed to it coming into operation on the 3 June 2013.

In addition, a comprehensive new set of banking regulations were passed in November 2012, and a new law to oversee Credit Ratings Agencies was passed. In addition, over the past year I have initiated a comprehensive process to deal with abuses in unsecured lending.

In October last year, banks agreed to put in place measures to curb excessive lending to vulnerable households and selling of inappropriate products. On-going monitoring of this is crucial, and the new market conduct regulator will play a critical role.

The National Treasury is involved in a number of areas:

• Infrastructure investment that supports regional integration, including road, rail, and port facilities

- Reducing red tape, corruption and delays at border posts
- Using our financial institutions to partner with businesses wanting to expand into the continent
- Developing regional markets for food, energy and water.

Our participation in Africa-wide and regional bodies also contributes to regional cooperation:

- The Southrn African Development Community (SADC) Finance and Investment Protocol is assisting in bringing about macro-economic, monetary and financial sector convergence, as well as fostering a conducive regulatory and legislative environment to facilitate investments and their financing.
- Reform of the Southern African Customs Union Agreement remains a priority, to improve its contribution to trade promotion and development finance as well as fiscal sustainability for our neighbours.
- Progress is being made in trade facilitation through the creation of one-stop border posts and improved customs legislation to increase border efficiency.
- In addition to the role of the Development Bank of Southern Africa, we are working with our BRICS partners to establish a new development finance institution focused on the needs of emerging economies and African infrastructure investment.

Honourable chairperson, the strategic plan of the National Treasury covers two changes to the organisational structure of the departments: the creation of a fully-fledged Chief Procurement Office (CPO) and the Government Technical and Advisory Services Centre (GTAC).

The CPO is created in response to the need to improve public sector supply chain management processes to curb fraud and corruption, and to derive maximum value for every rand that we spend of taxpayers' money.

The strategic objectives of the Office include:

- Modernising state procurement by taking advantage of information technology
- Improving compliance with relevant legislative frameworks
- Enhancing governance, and increasing accountability and transparency in state procurement
- Improving capability and performance of supply chain management practitioners.

Honourable chairperson I table Budget Vote 10 for the consideration of the House.

Issued by: National Treasury

21 May 2013

#### National Treasury Budget Vote 10 speech by Nhlanhla Nene (MP), Deputy Minister of Finance

21 May 2013

Honourable members.

It is my honour to present to you the overview of the work of the finance family, a number of institutions whose activities underpin our political economy. In closing the debate on the State of the Nation address in February 1999, Nelson Mandela had this to say: "We are a democracy - young and fledgling, but one which can boast of firm institutions and a culture that no force can take from the people of South Africa."

We are today a 19-year-old teenager, but one which can boast of the calibre of institutions such as the South African Revenue Services (SARS), the Public Investment Corporation (PIC), the Financial Intelligence Centre (FIC), the Financial Services Board (FSB), and the Government Pensions Administration Agency (GPAA).

These institutions are among the pillars of our economic and political order. Nobel laureate Douglas North defines institutions thus: "Institutions are the humanly devised constraints that structure human interaction. They are made up of formal constraints (rules, laws, constitutions), informal constraints (norms of behaviour, conventions, and self-imposed codes of conduct), and their enforcement characteristics."

The finance family is therefore one of the constraints that structure human interaction within our borders. The FIC and the FSB ensure the integrity, security and strength of our financial system. SARS collects the revenue that makes it possible for government to pay for our collective ambitions as a nation. The GPAA looks after the retirement needs of our civil servants. And the PIC, on the other hand, ensures that the Government Employees Pension Fund (GEPF) and social security funds have sufficient funds to meet their obligations.

In their most recent paper, Taxation and Development, Professors Timothy Besley and Torsten Persson make the point that "the power to tax lies at the heart of state development".

Besley and Persson take their lead from Nicholas Kaldor who said: "It is shortage of resources, and not inadequate incentives, which limits the pace of economic development. Indeed the importance of public revenue from the point of view of accelerated economic development could hardly be exaggerated."

SARS has played a crucial role in ensuring that successive ANC administrations have had the revenue to fund our collective ambitions as a nation. For the 2013/14 fiscal year, SARS is required to collect R898 billion of revenue, which is nearly 10 per cent or R84 billion more than the previous year. Over the same period our economy is expected to grow at 2.7%.

Meeting this target will not be easy. Not only because of the tough economic environment in which South Africa and the rest of the world find themselves, but also because of corporates and wealthy individuals who organise their affairs in such a way that they do not pay their fair share of tax. They achieve this through sophisticated tax avoidance and evasion schemes.

South Africa is not alone in this. The Group of 20 nations, of which South Africa is a member, has picked up the cudgels against this scourge. At the G20 summit last month, the erosion of sovereign tax bases and the shifting of profit by corporates from jurisdictions where it is generated to those where they can pay the least tax were key topics of discussion based on an OECD report which highlighted the potentially crippling effects this can have on the fiscal sustainability of nations.

The shifting around of profits is justified on the basis that companies have a duty to maximise the wealth of their shareholders by paying as little tax as loopholes between jurisdictions and the ambiguity the letter of the law allows. This includes setting up subsidiary companies in tax haven as conduits for the transfer of profits from where they are generated.

This is not only unjustifiable, but immoral. South Africa has its fair share of multinational companies who rack up billions of rands in revenues and yet pay almost no tax here because they use transfer pricing, profit shifting, other forms of tax evasion and aggressive tax avoidance schemes which denude our fiscus. This at a time when governments are being forced by circumstances to support economic activity as the private sector has withdrawn to the sidelines.

Among the tools at SARS's disposal are global agreements on the exchange of information which we must extend to more jurisdictions, and the powers granted to SARS in the new Tax Administration Act to detect and deter non-compliance, including stiff penalties for those who are wilfully non-compliant.

SARS will continue its work to improve the levels of tax compliance in the country and it will apply the benefits of a modernised and increasingly automated tax system. In order to improve access and availability of its services to all citizens, SARS will focus on the following:

- Increase the use of mobile technology to allow taxpayers easy and convenient access to services wherever they are;
- Review its branch footprint to better reach taxpayers and traders;
- Develop a single registration process for businesses and traders to reduce the costs of compliance. This will reduce the administrative burden for businesses in terms of tax and customs registration;
- Increase the presence of mobile offices and shared locations for those who do not have access to such technology or choose to interact face-to-face;
- Bring all economic activity within its purview even when there is no revenue to be derived. This includes having sight of all informal businesses;
- Increase collaboration with other government departments, including the Departments of Home Affairs and Social Development;
- Increase education and engagement with taxpayers and traders throughout their lifetime; and
- Modernise the Corporate Income Tax (CIT) system for companies and automating the process. A new income tax return for companies ITR14 was released two weeks ago.

SARS is well advanced with the transformation of the Tax Clearance Certificate (TCC) system as announced by the Minister in the February budget speech. The new process will address a number of shortcomings of the current TCC, namely that taxpayers need to collect their printed TCC at a branch, that it is susceptible to forgery, and that it does not monitor on-going compliance of a business for the duration of a contract.

## Financial Intelligence Centre (FIC)

Money laundering and the financing of terrorist activities pose a serious threat to the integrity and stability of financial markets and institutions. These activities can discourage foreign direct investment and distort capital flows. Money laundering, in particular, can also be a conduit for through which unscrupulous taxpayers hide their income from the revenue collection agencies. It is for these reasons that the international community has made the fight against these activities a priority.

So, the FIC plays an important role in ensuring the integrity and stability of our financial system. Through evercloser working relationships with the law enforcement authorities and the South African Revenue Service, the FIC provides the financial intelligence which is increasingly being used in the investigation of priority crimes in South Africa.

In February this year, the Minister of Finance announced that he had requested the FIC to explore how we might bring South Africa in line with international anti-corruption and anti-money laundering standards in so far as Politically Exposed Persons (PEPs) are concerned.

The FIC has re-issued guidelines to all accountable and reporting financial and other institutions on how they should treat clients who qualify as PEPs. In addition, the FIC has begun a process of amending the FIC Act to include explicit provisions to deal with PEPs.

The extent of reporting to the FIC and the referrals of matters to the law enforcement authorities continues to grow. Over the past year the FIC referred 883 matters to law enforcement agencies for investigation. The FIC estimates that the value of these referrals for the past year amounted to R76 billion. Many of these matters involve lengthy and complex analysis and often run over multiple years. Last year, the FIC froze R334 million which had been derived through fraud. At the request of law enforcement agencies, the FIC also helped in the investigation of an additional 1 445 matters.

#### Financial Services Board (FSB)

The recent financial crisis and subsequent events have been yet another reminder of the importance of sound financial institutions and the fair treat by these institutions and their intermediaries of the people who buy financial services and products. The financial crisis and the scandals such as the LIBOR fixing case have also been a reminder of the importance of integrity and stability of financial markets and institutions. Without strong regulators, we can have neither sound financial institutions nor financial markets with integrity.

So it is against this backdrop that the Financial Service Board (FSB) is girding its loins to promote the soundness of insurers and reinsurers through the effective application of international regulatory and supervisory standards. The FSB is developing a new risk-based solvency regime for the South African long and short-term insurance industries, namely the Solvency Assessment and Management (SAM) regime.

The SAM regime will be based on the principles of the Solvency II Directive, as adopted by the European Parliament, but adapted where necessary to suit South African circumstances.

The Solvency II is based on three pillars:

- Quantitative requirements, dealing with issues such as the valuation of assets and liabilities and the setting of capital requirements. This can be based on a standardised model, prescribed by the supervisor, or an insurer's own internal model, approved by the supervisor.
- Qualitative requirements, including standards and guidance on governance, internal controls, risk management and supervisory processes.
- Reporting and disclosure The proposed implementation date for SAM is 01 January 2016. However, interim transition mechanisms will be put into place in respect of Governance, Internal Controls and Risk Management. Before then, there will be a number of other changes to regulation of insurance companies and these will come into effect from January next year.

#### Twin Peaks Regulatory System

The FSB has been working together with the South African Reserve Bank and National Treasury on the preparation for the implementation of the Twin Peaks model of regulation. This work will continue and is expected to intensify as we come closer and closer to the implementation stage.

The FSB has established a Twin Peaks Implementation Steering Committee which will make recommendations regarding the practical steps that must be taken for a successful implementation of Twin Peaks.

#### Public Investment Corporation (PIC)

For the period of 2013-16, the PIC has the following areas of strategic focus:

## (a) Contribute to education, health, housing, infrastructure and environmental projects

GEPF has set aside 5 per cent of its total assets, equivalent to R62.5 billion, for investment in these types of projects. As at 31 March 2013, 46% of this has already been committed and / or invested (R28.8 billion). In the year ahead, PIC will continue to implement the developmental investment policy of the GEPF.

#### (b) Continued investment in Africa

South Africa's future economic growth and prosperity is tied to that of the African continent. It is for this reason that five per cent of GEPF assets have also been set aside for investment in Africa. These investments will be particularly focused on private equity and developmental-type projects. This will be a key complementary intervention in the development of Africa's infrastructure, with long-term benefit of a more productive continental economy.

# (c) BEE and transformation

The PIC has been, and will continue to focus, in the year going forward on aiding BEE and transformation in a number of sectors.

The PIC will:

- Contribute to enterprise development in the asset management and broker sectors;
- Develop SMMEs and private equity; and
- Promote transformation in the property sector by allocating assets to Black entrepreneurs who demonstrate an ability to perform and meet the PIC's due diligence and investment criteria.

## Government Pensions Administration Agency (GPAA)

We continue to reiterate the importance of household savings to ensure that fellow South Africans retire comfortably. From Government's side, we are continuing to invest in pensions to ensure that the loyal service of government employees is rewarded when they retire.

In this regard, honourable members, we are modernising our systems to ensure that we pay benefits accurately and on time. To date, the Western Cape has been piloting the use of GPAA's electronic document submission system. This will allow us to reduce the time taken to make payments. For documents submitted using our traditional submission channels, during the 2012/13 financial year more than 80% of benefits were paid on time. To improve further on this performance, GPAA is also encouraging department and entities to expedite the submission of information to the GPAA. Some of the delays in processing retirement benefits are due to the late submission by departments of information to the GPAA, or the submission of incomplete information.

We have begun a Retiring Member Campaign which ensures that public servants receive their pension in the same month that they retire.

We continue to take services to pensioners and members through our outreach programmes through our Community Roadshow and mobile offices initiatives and in doing this we are bringing services to the people, even those living in deep rural areas, providing them with opportunities to have their concerns addressed on the spot.

For the first time in the history of GEPF and the GPAA, about 751 637 members have received benefit statements outlining the benefits they are entitled to from GEPF. This will be increased in the next year and adopted as an annual practice going forward to assist members planning and managing their retirement savings.

We are also continuing to be plagued by unclaimed benefits. This is an area of deep concern and we have worked to reduce unclaimed benefits by 19, 3% from baseline of over R606 million at the end of 2011/12 to R489 million at the end of 2012/13.

I thank you.

Issued by: <u>National Treasury</u> 21 May 2013

# Vote 11: Public Enterprise

Address by the Minister of Public Enterprises, Mr Malusi Gigaba MP, on the occasion of Budget Vote 11 at the Extended Public Committee on Public Enterprises in Cape Town

14 May 2013

Leading by example: State-Owned Companies driving growth and transformation in the South African economy.

We are honoured to present to this EPC today our Budget Vote for 2013/14.

Our portfolio of State-Owned Companies (SOC) have aggressively been accelerating investment to maintain aggregate demand precisely when there is a downturn globally and the private sector is too apprehensive to invest.

Three years ago, our portfolio of SOC invested R53 billion; but in the next financial year, we will be investing over R113 billion.

Chairperson,

I wish to state it unequivocally that in relation to industrialisation and transformation, we have an unyielding political will.

In October 2012, we convened a Transformation Dialogue as the first step in the development of a transformation framework and guidelines for SOC to be launched during the course of the 2013/14 financial year.

Having awarded the single largest audit appointment of a South African black-owned auditing practice, Sizwe-Ntsaluba-Gobodo, Transnet went further to award a R1.3 billion internal audit contract to a group of three audit firms led by SekelaXabiso, involving Nkonki and KPMG.

Furthermore, Eskom's total procurement spend for 2012/13 financial year was about R120 billion and total spend on Broad Based Black Economic Empowerment (BBBEE) compliant companies is R103.4 billion, which is 86.3% against the target of 70%.

As at February 2013, B-BBEE spend at Transnet stood at R58 billion or 87% of Total Procurement Spend.

The procurement of 1 064 Transnet locomotives we spoke about last year is now far advanced and shall be concluded in due time.

This historic procurement will result in the development of qualitatively new industrial capabilities and the comprehensive transformation of the locomotive supply chain.

Pursuant to the last Budget Vote's commitment, the Department of Public Enterprises (DPE) held the Supplier Development Summit attended by SOC's suppliers, customers and other key stakeholders.

At the summit, the SOC communicated their next generation supplier development, localisation and transformation plans and further explored how they and large companies in strategic sectors can collaborate around supplier development to create a truly national effort around achieving our objectives.

I am confident that within the next six months we will have some exciting announcements to make in this regard.

Over the coming year, we will be mobilising our entire SOC portfolio, along with their customers and suppliers, to give added momentum to a comprehensive industrialisation and transformation programme in our economy.

As part of this we will be exploring set-asides and other mechanisms radically to accelerate the promotion of black industrialists and the entrance of youth and women owned businesses into the mainstream economy.

We will be reaching out to our large private sector customers and suppliers in the resource extraction and processing sectors to partner with us in our developmental programmes; and will also be drawing on our influence over SOC-related pension funds to provide additional leverage to this process.

The detail of this programme will be unveiled at a later stage.

Chairperson,

I will now provide you with an overview of how we are directing our SOC to achieve their developmental mandates whilst ensuring that they remain financially-viable.

Eskom continues to increase its investment with R58 billion spent over the last year.

Over the last financial year, 260 MW of generating capacity has been added to the system through returning to service previously mothballed plants and a further 787 km of high voltage transmission lines were installed.

This year, Eskom will be spending about R65 billion and R337 billion over the next five years to complete Medupi, Ingula and Kusile.

Eskom has committed to ensuring that the first unit of Medupi starts delivering power by the end of the year.

The commercial operation of the Sere wind plant, that will save an estimated 252 603 tons of carbon emissions per annum, is scheduled for 30 December 2014 at a total cost of R2.4 billion, of which R104 million has been spent to date.

The draft procurement strategy for the Concentrated Solar Power plant in the Northern Cape, estimated to cost around R9 billion, has been completed and will be finalised after going through Eskom's internal governance processes.

Chairperson,

Eskom's funding plan for the currently committed build programme has been finalised, and about 82% of the funding has been secured.

We note NERSA's decision of an 8% average increase annual over the next five years and are analysing its full implications for Eskom.

As the Shareholder, we are committed to ensure that Eskom remains sustainable and is able to deliver on its build commitments.

Chairperson,

The electricity supply system continues to experience constraints, but we have put comprehensive plans in place to manage this.

Evidence from a survey commissioned by Eskom suggests that our efforts at mobilising the population around the energy saving campaign are bearing fruit, in that the level of awareness of the 49M campaign is as high as 73%.

As we approach the winter season, and in order to intensify communication and make South Africans participate in monitoring their own personal impact, Eskom and the SABC have collaborated to create an exciting initiative, to be launched tomorrow, to educate and inform consumers about the country's electricity status.

Chairperson,

Over five years, Eskom is projected to spend over R200 billion for the supply of coal.

In light of this, I had an engagement with established miners, the Chamber of Mines, *South African Mining Development Association* (SAMDA) and Emerging Miners in the coal and limestone value chain, during which I also launched the Black Emerging Miners Strategy the essence of which is to increase black participation and ownership in the coal mining sector.

A key element of the strategy is to establish a Mine Development Fund to provide finance for the development of mines mainly at the early exploration stage.

We intend to ensure that by 2018, Eskom procures over 50% of its coal from emerging black coal miners, which would be a significant act of transformation.

To date, significant work has been done to establish the fund, which will go into operation by the end of the 2013/14 financial year.

Chairperson,

I am pleased to report that the implementation of the Transnet's Market Demand Strategy is on track.

Over the last year, we have seen a 5% growth in rail volumes, a 4.8% overall improvement in operational efficiencies and a 30% increase in capital invested in the build programme to just below R30 billion.

This strong performance has enabled the company to adopt a counter-cyclical investment strategy with a plan to invest R37 billion this coming financial year and about R307 billion over the next seven years.

Chairperson,

Transnet has risen to the challenge of driving industrialisation in our economy through the way it is pricing its services to relevant customers, through the internal development of industrial capabilities and through the way that it procures from suppliers.

R700 million was disbursed in the 2012/13 financial year from the R1 billion ports rebates to the exporters of manufactured goods announced last year; and the remaining R300 million will be disbursed this year.

Transnet has put proposals to the Ports Regulator for a ports pricing strategy that reverses the historical legacy whereby bulk commodities were favoured at the expense of containerised manufactured goods.

We have also established a task team involving the department, Department of Trade and Industry and the Transnet National Ports Authority to develop joint strategies to promote investment in port dependent sectors that are prioritised in our Industrial Policy Action Plan.

We saw progress in 2012 in positioning Transnet Engineering (TE) as a rail and ports manufacturing centre for Africa.

TE invested R1.3 billion in new technology, equipment and plant upgrading in year 2012/13 and plans to invest a further R954 million over this financial year.

TE presently has an order book of over R1 billion for locomotives, wagons and coaches for six countries in Africa.

Our objective in owning TE is to develop strategic industrial capabilities relating to Transnet's business while supporting the growth of a broader private sector rail and ports supplier cluster.

We have made significant progress over the past year in defining the role of TE in relation to the private sector and will continuously engage with the private sector around our approach.

Building intermediate and advanced industrial capabilities will require enormous effort by all stakeholders in the South African economy.

Over the coming year, we will be exploring how we can more coherently leverage the capabilities in Denel, Transnet Engineering and Rotek to support the localisation of strategic and complex industrial components.

Chairperson,

Broadband Infraco (BBI) has been stabilised over the last financial year with all key management positions having been filled.

The company invested R140 million over the last year and has plans to spend over R700 million to upgrade technology and improve network performance and reach this financial year.

This should enhance the company's competitiveness and value proposition to both public and private customers.

Building on this enhanced position, and with the department's support, the company will over the coming year focus on ensuring that government becomes an anchor tenant at a national, provincial and municipal level.

In this regard, I am pleased to announce that the Department of Science and Technology has taken up 70% of the capacity associated with BBI's investment in WACS in support of the Square Kilometre Array (SKA) project.

The department continues to work with the company on a detailed funding plan to ensure that the infrastructure roll-out takes place and that the company is placed on a stable footing.

## Chairperson;

Given the acceleration of our investment programme and the key role played by our SOC in the Strategic Integrated Projects, a number of initiatives have been taken to enhance our ability to design, fund, manage and oversee megaprojects:

- Eskom has codified the lessons they have learnt in implementing the build programme into a comprehensive toolkit and has established an Institute for Project Management Excellence to provide training based on this tool-kit. We are exploring how to make this a resource that all our SOC and broader government can draw on to enhance their ability to manage complex mega-projects;
- The Eskom and Transnet Boards have established Sub-Committees which will have the specific responsibility of monitoring progress on the build programmes;
- The DPE has established a Project Oversight Unit that will focus on intelligently monitoring and adding value to the SOC infrastructure roll out programme as well as to those Strategic Integrated Projects (SIPs) where the Minister or SOC in the DPE portfolio play a leading role; and
- We have established a funding capability within the Department to work with our SOC to see how we can draw on new sources of equity finance for the build programme. A task team has already been established with Transnet and the Chamber of Mines to explore the funding of specific projects.

# Chairperson,

It is no secret that South African Airways (SAA) has had a turbulent year in terms of its leadership and governance.

I hope that the appointment of the new CEO, Mr Monwabisi Kalawe, and the finalisation of the Long-Term Turnaround Strategy will provide SAA with the stability, leadership and direction it requires decisively to turn around.

I am cognisant that SAA has produced a number of turnaround plans over the last ten years, yet none have put the airline on a sustainable footing.

Consequently, the DPE, in collaboration with the SAA Board, will be designing a special governance arrangement to ensure that we are able rigorously to monitor progress on the implementation of the strategy.

I am happy to report that SAA has already begun to implement its turnaround strategy and achieved its cost compression target of R1.3billion for the year ending March 2013.

Over the next year we will focus on ensuring that SAA's cash position is stabilised, the cost compression programme is accelerated, the international network is reviewed and the long-term fleet plan is finalised.

During the next quarter, SAA will start taking delivery of a fleet of twenty Airbus A320 aircraft, valued in the order of R10 billion that form part of a broader fleet replacement plan that aims to address the fuel inefficiency of SAA's current long-haul fleet.

Chairperson,

As reported last year, we have been working with the SAX Board to address internal control challenges in the airline.

To this end, the 2010/11 financial statements were tabled to Parliament on 25 April 2013.

SAX plans to have all outstanding audits finalised by the end of July.

As with SAA, the department and the Board of SAX are working to develop a comprehensive turnaround strategy for the company.

It is pleasing to note that SAX cut R129 million in costs in the last financial year.

Over the coming year SAX will continue to focus on enhancing efficiencies and cutting costs, improving customer service and enhancing internal controls.

Chairperson,

Denel returned an unaudited profit of R60 million in the 2012/13 financial year, breaking a long stretch of losses.

The turnaround is a result of implementing a strategy of global alliances to supplement the domestic revenues.

Last year, Denel signed R3.7 billion in new, predominantly export orders.

Denel received a R1.85 billion government guarantee and a R700 million capital injection in order to position the company to access these international orders.

In the coming year, the company will continue with its three year plan to consolidate its structure and cost base.

We will be focusing on ensuring the success of the Hoefyster infantry combat vehicle production programme and further positioning the business for collaborative product development opportunities, with a focus on Latin America, Africa, Asia and the Middle East.

The department will be also working with SAA to ensure that the supplier development obligations associated with the SAA fleet renewal contribute to the expansion of Denel's aerostructures, engineering and maintenance capabilities.

In addition, the department will rigorously interrogate how synergies between SAA Technical, SAX Technical and Denel Aviation in the maintenance, repair and overhaul space can be captured to create an organisation with the credibility to capture the growing air-traffic through South Africa.

Chairperson,

SOC continue to play a leading role in skills development and will be investing over R2.8 billion in training over the coming year.

Over the last year, more than 16 000 learners were trained in various scarce and critical skills learning programmes within the SOC in the DPE Portfolio.

Eskom also facilitated the training of 5 248 young learners through their key suppliers.

Transnet has secured an amount of R175 million from the Department of Higher Education and Training to train an additional 1 000 learners, who will be recruited across provinces over the coming year. This will increase artisan learners at Transnet training facilities to 3 000.

In the coming year, we will be focusing on further optimising the use of existing SOC training facilities to increase the number of artisan and technician trainees beyond the portfolio's requirements.

#### Chairperson,

In July 2012, we launched the SOC climate change response framework and all our SOC committed to the UN global sustainability Compact.

We have given the SOC eighteen months to design and implement their climate change strategies before they will be integrated into the shareholder compacts.

In this regard,

- Transnet has aligned energy efficiency objectives with management incentives;
- Eskom has a collaborative initiative with SAFCOL around the establishment of a charcoal manufacturing plant in Mpumalanga to lower Eskom's carbon emissions whilst promoting rural development; and
- SAA, under the leadership of the department, has established an Aviation Biofuels Project in response to the threat of internationally imposed bio-fuel requirements.

## Chairperson,

The governance programme in the department is focused on undertaking targeted initiatives to operationally enhance the shareholder management model.

Five Deputy Directors-General (DDGs) are now appointed, and the outstanding two have been recruited and their appointment is waiting final cabinet approval.

I am proud to say that over 70% of our DDGs are female.

#### Chairperson,

The Deputy Minister will give further details on some of our achievements and plans in the areas delegated to him.

In conclusion, I hope that I have demonstrated to you that our SOC are a unique instrument of our developmental state, and are systematically driving investment, industrialisation and transformation amongst their customers, suppliers and in the broader economy.

I believe that we are getting an extra-ordinary return on the capital that we have invested in them and they are worthy of our continued unflinching support.

I would like to thank Deputy Minister Bulelani Magwanishe, the Director-General, Tshediso Matona and all the DDGs and staff of the Department for their relentless support and tireless work.

I thank the Chairperson of the Portfolio Committee, the Honourable Peter Maluleke, the Honourable Members of the Portfolio Committee and my Cabinet Colleagues for their support and regular wise counsel.

I hope that this EPC will join me in conveying our sincerest condolences to our Chairperson, Mr Maluleke and his entire family at the sad loss of his brother.

I further wish to thank the Chairpersons, CEOs and all staff of our SOC for their commitment to fulfilling the difficult goals and targets we set them, particularly during this difficult economic climate.

I am humbled to request the EPC to support this budget of R236,889,000 for our department that has received nine consecutive clean audits.

I thank you.

Issued by:  $\underline{\text{Department of Public Enterprises}}$  14 May 2013

#### Budget Vote Debate, National Assembly by Public Enterprises Deputy Minister Bulelani Gratitude Magwanishe

14 May 2013

Honourable Chairperson,
Honourable Ministers and Deputy Ministers,
Honourable Members,
Chairpersons and Board members of our SOC,
The Director General of the department, Mr Tsediso Matona,
CEO and senior managers of our SOC,
All DPE colleagues present,
Distinguished guests,
Ladies and gentlemen.

The sight of visions of trees says to us we are alive as we can see. Passionately we rise daily to water them as we build their strength. As we live we commit to nurture the trees to enjoy watching them grow. Department of Public Enterprises (DPE) adopted a vision in 2011 to "to drive investment, productivity and transformation in the department's portfolio of State Owned Companies (SOC), their customers and suppliers so as to unlock growth, drive industrialisation, create jobs and develop skills".

This vision gave birth to Provincial Engagements whose objective is to align planning between provinces and SOCs. At a strategic level, this involves ensuring that the SOC investment plans and the economic development of provinces are aligned. Further, that the implementation of these plans is coordinated so that impact is optimised.

In 2012 four provinces namely, North West, Kwa-Zulu Natal, Eastern Cape and the Free State were visited. This was in response to Minister's commitment made in 2011. Our SOCs provided updates on issues which were raised per provinces during the Minister's initial visits in 2011.

(SOCs) were able to make presentations on opportunities available within them to benefit the provinces, and entrepreneurs. Recently we have agreed that these sessions should also address the issues of actual employment, opportunities available within SOCs. We are currently finalising establishment of institutional support mechanisms to process issues raised in provinces. We are working on our vision of trees.

The provincial engagements serve also as a vehicle for our Youth Economic Participation Programme. We are alive to the fact that young people constitute the majority of our society and those who are unemployed.

As such, youth engagements sessions are part of all the provincial engagements. This is done so as to ensure that community stakeholders and youth in particular, receive the required information. This refers to information relating to skills, jobs, business opportunities and corporate social investment programmes.

In collaboration with all SOCs, a plan on priorities for 2013/14 financial year has been developed. Our Youth Economic Participation (YEP) programme, together with our SOCs, has been successful in engaging young people in the above mentioned provinces. This programme has spread its presence to local communities attracting more than 5 000 young people through Career Expo's done with SOC.

Grade 10 to 12 learners and the unemployed youth of Khayelitsha benefited from the Expos. Learners in Mpumalanga as well as young people of Kwa-Zakhele in PE benefitted from these Expos.

In the month of June 2013 YEP will be hosting a three days Youth Career and Skills Expo jointly with the Ekurhuleni municipality focusing on aviation as a career of choice. This is expected to draw 5000 learners, young entrepreneurs and young people in general.

As a response to a plea made on our visit to the Free State province in December 2012, the DPE-SOC(Denel, Transnet, Eskom and South African express working together with the Free State Dept of Economic Development and the Free State department of education will be hosting a Youth Camp for grade 10-11 including learners with disability. Learners will be drawn from schools in around the province with special focus on rural learners.

These learners will visit all operations of our SOCs. They will fly for the first time in their lives. Thanks to South African express. They will ride a train for the first time in their lives. Thanks to our collaboration with PRASA. Following our provincial engagement in KZN, our YEP is planning an SOC Supplier Forum in KZN.

In June we will be launching State owed companies Youth Forum. From the 1 June will be starting a yearlong programme of distributing maths dictionaries developed by DENEL to schools that performed dismally in maths and Science. These will be donated to their libraries for a start.

From July we plan to replicate competitive supplier development summits to all the provinces. Before the end of October we will host a summit with our SOC Foundations and foundations of our supplier companies.

We are addressing the question on how to use Corporate Social investments programmes to fund youth employment and youth development in general. We will continue to support Eskom's initiative to support FET colleges through building electrical and mechanical workshops at the tune of R1.9 each. The following provinces have benefited: Gauteng, Limpopo, KwaZulu-Natal (KZN) and the Western Cape.

We have established a forum of CEOs and heads of CSI departments of our SOC Foundations to foster collaborations and to learn best Practises from one another. We will be working with SAMSA and Transnet to expose our young people to maritime opportunities.

Our focus for the August month will be on young woman in engineering. Our young woman engineers at Denel, BBI, Eskom and Transnet will be dispatched to schools to popularise engineering to young woman as a career of choice. SOCs will submit plans on how older engineers will be mentoring young woman engineers during this month and how the plan is sustained going forward.

In September Transnet through the NSF will be recruiting 1 000 learners to be trained as artisans. We are collaborating with the department of human settlement to ensure that young people who are in construction are assisted to get the required CIDB certification. We are working with COGTA, Department of Energy (DOE) and MISA to develop a joint program on electrical infrastructure refurbishment using our engineers as part of their employee volunteer scheme.

We are nurturing the tree. We are nurturing the young to watch them grow.

## South African Forestry Company (SAFCOL)

Since our last budget vote in 2012, SAFCOL has appointed a permanent CEO. She is the first and the only black and female CEO in the forestry industry in South Africa. Since her appointment the new CEO she has initiated a project that has already created employment to approximately 134 individuals in the community of Sabie.

This is in addition to the 1 681 permanent employees and 2 500 contract workers. SAFCOL has also built a number of infrastructures using timber frame, like Classrooms, administration blocks, kitchens, houses, and computer centres. This is in line with our government rural development strategy.

SAFCOL has been awarded 70 000 hectares in the Sofala province of Mozambique. Through this development, the company is destined to positively contribute to Government's drive for regional development. DPE, SAFCOL and DRDLR are in the process of finalising the land claim settlement model relating to disputed land on which SAFCOL is operating. The model is not just to ensure that sustainable benefits are transferred, but also to ensure continuity of forestry production with the assistance of SAFCOL.

#### **ALEXKOR**

Since the last budget vote the following have happened at Alexkor. To turn around the company the shareholder appointed a new board of directors with a mandate of appointing a CEO within 3 months, this has been done. The board is finalising the appointment of a CFO. A turn- around strategy for the PSJV is ready to be presented to the shareholder. The board has improved relations with communities.

The new board has taken a decision to be firmer in dealing with poor performing contractors whilst rewarding the better performers with more opportunities. As the Shareholder we are behind the board in this regard. This will be underpinned by the monitoring of sea days vs. production, stone size distribution analysis, security upgrade, introduction of middle water mining and the implementation of the deep-sea mining agreement with IMDSA.

Alexkor has successfully completed all necessary upgrades for the township infrastructure that will support handover to the Richtersveld Municipality. The company is currently attending to the rehabilitation backlog and is employing over twenty employees in this regard. An amount of R200m has been given to Alexkor for this project.

The company has to enter an era where it becomes a driver of prosperity in the Richtersveld and Namaqualand regions of our country. The Master of the High Court has appointed an investigator to investigate the affairs of the trusts.

As the DPE we led a delegation consisting of Deputy Ministers from Rural Development and Mineral resources to meet the four communities of Richtersveld. As result of the visit, the following interventions are underway. On the Farm Recap: Grow-Agri has been confirmed as a Strategic Partner to revive farms.

Already there is a person deployed to turn around the farms. On Youth: 60 young people have been captured in their system for the National Service Corps. Spatial development plan have been approved by COGTA. 195km of road to be improved. The Alexkor board has been given a mandate to look for mining opportunities beyond diamonds in line with the relevant enabling legislation.

#### PBMR.

Government decided (in 2010) to place the PBMR into care and maintenance mode until 31 March 2013. This was done so as to protect and preserve its intellectual property and preserve its assets. The packaging of the intellectual property to be preserved has been completed. The Department is in the process of facilitating a consolidated government view on which PBMR's assets will be preserved, donated or disposed off for cash. This process should be completed this coming year.

#### AVENTURA

Pursuant to the 2001 Cabinet decision, I am glad to announce that Aventura has been put on liquidation. Its assets will finally be disposed the process to wind it down is currently underway. I want to take this opportunity to thank Minister Gigaba for his leadership, warmth and counsel.

My colleagues at DPE for their support, Boards and management of SOCs for their support. The Portfolio Committee for their support, the study group of the African National Congress for their guidance. And all the guests for their attendance.

I thank you!

Issued by: Department of Public Enterprises

 $14~\mathrm{May}~2013$ 

# Vote 12: Public Service and Administration

Speech by Lindiwe Sisulu, Minister for the Public Service and Administration on the occasion of the Ministry for the Public Service and Administration Budget Vote, Old Assembly Chamber, Parliament

22 May 2013

Chairperson, Honourable Members, Invited guests, Ladies and gentlemen.

Our work was virtually carved out for us at the adoption of the National Development Plan (NDP) which prioritised the creation of a strong and capable State. So, this is where we are: at the centre of the first major step this country is required to take for the implementation of all our plans. And, because the pace at which we execute our responsibilities will determine the pace that we all take as a country, there has been an expectation around what we do and how soon it can be done.

It has been for this reason therefore that we have plunged headlong into a most hectic ten months that has had all of us running breathless. The Portfolio Committee has been most supportive and understanding and I am very grateful for that.

The Public Service Commission has graciously complied with all the requests made of them, grinning and bearing it all, protesting their independence all the while. The Board of Sita has responded to business unusual with energy, returning confidence to the institution. The staff at Palama and CPSI wait patiently, ever supportive, that at some point they will have their share of attention.

And of course, the poor staff of the department and especially the Ministry - their lives have been in permanent turmoil! Alas, I cannot promise that there will be an end to the turmoil. The only consolation we all have in this frenzied time is that it was necessary and it will all bear fruit.

Upon assumption of office as the Minister for the Public Service and Administration, I announced a number of reforms in the public service.

## These reforms included:

- 1. Professionalising the Public Service for higher productivity and value for money
- 2. Transforming PALAMA into the School of Government, to produce a cadre of government
- 3. The finalisation of the constitutional requirements of Chapter 10 in respect of uniform standards, prescripts and values. We hope therefore that soon we will have this a Uniform Seamless Public Service
- 4. prohibition of public servants from doing business with government
- 5. establishment of an Anti-Corruption Bureau
- 6. Establishment of an Office of Standards and Compliance in the Public Service to ensure compliance with regulations and rapid reaction to provinces in distress.

These priorities were put out in the public domain, and the mere announcement of them was variously met with relief (phew), disbelief (raised eyebrow) and guarded optimism (sneer). On the whole, the public response was positive and supportive of the proposals.

But in some cases we were accused of displaying naive optimism and biting off more than we can chew. This comes from a research document by Derek Powell, who heads the Multi-Level Government Initiative of the Community Law Centre at the University of the Western Cape and Phindile Ntliziywana, a Doctoral researcher in the Multi-Level Government Initiative.

Others could not restrain themselves. They went as far as suggesting that these announcements, especially around anti-corruption were nothing more than sheer grandstanding. This latter response is in itself not surprising.

It reflects the sense with which we have resigned ourselves, as a people, to the way things are, as opposed to the way things ought to be. It also reflects the diffidence that comes from dashed hopes, consequent to failed initiatives. Some feel they have been here before and understandably, are intimidated by both the experience, the enormity of the task and the resistance that comes with it. Their diffidence is simply meant to protect themselves from having their hopes dashed once more.

So for those citizens of this country who have watched and listened to us as we laid out our plans, sometimes with a benevolent cynicism, we would like to paraphrase George Bernard Shaw and say: "Some men see things as they are and ask: why? We've dreamt of things as they never were and ask: why not?"

Bernard Shaw sums up my invitation to you to join me – let's pose for ourselves the question "why not?" What stops us from trying to do the best to be the best? Join me in this odyssey that soon we will have established clean, efficient, capable, emphatic and effective state machinery.

In approaching this task, we have been mindful of its enormity. It is the sheer challenge arising out of this enormity that has spurred us on. As we have said before: this is a challenge we do not accept grudgingly but rather seize gladly, firm in the knowledge that there is nothing so satisfying to the spirit, so defining of our character, than giving our all to a difficult task.

In a letter dated 28 March 2013, Riana Fouche, a member of the public and professional consultant, who listened to a radio interview I was part of, wrote to me and offered me several suggestions and concluded her letter by saying:

"May you and your team find all the resources, equipping and grace to fulfil the great and honourable task to restore the image of South Africans, and may you receive much wisdom in establishing all pertaining to the restoration of public officials to integrity and purity of character. I am looking forward to see the changes coming."

The letter from Ms Fouche confirms that our people expect no less from us. Indeed they should not expect any less from us. These reforms are in keeping with our moral obligation.

In order for all of you to understand the problems that face and will continue to face us, let me sketch out the terrain we have to cover. Our Public Service as provided for in Chapter 10 of our Constitution consists of more than 1.4 million employees, spread across:

- 156 departments in National and Provincial spheres of government.
- 270 Public sector institutions consisting of Government Components, Public Entities & Agencies and State Owned Enterprises.
- When you add the Local Government Sphere with 275 Municipalities and more than 270 000 municipal workers, the figure becomes 1.6 million employees.

This is the size of the public service, consisting of nothing more and nothing less than men and women engaged daily in the service of the people of South Africa. It is these men and women who daily:

- ensure that our children are schooled and equipped with education;
- care for the patients in our clinics and hospitals
- issue identity documents and maintain the integrity of the data of over 52 million people. Furthermore, administer over 1 million births and nearly 560 000 deaths each year!
- manage our water resources and infrastructure to bring us clean water for drinking and washing in more than 13 million households;
- maintain our roads and transport networks for all our mobility needs;
- administer and pay social grants to over 16 million recipients monthly on time;
- maintain our borders and points of entry on a 24 hours basis for all travellers and goods
- support the regulation and functioning of our R3 trillion economy and industry
- are the first line of response to protect us from crime. The people who respond to gut-wrenching and spine chilling natural disasters and other accidents.

I could go on. In summary, our public service is a massive enterprise of gargantuan proportion. Despite our natural and immediate response of negativity toward them, most of these men and women are diligently occupied in the service of our people.

In instances where there are problems, we have been honest and open to acknowledge these and are tackling them. To turn this enormous ship around will require all hands on deck, especially yours and mine.

And as we tackle these problems, we should take time to honour those of them who work hard to make our lives better. And therefore, in honour of those who toil with dedication to serve our people, we have decided to establish

a Public Service Excellence Awards, which will be called the Batho Pele Excellence Awards.

The National Batho Pele Excellence Awards will henceforth be held for the entire Public Service in the month of September of each year and members of the public will be invited to nominate public servants deserving of recognition for excellent service.

The main focus of these awards is to recognise excellence in the public service, acknowledge and encourage it and in exceptional cases, ensure that we can urge and mature it to greater heights of delivery.

In this respect I am delighted to announce a very generous offer made to my Ministry by the Oppenheimer Memorial Trust for a partnership with us in "Developing, recognising and retaining [world-class] talent in the Southern African public service". This partnership will see ten (10) public servants each being awarded a scholarship every year for opportunities to study abroad and locally to sharpen their competence.

The Oppenheimer Memorial Trust, through Minister Trevor Manuel, approached me to say: "how can we help you achieve excellence in the Public Service." An amazing experience! Imagine the feeling of affirmation.

The future of this country is intrinsically linked to whether we succeed or not in repositioning the public service. The National Development Plan has been bold to suggest that unless we fix the public service, all our objectives, hopes and plans would come to naught. It is worth repeating. The public service is the engine of the state. If the engine is dysfunctional, the vehicle would not move.

We would also, within these awards, create a category that caters for eminent, outstanding, long-serving public servants.

In the case of Parliament for instance, perhaps Members of Parliament will nominate outstanding public servants like Professor Stan Sangweni, former Chairperson of the Public Service Commission, Mr Sindiso Mfenyana, former Secretary of Parliament, Mr Handik, former Secretary of the National Assembly, Mr Kamal Mansura, former Secretary of the National Assembly, Mr Terence Nombembe, current Auditor-General, etc. These are people whose dedication have helped craft and maintain what we have.

There are of course many more who will be nominated by you. It is my intention today to report that we have indeed accomplished those goals we set ourselves for the past ten months and we will entrench them irreversibly in our statute books. The rest will depend on our collective will.

I am happy to report that my term of office was off to a good start the minute I met the representatives of labour. As you would know, I came to office during the wage negotiation process – a day after labour had declared a dispute with the State as employer, to be exact.

After intense and often unpleasant exchanges all around, we emerged with a ground breaking multi-term agreement. What was historic about it was not only its multi-term nature, but also because of the agreements themselves and the commitment by labour on a number of fundamental principles.

We have now turned an often very antagonistic relationship between employer and employee into one that can actually work toward the achievement of our goals as a people. For this period we have not only removed the threats of strikes, but the ugly scenes of public servants destroying property are also beginning to recede. The absence of the annual fear of the disruption of essential services has enabled us to plan and have some level of certainty.

And I am grateful that labour and ourselves found each other. For too long the relationship has been characterised by ugly exchanges. This could never have been for common good and it is definitely not what our people live and hope for. They don't go to bed hoping – please let there be a strike.

The signing of the multi-year agreement has enabled us to focus on those outstanding issues that are necessary in building a capable State, in the creation of an environment where the public service can thrive and deliver better services.

So there, sealed until next year – project 1 completed. As part and parcel of our agreement with labour, we agreed we would introduce a compulsory induction programme for all public servants. The training has been implemented at national government since September 2012 and has already been launched in 8 provinces.

With this we have committed ourselves to build a professional public service at all levels. This includes attracting highly skilled people and cultivating a sense of professional common purpose and a commitment to developmental goals. The public service must become a career of choice for graduates who wish to contribute to the development of the country, and ensure that highly competent staff is recruited on the basis of their suitability for the job.

Transforming PALAMA into the School of Government is one such building block. The School of Government will enable us to customise the offerings and programmes in order to respond to real problems we face in real time and to restore confidence in the public sector.

We have done the groundwork and I met with academics from Higher Learning Institutions on Monday to canvass a partnership between ourselves. I believe we received positive feedback from those who attended to ensure the success of the School of Government. The School of Government is on course and will be launched on 21 October 2013.

The School of Government will operate as an institution of higher learning with the proper accreditation. It will work in collaboration with other institutions of higher learning that offers specialised skills required, but will design the curriculum and be responsible for creating out of our public servants, a professional class of committed cadres to drive the developmental agenda of the country.

We will recruit the best in administration and train them for greater efficiency and train them to succeed. Nothing stops us striving to be the best and when the best of us is driving the administration of the state, imagine the spin offs in everything this country does.

We have provided each one of you with a copy of the proposed crest of the School of Government and would appreciate your comments before 1 June 2013, when we intend tabling it for approval. Project 2 will be done by then and sealed when you have approved the crest.

Our third priority was the creation of an environment which is not conducive to corrupt practice. We are prohibiting public servants from doing business with government. This would enable us to close the loop holes that some unscrupulous officials have used.

We have come to a determination that the most effective and efficient way of dealing with a conflict of interest is to remove it altogether. This will take effect as soon as Parliament approves the bill, which will be tabled in June. We will then be able to tick off Project 3.

The same law: the Public Administration Management Bill will assist us with a longstanding problem of inequality of our norms and standards. It will ensure we comply with a common set of standards, values and principles across all levels of government, as envisaged by Chapter 10 of the Constitution.

This is to ensure that all spheres of government operate according to the same standards and norms while retaining operational independence. All spheres will share seamlessly the requisite skills pool, competence and standards. This will serve to improve mobility across different spheres of government and diminish the costly barriers to such seamless and rational mobility, while balancing the capacity across the State. But it will not in any way interfere with the spheres of governments of local or provincial tiers. Those are entrenched in the Constitution.

The bill was accepted by Cabinet Committee and we hope that Parliament will prioritise it for June this year. When that is done, we would have concluded the longest journey of any laws that I know of. And we will tick of Project 4 as done.

A cursory reading of the reports of the Auditor General and the Public Service Commission paints a dim picture of non-compliance. To remedy and to respond to this challenge in a focused way, we have established an Office of Standards and Compliance.

Currently this office is led by the Director-General of the Department of Public Service and Administration, Mr Mashwahle Diphofa, who is supported by seasoned senior public servants. This collective is alive to the challenges faced by public servants and should be able to provide pre-emptive and preventive approaches that would ensure stringent compliance with rules and regulations in the public service.

In addition to analysing existing public service norms and standards to prepare for their improved enforcement, the Office of Standards and Compliance has spent considerable time supporting the implementation of the Section

100 Intervention in Limpopo. In the six weeks they have been there, the development of functional structures has been completed in five departments in Limpopo.

PERSAL clean-up has been finalised in the Provincial Treasury where 222 unfunded posts were abolished, the Department of Public Works where 4 447 unfunded posts were abolished, the Department of Education where 8 754 unfunded posts were abolished, the Department of Health where 3 868 unfunded posts were abolished and the Department of Roads and Transport where 3 279 unfunded posts were abolished.

## Project 5 well and truly established

The processing of Disciplinary Cases had been moving very slowly, but the challenge is being addressed by the Diphofa team and the Office of the Premier. Of the 301 cases that were handed over to the SIU for investigation, only 41 had been completed and handed over to the DPSA. Of these, thirty (30) cases were set down for hearing and 13 have already been finalised. We hope that soon the Office of Standards and Compliance will move to the Eastern Cape.

In line with the decisions of the ruling party and government, I promised to deal decisively with corruption in the public service. We must be clear on this. Corruption has become a common stick to beat any government, especially third world governments.

But in our case we have deliberately taken this stand against corruption because it is essentially anti-ethical to the struggle that brought us here. This has been raised as a clarion call, both by government and the ruling party, to ensure that where it raises its head, we can deal with it and not allow it to strangle our growth and our image. We have beaten all odds as we struggled - this one is but a small struggle.

I invited South Africa at large to be part of this campaign against this scourge that has the potential to corrode our society. When the response has not been outrightly cynical, it has been overwhelmingly positive. To the cynics we urge them to "watch this space".

We assessed our current capacity and arrived at the conclusion that it is to inadequate and poorly resourced to effectively fight this battle against corruption. We intend to set up an Anti-Corruption Bureau that will have legislative authority to investigate, intervene, and where necessary to assist departments, provinces and local governments in dealing with cases of corruption related misconduct.

This Bureau, working hand in hand with the other anti-corruption arms of the state, will be both proactive and pre-emptive. Pre-emptively the Bureau will deal with cases where processes and procedures have not been followed. Where criminal conduct is detected the bureau will solicit the help of the anti-corruption agencies of the state to investigate and prosecute where necessary.

This initiative is also meant to protect the vast majority of public servants, those men and women who do an honest job and squirm at being painted with a common brush that says "public servants are corrupt". We will tighten the instruments through which people report in order to give more protection to those who report.

Chairperson, we are building a database that will be a nerve-centre and assist us in monitoring all public servants in relation to financial misconduct, disciplinary cases, business interests, unaccounted lifestyle and income changes. In this regard, technological advances are proving to be the welcome wind in our sails. We must clamp down on the corruption rot where it exists.

Corruption, elsewhere and in the public service, involves a corrupter and corruptee. We are aware that some public servants are manipulated by elements out there in the private sector. These have mastered the procurement system of government and have positioned themselves the better to manipulate it from outside. We intend to deal with both very decisively.

We want to ensure that there are minimum sentences for public servants found guilty of corruption. For the private sector, once we secure a conviction for corruption, a company will be blacklisted and barred from trading with government. I have already instructed my legal team to find ways to strengthen our fight against corruption in this way. They will adopt such measures as a "Watch List" to track those companies with suspect practices. To these I want to sound a warning.

So much has been done in the short space of time that we could not cover everything in our report back of today. We have therefore packaged all of the information detailing the work done, so that you can have a comprehensive

understanding. We still remain, however with serious challenges - these we are grappling with and these form the basis of our priorities for the year ahead.

The management of disciplinary cases is a matter I know is of concern to Honourable Members. This remains a challenge we are grappling with. Discipline management in the public service is decentralised to departments. This has led to inconsistencies with regard to the application of disciplinary processes and imposed sanctions.

We are aware that many departments fail to finalise disciplinary proceedings within the prescribed period of 60 days. The reasons are multi-fold and range from incapacity to incompetence. We have decided to establish a case management system to enable us to address these weaknesses.

Another critical failure in our system, is the response time from government and general efficiency of our systems. Having learnt from the remarkable improvements at the Department of Home Affairs, it is clear that sector specific minimum norms and standards are required for each work sector. With known standards, it will be possible for the public to know what service and quality to expect.

It should be possible to know the minimum waiting period at the hospital and/or response times for police when an incident is reported. We will in this current year be working on a minimum waiting period for hospitals and our pilots will be in Gauteng and Mpumalanga provinces.

I invite all South Africans, from all walks of life to work with us and give us feedback on their experiences and expectations of the public service. In addition to surveys and conventional feedback tools, we must take advantage of enabling technology. We need to know what works.

To improve the quality of life of our public servants, we have been grappling with the concept of a Housing Scheme. We will fast-track the design and implementation of the Government Employees Housing Scheme. In the same way that the Government Employees Medical Scheme is an admirable benchmark, we would want a housing scheme that sets a benchmark in meeting employee housing needs.

Yet another concern, which was raised by the Public Service Commission, is the late submission of financial disclosures by senior managers. After the successful piloting of the e-disclosure system in three provinces, we are now in a position to roll-out e-disclosure to cover all designated public servants by June 2014. This will enable public servants to declare their interests electronically and activate a system-wide multiple checking against other systems.

The system is secure and protected. Its advantages from a disclosure perspective are enormous, as it will link the members' details to the entire data base available to government and make the scrutiny process so much easier. For its full effect we would need to amend the law. We expect that by next year declarations of sms members will be fully online and that all users will have been trained.

The matter of the high turnover of Heads of Department, I know is of serious concern to you. I want to assure you that it is of serious concern to us as well and has been identified in the National Development Plan as such. We are working on this and when we have perfected our system, we will bring the matter to Parliament.

The Service Charter between Government, as the employer, and Public Sector Unions represents another milestone in re-fashioning the relationship between the State and public servants. It represents a social contract between ourselves, public sector unions and citizens - the main beneficiaries of services delivered by the State. A copy of the Service Charter will be distributed to you.

This lays the basis of our insisting on the application of the Code of Conduct for public servants. We will require Public servants to be sober at all times while on duty, to dress appropriately for the work they do and to be on time, courteous and professional at all times. Public servants who interact with the public will be identifiable by a name tag.

The SITA Act is the founding basis of all that SITA does and how it relates to government and the private sector.

Some of the key information systems provided and maintained by SITA include PERSAL, which pays salaries of public servants, BAS which pays all suppliers and LOGIS which manages assets of Government. Over 7 000 Government services are powered by SITA, making SITA the backbone of service delivery.

These include hospitals, clinics, police stations and traffic departments. More recently, through the Telemedicine

Network project, doctors in rural and semi urban areas are now able to consult with fellow practitioners in larger and better equipped urban – based health facilities. This offers benefits of less travelling, cost saving and a faster intervention by qualified medical professionals.

Through its centralised procurement model, SITA is required to reduce ICT costs for Government. We have now begun to do that. In 2012/13, we managed to track savings of R263 million due to agreements negotiated with key suppliers mainly on software licences. We welcome these partnerships with industry and hope to achieve more this year as more suppliers come to the party.

In November 2012, Cabinet appointed the current six member board led by Mr Jerry Vilakazi. The Board has a clear plan of action to address all immediate challenges facing the institution. This will include a review of the supply chain management structures and to reposition SITA as the continent's premier Government ICT service provider.

We are doing everything we can to make sure that SITA responds to its mandate and responsibility. We want to send a message to the private sector doing business with SITA - help us get it right by doing the right thing. At all times, just do the right thing. I know I am speaking from a different perspective, but it cannot be difficult to do the right thing.

## **Budget allocation**

Chairperson, we have accepted that there will always be pressure on the resources availed to us to undertake the work before us. This propels us to seek greater efficiency and prudence in the use of allocated resources. It also points to the glaring disproportion between the task at hand and the resources availed to do this work.

For the financial year 2013/14, the total budget available for the Public Service and Administration Portfolio is R816 371 000 (R816,371 million). Of this:

- R437,135 is directed towards initiatives within the department
- R131, 9 million has already been earmarked for PALAMA and will be transferred to the School of Government.
- R22, 866 million is availed for the CPSI
- R23, 3 million is set aside for transfer to the PSETA
- The Public Service Commission will receive R201,1 million.

I am certain that Honourable members can appreciate that the budget availed pales in comparison to the scale of the reforms we seek to achieve. We are not deterred nor overwhelmed. Instead, our resolve is toughened. We will do all the necessary work to ensure a proportionate fiscal allocation going into the future

To all public servants I call you to embrace:

- Discipline in implementation
- Compliance with norms, standards and statutes
- Compassion for the all employees and the public we serve
- Efficiency in performance.

To the people of South Africa I invite you to lift your gaze and see that:

- The public service is working for you
- South Africa deserves an efficient public service
- Work with us to improve public service.

Honourable members, ladies and gentlemen, a highly productive, efficient and disciplined Public Service is not a luxury nor is it a matter of intellectual and political pontification; it is a primary ingredient towards the achieving sustainable growth and development of our country.

What I request from you – where the public servants do good, please affirm them. A great deal that we take for granted is done by some hardworking, dedicated people. Where they fall short of their responsibility, do not hesitate to complain and insist on proper treatment. Do not tolerate mediocrity, because we are not a people who celebrate mediocrity.

The reforms we have embarked upon ensure that we build a public service capable and orientated towards meeting the developmental aspirations of our people and our country. It is a constitutional imperative we dare not fail in realising.

We strive continuously, seeking to answer: "why not?"

Imagine a world where every teacher felt appreciated, respected and supported; where every teacher is dedicated, committed and gives seven hours of every day to teaching productively.

Imagine a world where every child was taught in an environment that's conducive for learning, where every child feels cared for and where every child will give the best of his childhood, learning in the full knowledge that his efforts are the most important investment this country needs; imagine a country where every parent and adult takes their responsibility for the education of their children; imagine what a foundation we build for this country.

I thank you!

Issued by: <u>Department of Public Service and Administration</u> 22 May 2013

# Speech by Ayanda Dlodlo, Deputy Minister for Public Service and Administration on the occassion of the MPSA Budget Vote, Old Assembly Chamber

23 May 2013

House Chairperson

Chairperson and Honourable Members of the Portfolio Committee on Public Service and Administration; Minister for the Public Service and Administration, Minister Lindiwe Sisulu;

Members of Parliament and Cabinet colleagues here present;

Ladies and gentlemen.

Thank you Honourable Chairperson for affording us yet another opportunity to present to this Honourable House the 2013/14 budget for the Ministry for Public Service and Administration.

In just less than a year our people will once again have an opportunity to cast their vote in the national general elections. This vote lies at the centre of our participatory democracy, which was won through the blood, sweat and tears of the millions of our people, with the people's liberation movement, the ANC, being in the forefront of the struggle, but of course assisted by the fraternal forces from across the African continent and beyond.

The fact that we will be holding the fifth national election since the advent of democracy is consistent with, and conforms to, the ANC's commitment to universal suffrage as part of entrenching democracy and a culture of human rights in the land of Makana, Zondo, Tambo, Sisulu, Mbeki, Ngoyi, Slovo and many other stalwarts of our liberation.

It is my hope that South Africans do notice the progress the ANC-led government has made in consolidating democracy and giving a voice to those that did not have it 19 years ago. As duly elected representatives of our people, we, together with them, are setting the tone for progressive change and sustainable freedom in our land; and we believe the spirit of cooperation is vital as we seek to accomplish the noble objective of a better life for all. Through this Budget Vote, we once again pledge to honour our promise to the people of South Africa - a promise for the progressive realisation of a better life for all; and we ask them to join us in this effort.

As the Ministry for Public Service and Administration, we are starting this year on a sound footing, guided by the tone and resolutions of the 53rd National Conference of the ANC that was held in Mangaung in December 2012. The Conference adopted the National Development Plan (NDP) (Vision 20 30); the formulation of which was characterised by consultation and inclusivity. The NDP, and the National Planning Commission that developed it, are an outcome of extensive deliberations within the ANC-led Alliance over many years, the intention being to build broad consensus on the policy direction and pace of our country's political economy.

This is an absolutely important point to make in view of the ideological theses, developed in part by the opposition, that seek to separate its development from the broader alliance and the ANC In fact, judging by the mood and tone of the 53rd National Conference, as well as the adoption of the Conference Declaration this reflects the level of enthusiasm among the general membership of the ANC.

Encouraged by the spirit and tone of progressive change that is espoused by the National Development Plan, we are tabling this budget with the intention to nip the challenges facing the public service in the bud. The Minister for Public Service and Administration is leading the efforts to take the public service to higher levels of productivity, with numerous interventions to which she has already referred, which must necessarily yield practical outcomes.

We are saying this because we understand that whilst budget is counted in Rands, its impact is measured in the improvement of the material conditions of our people. We will therefore work with the Minister to ensure that all the interventions she has introduced change the face of the public service and the broader machinery of the state for the better.

Honourable Chairperson and members of the House

It is vital that as we fix the public service, we start by building a healthy, safe working environment for all public servants because, ensuring a healthy workforce and a sound and enabling working environment are key elements in the efforts to construct a capable developmental public service.

We are happy therefore to announce that Government Medical Aid Scheme (GEMS) continues to grow and plays a critical role in our efforts to build a healthy public service. GEMS' membership has been increasing remarkably. In 2011, 595,737 principal members were enrolled on GEMS. In 2012 this figure rose to 662,469. Of this figure 207 000 were Public Service Employees on Levels 1 to 5. Our target for 2013 is 750,000 principal members of which 250,000 should be employees on Salary Level 1 to 5.

With regard to governance systems, processes and culture, the Institute of Directors of Southern Africa, which was assigned to conduct the Scheme's 2012 Board Effectiveness Assessment, found that the Board is in a good shape.

# Honourable Chairperson, we are on course

As we roll out plans for this year, we want GEMS governance systems to remain in good shape whilst we improve on areas of weakness that were identified by the Institute of Directors of Southern Africa. We also want to see GEMS effectively playing its role in the implementation of the National Health Insurance (NHI). As Minister Aaron Motsoaledi said during his budget vote last week, implementing the NHI is critical as it will ensure that "every citizen has a right to access to good quality, affordable health care, and that the access should not be determined by the socio-economic condition of the individual".

There is also a need to review the composition of the Board of Trustees to reflect government approach with regard to the implementation of the NHI and the single public service. From this perspective, the emerging consensus is that consideration should be given to the possible inclusion of representatives from the national departments of Health, Cooperative Governance and Traditional Affairs (CoGTA) and the National Treasury in the Board of Trustees.

## Chairperson

Having seen how new technologies are driving and reshaping governments throughout the world by enhancing public service performance, bringing government to the people and promoting accountability and transparency, we remain committed as this government to using information and communication technology (ICT) as a strategic lever to address inefficiencies and drive transformation in our service delivery systems.

The use of ICT in government is not only intended to have a focus on efficiency and effectiveness but also offers opportunities for information sharing, public participation and collaboration. ICT can assist to empower citizens by making available to them an interactive access to information so that they can understand what governments are doing and to influence decisions.

The President of the Republic has already made a clear undertaking when he signed the Open Government Partnership Declaration, thereby committing the South African government to, among others, increase access to new technologies for openness and accountability.

As Minister Sisulu noted at a recently held meeting of the Tshwane Branch of Black Management Forum (BMF), there is a need to build an agile state and public service for the benefit of society. One dimension of doing this is to address key ICT structural deficiencies that make service delivery highly complex and problematic.

The main objective is to explore how South Africa can take advantage of emerging technologies to improve the way government works. This is critical to promoting and improving efficiency in the delivery of services and strengthening citizen's participation and engagement. Our country can benefit immensely from the efficiencies and improved service that stem from digital processes.

The state is the custodian of massive data (personal and public) for the efficient functioning and meeting the needs of society - the so called Big Data. Areas that stand to benefit from big data techniques include crime prevention and combating (through amongst others DNA analysis, identifying drugs, causes of fires, polygraphs, analysis of gun-shot residue, handwriting analysis, blood-stain analysis and 3D facial recognition), health care, medical research, personal finance, national security and commerce.

This data is growing and will continue to grow as a result of NHI needs, schools and Thusong Centre connectivity, universities research and development interactions with private sector, smart ID card, fingerprints database and Regulation of Interception of Communication Act (RICA) information. The way I see it, technology keeps

improving and the data keeps proliferating; so it is up to us to figure out how to use them to solve some of our thorniest socio-economic problems. This is an opportunity for our country and government.

## Honourable House Chairperson

We are setting the tone for deepening our system of participatory democracy. In this regard, our Community Development Workers (CDWs) have proven to be a vital link between government and communities on matters related to government's programmes and community needs.

Last year we committed to making CDWs an integral part of an integrated approach towards enhancing service delivery, particularly in relation to (i) early childhood development (ii) food security (iii) HIV and AIDS (iv) job creation and social protection and (v) public information.

We are happy to report to this Honourable House that CDWs were able to link early childhood development centres (ECDCs) with programmes of the Department of Social Development. In the area of HIV/AIDS, CDWs disseminated user-friendly information on HIV/AIDS and they mobilised communities to actively participate in HIV/AIDS related awareness programmes including International Aids Day.

In terms of the food security promotion, CDWs identified indigent households and mobilised them to benefit from the food security programmes of the Department of Rural Development and Agriculture.

With regards to job creation, CDWs played a role in identifying and linking unemployed youths to government's Expanded Public Works Programme (EPWP) and the Community Works Programme (CWP).

To empower CDWs with information on government priorities, we convened a national CDW conference for 500 CDWs from all provinces in March 2013. At this conference President Zuma addressed CDWs on government priorities as articulated in his State of the Nation Address; and Ministers Pravin Gorhan and Trevor Manuel empowered them to understand the 2013/14 Budget, National Development Plan respectively, so that they could communicate this important information to the communities in which they live and work.

In the year ahead we will highlight the role of CDWs as agents of participatory democracy by emphasising their functions which include:

- Communicating government and other information to communities in an accessible way;
- Providing feedback to government regarding community experiences of service delivery and governance;
- Providing early warning to government of any obvious reduction in service standards and performance that could lead to collapse or significant impairment of the overall service functions;
- Reporting any corruption or irregularity that is encountered within the sphere of government, government department, community organisation or private sector

I can confirm to this House that the Minister of Social Development has expressed her happiness about the level of progress we are making with regard to the work of CDWs. I must state, however, that as government we are as yet to fully utilise CDWs. Their reporting and data collection systems remain inadequate.

It is important, therefore, that we support CDWs in the execution of their critical job functions by providing this cohort of public servants with appropriate ICT support; effective management and reporting systems; and cost-effective tools of trade. The Social Development Minister and I have agreed on further engagements to devise mechanisms of improving the way CDWs do their work.

I am also pleased to inform this house, that we have established a partnership with the National Lotteries board, where the CDW's will communicate to communities opportunities to for community development through the funding provided by the National Lotteries board.

## House Chairperson

Our public service continues to be confronted with challenges for which traditional government action is inadequate. It is experiencing increasing demands, like how to manage the complex issues of poverty, unemployment and inequality. At the same time it is operating within the context of tight fiscal constraints, making it necessary to deliver better outcomes for lower costs.

This challenge has been made even more acute by the global economic and financial crisis from which many countries, including ourselves, are as yet to fully recover. The crisis poses a massive contradiction by pulling governments in two directions. On the one hand, there is sustained pressure to come up with radical solutions to deliver services while at the same time cutting costs dramatically. On the other, the crisis has led to shrinking 'research and development' budgets that are needed to design and pilot these radical undertakings. At times like this, there is a strong justification for efficiency gains, better governance, faster delivery and more decisive interventions in the public sector.

It is within this narrative that we understand the value of our Centre for Public Service Innovation (CPSI). The Centre needs to work a lot harder in forging partnerships with the private sector, research and academic institutions to develop ideas can assist government change the lives of our people in more practical ways.

It is therefore critical, in the words of Martti Ahtisaari - former Finish President and member of The Elders of which our struggle icon Nelson Mandela is a founder and an honorary member - that we learn from the tough times and challenges we face. As he said during his recent wide-ranging interview with The European, "Like human lives, social change unfolds in waves. The important challenge is to recognise when change is coming, or when it is necessary". Our own National Planning Commission states that on a 'business- as-usual' basis we are likely to fall short in meeting our strategic objectives of creating a democratic and prosperous South Africa.

For innovation to take place we need political will to improve the role of government in facing the challenges of the day, including learning from our past failures; striving for superior performance; being responsive and being more people-centred. We need to create a political environment that is receptive to new innovative ideas. We need push the legislative boundaries and not be limited by the bureaucratic red tape.

An example that comes to mind is the issue of unsolicited bids, which must not be seen only as potential source of corruption, but as an important lever which could assist to enhance government performance. The system in orther words, has to be receptive to innovation and new ideas to promote the culture of continues improvement and learning.

## House Chairperson and Honourable Members

The ANC, which has since 1994 been given the mandate by the overwhelming majority of South Africans to lead the efforts to create a national democratic society, has always been part of the forces that work to advance the African continent and its peoples. It was under the ANC-led government that this country became one of the continent's pioneers of the African Peer Review Mechanism (APRM) under the aegis of the African Union's New Partnership for Africa's Development (NEPAD).

The APRM turned 10 years old on 9 March 2013, and this afforded all the participating countries the opportunity to reflect on the successes of this unique African instrument of self-assessment and challenges encountered.

Our belief in open government is informed, deep-seated and consistent with our desire to have a better Africa in a better world. We have already submitted two periodic reports to the African Union Summit of Heads of States and Government (HOSG) of APRM participating countries. We are currently preparing a third progress report, which the President of our Republic is scheduled to present to the African Union at its Extra-ordinary Session in September.

This is consistent with the decision taken by the African Union to postpone the presentation of country APRM progress reports so that the May Summit, which the President will be attending later this week, focuses exclusively on the celebration of the 50th Anniversary of the predecessor to the African Union - The Organisation of African Unity (OAU) on 25 May 2013. As South Africa we will participate in the celebration of the 50th Anniversary of the OAU/AU; for this continental giant played a critical role in the demise of colonialism and apartheid in our own land.

In all the APRM progress reports have referred we have been frank about our successes as a country as well as the challenges we face in the realm of political, economic, corporate and socio-economic development. We have received feedback from other sister countries in terms of how we are faring in these areas. This feedback has painted a positive image of our country, whilst at the same time being emphatic around issues of land reform, poverty, unemployment, inequality, racism and xenophobia. Our attitude is not to adopt a defensive posture but rather to take criticism in good faith and address issues raised. After all, one of the objectives of the APRM is the promotion

of peer learning through identifying, collecting, disseminating and adopting best practices among countries participating in the APRM.

We are also encouraged by the space that has been created by the APRM for civil society to participate in processes related to assessing governance systems. In this sense, the APRM has enhanced public participation in the governance process in our country - this was evident even as we went around the provinces soliciting inputs for the 3rd progress report. The provincial consultations were attended by all sectors of society and parties interested in APRM.

# House Chairperson

I must repeat, South Africa became one of the pioneers of the APRM because the ANC believes in the principles of transparency and accountability as well as other values that are espoused in the APRM. Naturally and consistent with these principles and values, our government endorsed the Open Government Partnership (OGP) Declaration of Principles in September 2011, thereby committing itself to work with civil society towards enhancing transparency, public participation, accountability, and the fight against corruption in both the public and private spheres.

As government, we consulted with civil society in 2011 to draft an OGP country action plan with concrete commitments towards Service Delivery Improvement. And in keeping with government's sustained commitment to participatory governance, we reached more than 20 million citizens on Service Delivery Improvement. Citizen engagement and public participation is a central theme in the OGP. As such in the past few months we have engaged in a series of consultations, which include the following:

- 66 community radio broadcasts where citizens had the opportunity to phone in and engage in matters related to service delivery improvement, openness and transparency;
- 2 public television and commercial radio broadcasts;
- 8 print and internet news media advertorials in English, Afrikaans, and IsiZulu the three most widely spoken languages in the country;
- 2 roundtable dialogues with business chambers, press clubs, labour unions, and civil society organisation representatives;
- door-to-door information sharing and input gathering campaigns by government's 3,100 Community Development Workers;

# House Chairperson,

I want this Honourable House to note that in 2012, a coalition of South African based organisations drafted a letter to the OGP Steering Committee stating that the Protection of State Information Bill (POSIB) infringes on citizen's right of access to information and that South Africa should be expelled from the OGP unless it withdraws the Bill. What these organisations choose to ignore is that one of the aims of this Bill is to repeal the unconstitutional apartheid legislation that is still on our statute book with pre-publication censorship provisions. The proposed legislation aims to address amongst others the rising threat of espionage and hostile activities, the selling of information and the protection of critical databases in government, without impeding the constitutional rights of citizens to access state and information. The Bill will also protect personal information on the Big Data.

As the envoy of the President of the Republic of South Africa in the OGP, I reminded the government and civil society representatives on the OGP Steering Committee that except for the South African government, all OGP Steering Committee governments have legal frameworks in place that balance the presumption of openness with the needs of national security. In fact, I reminded them that 86 countries, most of whom are established democracies and members of the OGP, have some form of access to information legislation which goes hand in hand with the protection of State information in the interest of national security, defence, foreign relations, public safety, or public order.

South Africa`s ongoing participation in the global OGP initiative and the continental APRM initiative shows our government`s sustained commitment to transparency, accountability and citizen participation within the context of our Constitution. It is also important to underscore the point that as Africans, and out of our own volition, we sought to promote the principles of transparency, accountability and citizen participation through the APRM - long before the OGP was even conceived. Therefore the charge that we seek to suppress people's freedoms has no basis.

I must also remind this Honourable House that, despite having had a two-thirds majority in Parliament at some point, the ANC has never sought to change the Constitution willy-nilly. South Africans, therefore, have every reason to trust the ANC-led government.

Chairperson, in the year ahead, we will update South Africa`s OGP country action plan based on the inputs made by the many citizens throughout the country. We will also synergise the stakeholder engagement framework for the OGP and APRM in order to minimise the problem of participation fatigue on the part of citizens who up till now have been called to participate in the APRM and OGP separately.

## House Chairperson

Apart from the APRM and the OGP, we are involved in many other global initiatives which give effect to our resolve to be a responsible international player.

In keeping with the African Agenda, South Africa was given the responsibility by the African Union Conference of African Ministers for Public Service (AU-CAMPS) to champion capacity building as part of the evolving framework of the Conference of Ministers to build capable developmental states in Africa.

The AU-CAMPS also launched the African Management Development Institute Network (AMDIN) as its training arm with the purpose of strengthening Management Development Institutes (MDIs) to allow them to respond to the African development agenda. PALAMA is a member of AMDIN and thus supports the implementation of AU-CAMPS thematic area programmes around capacity building on the African continent.

We are also responsible, through the CPSI, for the implementation of the All-Africa Public Sector Innovation Awards (AAPSIA) within the framework of the AU-CAMPS. This programme is helping African countries, ourselves included, to learn from each other and is viewed as the flagship programme of the Conference of Ministers.

Within the latitude provided by the global multilateral and bilateral system to address the challenges facing humanity today, our country will stay the course and consolidate the reform agenda in the sphere of governance and public administration, actively participate in the Post-2015 UN Development Agenda, and remain committed to the work of the OECD Public Governance Committee of which we are a proud member.

The promotion of South-South cooperation is of critical importance to us and in this regard we are positioning ourselves to create and strategically insert the governance and public administration agenda as part of implementing the Action Plan during South Africa's Chairpersonship of the BRICS block of countries. At a bilateral level, we will reach out to and deepen relations with our traditional partners such as China, India, the DRC, Egypt, Angola to name but a few.

Our active participation in all the initiatives we have highlighted is at the centre of our strategy to engage like-minded players in the global political and economic sphere to identify emerging economic, social and political issues that are not only vital to the promotion and sustainability of an interdependent global community, but that will ultimately liberate hundreds of millions of the vulnerable and economically deprived Africans, and other similarly disadvantaged peoples across the globe.

I must hasten to add that South Africa has a window of opportunity to extend and secure our present peace by promoting its values and thereby developing, in the long-term, a model of South African internationalism. We will work with like-minded countries to be a force for good and a champion of progressive change. This we will do as part of ensuring that future generations live in abundance, enjoy the security of the immediate and see a future that holds real promise. We owe it to the world; particularly those that helped us attain the freedom we now enjoy. I am talking of Julius Nyerere's, Olof Palme, Samora Machel, Agostino Neto and all of the progressive peoples across the world.

## Chairperson

Just as the National Development Plan exhorts us to work together to galvanise our collective energies for the realisation of our strategic goals, I want to conclude by reminding this Honourable House that if we work together we will achieve much more. I therefore would like to thank members of this House for their continued support to the work of the Ministry.

I also thank the President for his continued leadership in OGP.

Minister, thank you for the support and able leadership you have demonstrated since joining the Portfolio in June 2012.

Many thanks to officials of the different institutions within the MPSA portfolio.

 $House\ Chairperson,\ once\ more,\ thank\ you\ since rely\ for\ this\ opportunity\ and\ in\ so\ saying,\ I\ move\ for\ the\ support\ of\ this\ Budget\ Vote.$ 

Issued by: <u>Department of Public Service and Administration</u> 23 May 2013

Speech by LN Sisulu, Minister of Public Service and Administration on the occasion of the Ministry for the Public Service and Administration Budget Vote, National Council of Provinces, Parliament

30 May 2013

Chairperson Members of the NCOP

Our story, as a people, reads like a fairy tale. For, it would begin: A long time ago, when tyranny and apartheid roamed the land, when people were subjected to all forms of oppression, deprivation and all kinds of violence imaginable. When freedom appeared to be but a fleeting delusion; then, a young Nelson Mandela led the forces of rebellion to bring about change so that the poor and landless and disenfranchised could enjoy freedom. Alas, he was captured in 1961 and finally brought to trial in 1963 and sentenced. He said then:

"I hoped then that life might offer me the opportunity to serve my people and make my own humble contribution to their freedom ... This is what has motivated me in all that I have done ..."

This statement reflected the spirit that Nelson Mandela and his comrades embodied. That spirit of no surrender to challenges, bequeathed to us the gift of freedom that we enjoy today. May we be imbued with the same spirit in resolving our challenges! For, every phase will throw up its own challenges.

Our challenges are different, certainly less hazardous, but no less important for our people. Here we are now with the rare privilege of the opportunity to serve our people to carry through the history and gift of freedom and democracy. We will not fail this opportunity no matter how small our part, every effort on this march of hope is a significant step.

The fairy tale does not need to end. We can carry it through. You and I, the beneficiaries of the proud heritage of this hero, all of us together can overcome the challenges of the present. The challenges I refer to, specifically refer to our role in good governance and they range from an unresponsive, inefficient, ineffective system of the public service, with dire long term consequences of poor service. Unless we fix the public service, all our developmental objectives, hopes and plans would come to naught.

For the public service is the engine of the state. If the engine is dysfunctional, the vehicle would not move. This developed economy will not grow any faster.

To address the raging storms of discontent that has manifested itself regularly and the diagnosis arrived at by the National Planning Commission, would require of us nothing short of the following:

- dealing decisively with corruption in the public service, whatever form it might raise its head
- professionalising the Public Service for higher productivity and value for money and thus reducing the unacceptably high wage bill;
- creation of the environment to produce a cadre of government;
- finalisation of the constitutional requirements of Chapter 10 of the Constitution in respect of a Uniform Seamless Public Service, thus reducing duplication, inefficiencies and waste;
- prohibition of public servants from doing business with government.
- establishment of an Office of Standards and Compliance in the Public Service to ensure compliance with norms and standards and rapid reaction to provinces in distress.

We have spent the ten months of our time in office dealing with all of this and I am happy to indicate that we have successfully completed all of these and established a firm basis in law for continued enforcement of these objectives.

The National Development Plan has placed at its forefront the task to build a capable and developmental State. The NDP argues that the future of our country is linked to our success in repositioning the public service. The National Development Plan asserts that unless we fix the public service, all our developmental objectives, hopes and plans would come to naught. The public service is the engine of the State. If the engine is dysfunctional, the vehicle would not move. This developed economy will not grow any faster.

You are all familiar with the problems of service delivery, especially at local government. You switch on to any radio station and you hear complaints on a daily basis.

Let me briefly sketch out the terrain we have to cover. Our Public Service, as provided for by Chapter 10 of our Constitution, consists of over 1.4 million employees, plus a further 200 000 employees at local government level. In all we have a massive 1.6 million employees, which is greater in numbers than the population of Swaziland, and our immediate response to them is negative.

The Public Service has a human face to it that is very often lost in our discourse. These 1.6 million men and women are daily engaged in the service of the people of South Africa to:

- Ensure that our approximately 7 million children of school-going age are schooled and equipped with education
- Care for over 19 million patients in our clinics and hospitals every year
- Issue identity documents and maintain the integrity of over 52 million documents and administer over 1 million births and nearly 560 000 deaths each year!
- Manage our water resources and infrastructure to bring us clean water for drinking and washing in over 13 million households every day
- Maintain our roads and transport networks for the more than 19 million daily trips
- Administer and pay social grants to over 16 million recipients monthly on time
- Maintain our borders and points of entry for approximately 18 million travellers and goods annually.
- Support the regulation and functioning of our R3 trillion economy and industry
- These are the men and women who are at your service to make your life what it is.

Our public service is a massive enterprise. We honour the men and women who are diligently occupied in the service of our people. In instances where there are problems, we have been honest and open to acknowledge these and tackle them. To turn this enormous ship around will require all our hands on deck.

In honour of those who toil with dedication to serve our people, we have decided to establish the Public Service Excellence Awards programme, which will be called the Batho Pele Excellence Awards. This will supplement those that Premiers administer in Provinces. While we set higher standards and expectations for public service, we also must encourage, recognise and reward excellent performance. As such the National Batho Pele Excellence Awards will henceforth be held for the entire Public Service in September of each year and members of the public will be invited to nominate public servants deserving of recognition for excellent service.

Yesterday Cabinet approved the Public Administration Management Bill. This is a major breakthrough for a bill that has been 8 years in the making. This will assist us with a longstanding problem of inequality of our norms and standards in the management and delivery of public services across and between spheres of government. It will ensure we comply with a common set of standards, values and principles across all spheres of government, as envisaged by Chapter 10 of the Constitution. Simply stated, the Bill aims to ensure that all spheres of government operate according to the same standards and norms while retaining operational independence. All spheres will share seamlessly the requisite skills pool, competence and standards. This will serve to improve mobility across different spheres of government and diminish the costly barriers to such seamless and rational mobility, while balancing the capacity across the State.

The PAM Bill also aims to make it possible to improve inter-governmental planning, delivery and governance across the three spheres of government. But it will not in any way interfere with the rights, powers and status of the spheres of government. That is firmly entrenched in the Constitution.

Through the legislative reform program, we also seek to create an environment which is not conducive to corrupt practice. We are prohibiting public servants from doing business with government. We have come to a determination that the most effective and efficient way of dealing with a conflict of interest is to remove it altogether.

We hope that Parliament will prioritise the processing of the Bill. When that is done, we would have concluded the longest journey of any imminent legislation that I know of.

There must be a public mandate and a single rationale that all of us respond to, that these services are being provided for, and on behalf of, the people of South Africa. This is what Chapter 10 of the Constitution requires of us and this is what we are providing through the bill.

In addition, the bill seeks to achieve the kind of administration that we deserve, where there is zero tolerance on corruption . It allows for the establishment of the Anti-corruption Bureau to work together with law enforcement

agencies to provide us with an ethical, clean government.

This bill fulfils our Constitution because it seeks to establish a public administration underpinned by uniform values and principles and extend the mandate of the Public Service Commission to include the Local Sphere of Government.

In short the Bill provides:

- Prohibition of public servants from doing business with the government;
- Establishment of the Office of Standards and Compliance to promote and monitor compliance with regulatory prescripts and minimum norms and standards determined by the Minister.

n order to professionalise the Public Service, we have resolved to create a School of Government. The School of Government will be the equivalent of a Corporate University for the Public Service, where public servants will be trained and equipped to be cadres of Government. This is a necessary and unavoidable intervention in ensuring that all our public servants serve with a common and identifiable command of ethos, values and discipline befitting South African Public Service outlook. It is a massive task re-training 1.6 million people. But no challenge is too big when, Chairperson, you have received such overwhelming and humbling support from the NCOP, reflected in the motion passed on Wednesday 22 May 2013.

We also launched and piloted the Compulsory Induction Programme in September 2012. There are approximately 7 739 officials appointed since 01 July 2012 that should be trained in order to meet our prescripts for Compulsory Induction. Projections show that for the 20 000 new entrants expected in each financial year, the Compulsory induction into Public Service remains a key intervention.

## Government Employees Housing Scheme (GEHS)

It is our intention to improve the quality of life of our public servants and in this regard we have resolved to establish a housing scheme that will ensure that more than 540 000 of our public servants can be assisted to access better living conditions. We will fast-track the design and implementation of the Government Employees Housing Scheme. In the same way that the Government Employees Medical Scheme is an admirable industry benchmark covering over 620 000 public servants, we would want a housing scheme that sets a benchmark in meeting employee housing needs. This is very important for me – all public servants must have a decent home. We must look at all options possible.

Chairperson, as you know we are responsible for state technology and Information Technology.

In November 2012, Cabinet appointed the current six-member board. The Board now has a clear plan of action to address all immediate challenges facing the institution. We are doing everything we can to make sure that SITA responds to its mandate and responsibility.

The Board of SITA has come to a mutual separation agreement with the CEO of SITA, Mr Blake Mosley-Lefatola who left the organisation on 20 May 2013. Upon recommendation by the Board, Cabinet has approved an interim CEO for a period of one year. I am glad to announce that the former Accountant-General, Mr Freeman Nomvalo is now the new CEO of SITA. Under his leadership, SITA can only grow in stature, efficiency, accountability and efficient business processes. We would like to thank the former CEO for his work and dedication.

## Chairperson,

While SITA may be experiencing numerous challenges, allow me to remind the house that SITA is indeed central in our drive to build an efficient service delivery and governance system. Some of the work undertaken by SITA include:

- (a) Using Technology to improve the Fight against Crime. SITA has completed the phase 2 of the Integrated Case Docket Management System, popularly known as the e-Docket system for the South African Police Service. The e-Docket was rolled out to 20 police stations with additional police stations to be added going forward and starting with full integration of the E-Docket into the Justice and Crime Prevention systems by July 2014.
- (b) More recently, through the Telemedicine Network project, doctors in rural and semi urban areas are now able to consult with fellow practitioners in larger and better equipped urban–based health facilities. This takes away the need for patients to travel far to see doctors.

- (c) Over the last two (2) years, SITA has worked with the SA Social Security Agency (SASSA) to improve the integrity of the SASSA systems to curb abuse and corruption in the dispensing of social benefits to beneficiaries by automating the social services business processes
- (d) It has maintained and supported the Movement Control System of Home Affairs that is responsible for the management of 13,5 million foreign visitors through our the ports of entry
- (e) It has connected more than 7000 government institutions, including:
  - SAPS offices and police stations = 2 762
  - Prisons & Community Correctional Centres = 340
  - Magistrate Courts = 317
  - Home Affairs Service Centres = 347
  - SASSA Service Centres = 421
  - Social Welfare offices = 220
  - Hospitals = 320
  - Health services centres) = 232 and
  - Clinics = 155

SITA continues to be an integral part of our service delivery, management and governance capability. Instead of opting out of the SITA platform, all arms of the public service must bear with us as we arrest and overcome the corporate and strategic difficulties that beset SITA. The current problems are really dwarfed by the importance of the SITA mandate.

## Establishment of the Office of Compliance and Standards

The reports of the Auditor General and the Public Service Commission paint a dim picture of non-compliance. Just last year the Auditor-General found that only 117 out of a total of 536 audited government entities received a clean audit, including only 3 out of 38 national departments and 3 out of 95 provincial departments. It was also found that national departments spent R33, 5 billion and provincial departments spent R68.5 billion on consultants over three years.

To remedy and to respond to this challenge in a focused way, we have established an Office of Standards and Compliance. Currently this office is led by the Director-General of the Department of Public Service and Administration, Mr Mashwahle Diphofa, who is supported by seasoned senior public servants. This team has first hand understanding the challenges faced by public servants and should be able to provide pre-emptive and preventive approaches that would ensure stringent compliance with rules and regulations in the public service.

With the Office of Compliance and Standards we seek to build a public service based on quality service and standards.

In addition to analysing existing public service norms and standards to prepare for their improved enforcement, the Office of Standards and Compliance has spent considerable time supporting the implementation of the Section 100 Intervention in Limpopo. In the six weeks they have been there, they have cleaned up the PERSAL and in total 20 570 unfunded posts were abolished.

### Conclusion

We've come to a confluence where we as a country have matured after 20 years in a democratically elected government, a confluence where we do have a plan, a confluence where we do have the necessary experience, and we've built the necessary capacity to do what we have to do.

Chairperson, What we need to do now is to ensure that we can transform the Public Service so that, to begin with, we are proud to serve in the Public Service and make those people who account to us equally proud of serving in the Public Service. I therefore invite delegates from all provinces to join hands with us and champion the achievement of reforms outlined above.

Chairperson, allow me an opportunity to acknowledge all the hard work done by the staff of the Department for Public Service and Administration and entities that form part of the Public Service family. These are the Office of the Public Service Commission, Government Employee Medical Scheme, State Information Technology Agency,

Public Administration Leadership and Management Academy and especially the Centre for Public Service Innovation. The CPSI is tasked with the responsibility of unlocking and entrenching innovation in the public sector to improve service delivery and have won a number of international awards for the work that they have done.

When we have done all that needs to be done to build a capable and developmental State and its highly efficient public service, we can all be satisfied in the knowledge that South Africans know and feel that this government of the people, by the people, is indeed working for them and it and employs Public Servants that are dedicated, diligent, efficient and caring.

Thank you.

Issued by: <u>Department of Public Service and Administration</u> 30 May 2013

# Vote 13: Statistics South Africa

Address by Trevor Andrew Manuel, Minister in The Presidency: National Planning Commission to Parliament on the Budget Vote of Statistics South Africa

15 May 2013

Chairperson Honourable Members Ladies and Gentlemen

Last year when we participated in the Statistics SA (Stats SA) budget vote debate, we thanked everyone in the country for having participated in Census 2011 the previous October and at that point, we were awaiting the results. The Census 2011 results have since been released on 30 October 2012 in both the standard formats as well as in the ground-breaking iPad tablet format that some members here may have seen. Whilst the purpose of the debate here today is to discuss Budget Vote 13 - Statistics South Africa, it is crucial to ensure that the discussions here have context. So, the appeal to Parliament in the course of this debate is to ask a series of questions about the resources available to Stats SA and about the quality of these and other outputs being published.

For the outputs of Stats SA to have relevance for development, Parliament needs to advance the discussion about the manner in which available statistics are being utilised for evidence-based policy-making. I want to emphasise that the responsibility of Stats SA is solely to ensure that the necessary statistics are available, verifiable and that they meet internationally set standards. Stats SA supported by the Stats Council and the Executive Authority must ensure that the manner in which the data is presented is above reproach.

One of the significant breakthroughs from the publication of Census 2011 last year is the form and style of data availability. Last week, members of the Standing Committee on Finance were provided with a demonstration of the availability of detailed statistics at ward level using the My Ward, My Councillor section of the Stats SA tablet application. We should point out that the availability of this huge wealth of data in this format is without precedent and places Stats SA in a position where it is without peer.

The same application is now being used for new releases and so the quarterly GDP release was made available in this format, the Mortality and Causes of Death information was made available in this format, last week the first Quarterly Labour Force Survey of 2013 was availed in this format and so was the Mid-Year Estimates release yesterday. We want to submit that in doing so Stats SA is discharging its obligation to ensure the timeous dissemination of statistics as prescribed in section 3 of the Statistics Act (Act 6 of 1999). However, despite the ease of use and the level of detail, availing all of this data in this contemporary format appears insufficient to spark curiosity or interest from legislators, policy-makers or the public. It is this that Parliament must take a view of because once the data is available it is no longer a Stats SA responsibility but is over all of us who care.

Before I get into the substance of this debate, it may be important for me to reiterate the explanation provided to the Standing Committee about the definition of employment used by the Quarterly Labour Force Survey. It would appear that, despite our explanations at the meeting last week, there is still some misunderstanding about the information and figures that Stats SA releases. Stats SA reinstated the expanded definition of unemployment when the decision was made to expand the labour force survey to a quarterly one in 2008. However, the headline figure that is released as the official figure is based on the International Labour Organisation (ILO) definition where someone is considered unemployed if they meet the following criteria:

- 1) 'Without work' i.e. were not in paid employment or self-employment as defined by international definition of employment
- 2) 'Seeking work' i.e. have taken active steps in a specified recent period to seek paid employment or self-employment
- 3) 'Currently available for work'

This adherence to the ILO definition is to ensure that the current labour market situation is measured objectively and that the measurement can be used to assess South Africa in relation to other countries. We need to bear in mind that this definition works well under circumstances where the working population engages in paid employment and where the channels for exchange of labour exist and are widely used.

However, the ILO recognises that the definition does not take into account instances where a large portion of the population is engaged in subsistence farming, the labour force is largely self-employed or the labour market is largely unorganised or of limited scope. Stats SA recognises that, there could be impediments to searching for employment for some sections of the population.

The cost of looking for a job is often so exorbitant, relatively speaking, resulting in increasing numbers of discouraged work-seekers. Thus, it reports on both the strict unemployment rate and the relaxed (expanded) unemployment rate. So, if any member chooses to look at the information available either on the website or by using the app, they will have access to a complete breakdown of unemployment in terms of race, gender, geographical location, age-group, industry, etc.

The notion of having more than one unemployment rate is not unique to South Africa; for example, the United States has six measures of unemployment with only two being official numbers. We need to recognise that the two unemployment rates in South Africa are not in conflict but rather that they provide indicators for different components of the economy.

Chairperson, while it may seem that I have digressed somewhat from the Budget Vote under discussion today, it is imperative that we understand the importance of maintaining public trust in the outputs of Stats SA. If this budget is to be approved by Parliament, we must address not only the issue of resources but also the quality of the outputs. I want to remind the House of the mandate of Stats SA as outlined in the Stats Act, specifically section 3 (1) that states:

- (1) The purpose of official statistics is to assist organs of state, businesses, other organisations or the public in
- (a) planning;
- (b) decision-making or other actions;
- (c) monitoring or assessment of policies, decision-making or other actions.

The definitions used by Stats SA therefore have wider implications for planning and assessing the state of our economy as a barometer within the country and internationally. While the QLFS measures unemployment using a quarterly household survey of 30 000 households, it is not the only measure. Stats SA releases Quarterly Employment Statistics (QES), that measure the level of employment in all non-agricultural sectors.

It does so by undertaking quarterly surveys of about 20 000 (20 208 to be exact in the latest figures released on 19 March 2013) vat-registered private and public enterprises. In an ideal situation, the results of these two datasets should tend to be similar and which is why definitions or in the case of the QLFS, self-definition becomes a factor. The strategic focus of Stats SA is to ensure that the work of these two areas is more closely integrated in future to provide for an improved understanding of employment.

In the current financial year, there will be a continued focus on improving the output of a range of equally important datasets that concentrate on the changing demographic profile and health of the population, poverty levels, and income and expenditure trends. These are managed through the Poverty and Inequality Statistics, Health and Vital Statistics and Demographic Analysis sub-programmes.

In addition to these regular series relating to social statistics, both government and the private sector rely on key economic data published by Stats SA. Chairperson, during my speech last year I referred to the implementation of significant changes in economic statistics, notably in the form of a reweighted and rebased consumer price index (CPI). In line with its program of continuous quality improvement, the CPI was updated to reflect more accurately changes of prices that affect the lives of households. This refinement assists in ensuring to ensure that the South African Reserve Bank has accurate information at its disposal when it makes interest rate decisions. In addition, the Producer Price Index (PPI) was completely overhauled to align it with international benchmarks.

The new suite of five PPI replaced the single index to allow analysts to provide a better understanding of the transmission of prices through the economy. The new 2012 base ensures that the PPI reflects the dynamics of the economy more accurately. In line with the announcement last year, Stats SA implemented those changes in February 2013. In addition, other improvements on further releases such as improved seasonal adjustment techniques were implemented during the year. They will continue to monitor the impact of these changes to evaluate its efficacy.

For South African statistics to remain valid in a changing global context, the next challenge for economic statistics will depend on their ability to ensure that their classification systems remain relevant and current. In this regard, Stats SA will continue to explore the implementation of two international standards during the course of the current financial year. The first is the 2008 system of national accounts (SNA). At present, South Africa's national accounts and therefore its economic statistics are estimated according to the 1993 SNA, the international framework. The new SNA was developed by IMF, OECD, World Bank and adopted by the United Nations Statistics Commission to ensure that economic statistics keep track of new economic phenomena that have become

important in economies in the last 20 years. An example of this is the need to quantify the value of research and development and include it in estimates of value added in the economy.

The second set of international standards is called the International Standard Industrial Classification (ISIC) used by statisticians to divide the economy into different industries such as agriculture, mining and transport according to an agreed standard. The ISIC was updated to version four in order to identify and emphasise new aspects of economic activity that have become important, especially in the services sector.

Ideally, these two standards should be implemented simultaneously and Stats SA is faced with the challenge to ensure that they continue to measure the dynamics of the economy accurately while ensuring that our ability to compare with our international counterparts in OECD, BRICS and other trading partners does not become compromised.

The responsibility of ensuring that official statistics are published in terms of distinct standards extends beyond those statistics compiled by Stats SA. Section 14 of the Statistics Act provides Stats SA with the responsibility of co-ordinating statistics among organs of state. This includes advising departments about improving the quality of statistics, enhancing the comparability of statistics and minimising any possible overlapping or duplication with the collection or publication of statistics.

Chairperson, in the past I have raised concerns in this House about the effect of our poor educational outcomes. The reality is that a scarcity of maths and science skills in this context must be understood in terms of its impact not only on the human resource challenges faced by Stats SA directly but more significantly in terms of the impact on statistical collection and processing by other organs of state. Ideally, the skills set would exist across departments with the system for managing the quality and standards being with Stats SA. This unfortunate reality, however, does not absolve Stats SA of its statutory responsibilities and in this regard, a more hands-on approach is often required. An example of such intervention is a census of schools in Limpopo and the Eastern Cape Province being undertaken at the request of the Department of Basic Education and the National Treasury.

The objectives are to verify the total number of schools within the provinces, establish the number of school learners and educators per school, establish the education stream and subject offerings of educators and learners and to establish the qualifications of teachers in relation to the subjects that they are teaching. It is important that we understand that while Stats SA is responsible for statistical co-ordination, the capacity to compile data and use statistics to influence policy actually rests with, in this case, the provincial departments of Education. The challenge of a shortage of relevant skills and the importance of statistical training cannot be emphasised enough.

The approach to the lack of statistical skills cannot simply be a resigned fatalistic one, and in this regard, Stats SA has established strategic partnerships with various universities including the University of Stellenbosch, University of Cape Town and the University of KwaZulu-Natal.

Issued by: The Presidency

 $15~\mathrm{May}~2013$ 

# Vote 14: Arts and Culture

## 2013/14 Budget Vote Speech by the Minister of Arts and Culture, Paul Mashatile, at the National Assembly

16 May 2013

Honourable Speaker Deputy Minister, Dr Joe Phaahla Honourable Members Distinguished guests

## Introduction

Honourable Speaker, since 2009 our work has been in line with our electoral mandate, guided by the theme; "Working together we can do more".

Despite the many challenges that still lie ahead, we are satisfied that we have made considerable progress in delivering on our mandate and have laid a solid foundation for the future.

In particular, we have succeeded in placing arts, culture and heritage at the centre of our efforts to heal the wounds of our unhappy past, to build an inclusive society and to support economic growth and the building of sustainable livelihoods.

## Nation building and social cohesion

The 2009 ANC Elections Manifesto, among others, committed this government to building a socially inclusive society.

In line with this commitment, the Department of Arts and Culture has thus far facilitated 110 community conversations throughout the country. More conversations are currently ongoing.

They provide a unique opportunity for us as South Africans to dialogue on the kind of society we seek to build.

In October 2009, we convened a National Social Cohesion Colloquium, where it was reiterated that we are one people, one nation, bound together by a common heritage and a shared destiny.

During the 2010 FIFA World Cup we initiated programmes aimed at using that historic event to build national unity and foster national pride and identity.

These programmes included the Magnificent Fridays campaign, the schools essay competition and our flag in every school campaign.

In order to take forward our work of building an inclusive society, in July 2011, we convened a National Summit on Social Cohesion, in Kliptown the birth place of the Freedom Charter.

Delegates to the Summit recommitted themselves to the goal of building a South Africa that truly belongs to all who live in it; black and white united in their diversity.

They also committed themselves to a plan of action that will, among others, promote social justice, the values of Ubuntu, human rights and equality for all.

They agreed that at the centre of implementing this plan will be our social cohesion advocates, eminent South Africans, drawn from all sectors of our society.

Some of those we appointed are here today in the House, including former Constitutional Court Justice Yvonne Mokgoro; Ms Joan Ramogoshi, Archbishop Thabo Makgoba.

We are confident that our social cohesion advocates will mobilise all sectors of society in consolidating and deepening the progress we have made since 1994 towards building an inclusive society.

# 20 years of freedom and democracy

Honourable Members, South Africa will next year complete twenty years as a free and democratic country. This is a milestone that all South Africans should celebrate.

As a build up to that occasion, beginning this year, we will launch a year-long programme that will culminate in the celebrations of twenty years of liberation on the 27th of April in 2014.

Our build up programme will allow us to highlight and celebrate our achievements; to make the point, once more, that South Africa is a better country than it was before our liberation.

Also included in the programme are activities aimed at promoting the National Development Plan; Vision 2030 as our nation's long term vision; and a basis for collective action and partnerships across society.

# Heritage

Honourable Speaker, we declared 2012 as the Year of Heritage. This we did as an acknowledgement of the centenary of the oldest liberation movement in Africa; the African National Congress.

We identified twenty nine heritage projects, primarily to honour the heroes and heroines of our liberation of struggle.

Most of these projects have been completed or are at an advanced stage of implementation.

These include the opening, last month, of the //hapo museum at Freedom Park, the completion of the iconic Steve Biko Center in Ginsberg and the completion of the first phase of the project to refurbish the homestead of former ANC President O.R Tambo in Mbizana.

We have also built a road linking the Voortrekker Monument and Freedom Park.

The monument commemorating the Matola Raid has now been completed.

A number of graves of our struggle heroes and heroines were upgraded and declared as heritage sites. These include the graves of Robert Sobukwe, Helen Suzman and Steve Biko.

We also renamed the Bloemfontein Airport as Bram Fischer Airport in honour of this struggle icon.

Fellow South Africans one of the biggest achievements in restoring the dignity of our indigenous people, was the return of Troi and Klaas Pienaar, whose bodies were illegally taken to Austria for some scientist research.

We are delighted that these South Africans have now been given a decent burial in the land of their birth.

Equally we are in the process of returning the mortal remains of David Stuurman, a leader of the Khoi people and one of the early freedom fighters who was taken away for imprisonment in Australia, 240 years ago.

### Liberation heritage

Honourable Speaker, we continue to make progress towards the implementation of the Liberation Heritage Route, linking sites and individuals of significance to the South African struggle for liberation, throughout the Continent.

Sites have been identified in Angola, Zambia, Botswana and Lesotho.

Last week we had discussions with the government of the Federal Democratic Republic of Ethiopia, with a view to building a monument at the place where former President Mandela received his military training, in 1962.

We have also made progress in capturing and documenting the correct history of the early wars of resistance as well as our country's participation in both world wars.

This we have done through the South African Democracy Education Trust (SADET) Project; wherein three volumes documenting this history have already been produced.

We thank the late Professor Bernard Magubane; a great thinker and intellectual, who contributed immensely in ensuring that our history is well documented.

# **Union Building**

This year also marks hundred years since the Union Building was officially opened.

Despite its history as a symbol of white supremacy, the Union Building is now part of the symbols of our new democratic nation.

In this regard we are proud to announce that we have commissioned the installation of the statue of the founding President of our free and democratic nation; President Nelson Mandela to be placed in front of the Union Building.

#### Native Land Act

Fellow South Africans, as part of marking hundred years of the Native Land Act, the Iziko Museum is hosting an Exhibition, entitled; Umhlaba 1913 to 2013.

We are also working with the Department of Rural Development and Land Reform to document the legacy of the Native Land Act.

#### The creative sector and cultural industries

The ANC government has always known that the creative and cultural industries are important contributors to the development of our economy and society in general.

It is against this background that working with our stakeholders, we have identified the Arts, Culture and Heritage as the new Mzansi Golden Economy.

# **Cultural precincts**

We are making progress in the establishment of cultural precincts across the country.

Yesterday we handed over a cheque of R13 million to kick start the establishment of the Ray Alexander Cultural precinct in Gugulethu.

# The film industry

Honourable Speaker, last week we unveiled a study on the contribution of film in our economy.

According to this study, the film sector contributes R 3.5 billion annually to our Gross Domestic Product, and provides employment to more than 25 000 people.

We are currently in the process of restructuring the National Film and Video Foundation into a fully-fledged National Film Commission and establishing a Film Fund.

I would like to take this opportunity to congratulate all our artists in this sector who have excelled and won awards, on the world stage. Some are here with us today.

They include Ms Florence Masebe who won the best lead role in the film Elelwani at the African Movie Academy (AMA) Awards.

We also congratulate the makers of the film Layla Fourie that received the Jury Special Mention Award at the Berlinale International Film Festival.

In the coming months we will unveil plans on how our sector will develop content for television as our country prepares to introduce digital television.

To this end, I have appointed a content task team working with Department of Communications, ICASA, the SABC, CNBC Africa, Multi Choice and the entire television sector to increase local television content.

# Music industry

Honourable Members, music is one of the biggest sectors within the broader creative industries. It is also an important contributor to nation building and social cohesion.

We are disturbed that this important sector continues to face challenges; including piracy, problems with the collection and distribution of royalties, social security for artists and many others.

To respond to some of these challenges I have appointed a task team to address these challenges and report back within three months.

## NACISA

Fellow South Africans, we are proceeding with our plans to establish a National Skills Academy for the Creative Industries, as a centre of excellence.

Detailed plans for the establishment of the academy will be finalized in August this year.

## Books and publishing sector

We have over the years invested in the growth and development of the book sector.

We are now in the process of establishing a statutory book council to oversee the sector.

Already the sector is estimated to be worth more than R5 billion and employs an estimated 17 000 people.

We will continue to invest in the development of this sector as part of improving the culture of reading and writing in our society.

We also continue to support young and new writers. This we will do through various platforms and partnerships, including our partnership with the Write Associates, which has now grown to the continent.

# Language development

Last year, we passed into law the Use of Official Languages Bill.

This is an important intervention that will go a long way in promoting multilingualism and move us closer to the goal of ensuring parity of esteem for all languages, especially indigenous languages.

# Cultural diplomacy

Honourable Members, culture is an important ingredient in building relations among people and opening up other opportunities for interaction, especially in areas such as trade, commerce and development support.

Culture has now become the soft power of nations!

In this regard, we have signed cultural agreements with many countries and are currently implementing cultural exchanges.

We are pleased to announce that as per the decision of President Zuma and former French President, Sarkozy, we are now on the second year of implementing the South African French Seasons.

The first year of the Seasons in South Africa was a resounding success.

We are confident that the South African leg in France will also be a success. This will be launched on the 28th of May and will run until December.

We will be taking more than 800 South African artists to participate in events taking place in more than hundred cities in France.

We have signed a Memorandum of Understanding with the United Kingdom, and plans are underway to enter into cultural seasons with China, Russia, Angola and Nigeria.

We will also enter into discussions with DIRCO with an intention to appoint cultural attaches in strategic countries where we have diplomatic missions.

# Funding of the arts, culture and heritage sector

To address challenges in our sector, we have decided to align and streamline funding for the sector. This includes working with National Lotteries Board and our funding agencies to ensure maximum funding of our sector.

This proposal will be included in the revised White Paper on Arts and Culture, which we will publish shortly.

## Conclusion

Honourable Members, we have made significant progress and laid a firm foundation to bring about a better life for all.

Informed by the National Development Plan, Vision for 2030 we will continue to increase investment in our sector.

I would like to thank Honourable Sunduza and Members of the Portfolio Committee for their rigorous oversight on the work of the Department and its agencies.

I also thank the Director General, Sibusiso Xaba and the entire staff of the Department, the Chairpersons and CEO's of our institutions and their entire staff.

We also thank all other stakeholders that continue to add value in our work.

It is my honour to present before this House the 2013/2014 Budget Vote of the Department of Arts and Culture.

Thank you. Ke ya Leboga Inkomu

Issued by: <u>Department of Arts and Culture</u> 16 May 2013

# 2013/14 Budget Vote Speech by the Deputy Minister of Arts and Culture, Dr Joe Phaahla, at the National Assembly

16 May 2013

Honourable Speaker and Deputy Speaker

Minister of Arts and Culture, Comrade Paul Mashatile, Ministers and Deputy Ministers here present

Chairperson of the Portfolio Committee on Arts and Culture, Honourable Babalwa Sunduza

Honourable Members of the Portfolio Committee

Honourable Members of Parliament

The Director General of the Department of Arts and Culture, Mr. Sibusiso Xaba

Chairpersons of our Boards and Councils

Art, culture and heritage practitioners

Ladies and Gentlemen:

Six days ago on 10 May 2013 we celebrated 19 years since President Nelson Mandela took the oath office as the first President of a democratic South Africa. This was the beginning of the Reconstructive leg our long walk to Freedom after centuries and decades of struggle against colonialism and apartheid. That journey took us to the adoption of our constitution in March 1996 which has been hailed as one of the most progressive in the world. In the preamble to our constitution we declared , "We , the people of South Africa , recognize the injustices of our past, honour those who suffered for justice and freedom in our land,

Respect those who have worked to build and develop our country, and Believe that South Africa belongs to all who live in it, united in our diversity."

What a profound statement which encapsulates the aspirations of our new nation.

Over the last 19 years the ANC as the elected government of the people and as leader of society has worked with all our people to actualize the aspiration expressed in the preamble to our constitution. We have systematically removed from the statue books all the laws which sought to undermine the values, cultures and dignity of our people and replaced them with progressive policies and laws. Our fourth parliament since 2009 has been laying more bricks on the foundation laid by President Mandela in 1994. In order to take our Reconstruction and Transformation work to a higher level , we adopted the National Development Plan in 2012.

Honourable members, from our appointment to lead this Ministry and department at the end of 2010 we understood that this sector has three major roles to play in the Reconstruction of our nation:

- a) We must lead in the work of building a new South African nation on the ruins of colonialism, racism and apartheid. We must be drivers in what President Mandela called "The RDP of the sole", Nation Building and Social Cohesion are therefore our core-business.
- b) Arts and Culture and the creative industry should be a major contributor to economic growth and job creation.
- c) Arts and Culture can be a potent instrument of creating relations with nations of the world enhancing both political and economical diplomacy.

The last point is very relevant during this year and this month as we are celebrating fifty years since the formation of the Organisation of African Unity, now the African Union (AU)

We are greatful to the sister people in the continent, who through the work of the OAU, sub regional bodies and other multilateral organisations such as the Non-Aligned Movement, the Commonwealth and the United Nations always placed high on their agenda support for the liberation struggle of the people of South Africa.

We today pay homage to the founders of the OAU, those pioneering and visionary leaders such as Kwame Nkrumah , Julius Nyerere, Sekou Toure, Kenneth Kaunda and Abdel Nasser to mention few. In honour of their pioneering work we will be hosting a month long exhibition of contemporary visual arts by different artists from the SADC region from 24 May -28 June 2013 at the Pretoria Art Museum under the theme "cultural brokerage: Africa Imagined.

Honourable members a lot has already been said about Mzansi Golden Economy. We wish to reassert that Arts, Culture and the creative Industries have been part and parcel of human economic activity and trade from time

immemorial. It is today an undisputed fact that many centuries ago our forebears traded in various fine arts from across the oceans; nothing illustrates this better than the immaculate beads found at Mapungubwe and of course the Golden Rhino. How else would diamonds and gold dominate world trade for centuries if it was not due to the role of fine arts. Other forms of Art such as paintings, crafts, still photos, music, film, drama, dance etc. have been known to be identified with various countries, unfortunately the exposure of various role players on the on the world stage often reflected the political and economic strength of their countries.

The Mzansi Golden Economy strategy is nothing else but our own endeavor to reclaim the place of the cultural industries as a contributor to the national economy and even as an exporter of services to other parts of the world.

Honourable members we are pleased to announce that we are making progress in initiatives such as:
a) The Arts Bank: which is aimed at identifying and purchasing art from artists, including emerging artists. Such artwork will then be leased to National Departments and institutions for both decoration and show-casing

- b) We are also making progress in establishing the "Sourcing Enterprise which will provide market access locally and internationally to art works and performances by artists from all over the country
- c) Support for major events in all provinces. Among the events we are supporting e.g. National Arts Festival in Grahamstown, Standard Bank Joy of Jazz in Gauteng, Mapungubwe Arts Festival in Limpopo,, Buyele Khaya Pan African Music Festival in Eastern Cape, Macufe in Free State, Cape Town International Jazz Festival, Mbokodo Awards, Mpumalanga Comes Alive and the SAMAS to mention a few.

These events are estimated to have created a total of 25000 job opportunities over the last 3 years.

d) Public Art Development Programme .This includes murals, innovative public art installations, storytelling and Street Theatre. Notable among these has been the Cape Town based "Infecting the City" initiative.

#### Visual arts

purposes.

Last year, the Department hosted the Visual Arts Indaba to discuss recommendations to grow the sector.

These recommendations will be put into action this year through the appointment of the Visual Arts Task Team and the call for participation from the sector on issues such as Artist Rights and Resale Rights.

The department will once again this year strive to partner with visual arts organisations to train more visual arts practitioners in the areas of arts administration and management.

## Design

The Department has also identified the design industry as a strategic sector that can support the economic advancement of our people.

The design industry has the potential to create meaningful jobs. In this financial year we will focus our attention on policy formulation for the Sector with a view of creating a Design Strategy for the country.

Also in the pipeline is the creation of provincial Fashion hubs. A pilot Fashion hub in Kwazulu-Natal will be established by next year, with a plan of creating similar hubs in other provinces in the near future.

This year the Department in partnership with Design Indaba supported and gave an opportunity to 41 Emerging Creatives to participate at the International Design Indaba; where they were given a platform to show case their work.

We are hoping that in future these young entrepreneurs will be able to plough back what they achieved from the experience and be able to come back as fully fledged businesses people who will in turn create jobs for unskilled and semi-skilled individuals.

### Libraries

Honourable Members, we are pleased to announce that we continue to contribute towards improving literacy levels and knowledge development, creation and sharing through the building of Libraries in communities.

For the 2013/2015 MTEF we have been allocated by National Treasury an additional R1.1 billion towards the building of community libraries.

These funds are earmarked to address service delivery backlogs in the provision of community library and information services.

We are also pleased to announce that since the inception of the community library conditional grant in 2007, starting with an initial capital injection of R200 million, more than 900 persons have been employed, 41 new libraries have been built, and 244 existing buildings have been upgraded.

In the 2013/2014 financial year, we plan to build 16 new libraries and upgrade 40 existing libraries.

Furthermore this year we held a Library week in March, under the theme; "Educate yourself @ your library". The impact of this work is intended to brand public libraries as places of knowledge and learning.

Informed by the successes of this work we have decided to launch the South African Library Week, which we will now be held annually.

On 28 February 2013, in collaboration with the US Embassy the National Library organized Black History Month Celebrations featuring the "I have a dream" speech by Dr Martin Luther King Jr.

In June last year the National Language Services signed a Memorandum of Understanding with the Tanzania Library Service Board in the fields of books, modern technology, workshops, preservation and conservation.

Also last year the National Library of South Africa signed a Memorandum of Understanding with National Library of Romania in the fields of photographic, paintings, print, digitization and events.

The National Library also signed an agreement with the National Library of Serbia, Belgrade in the fields of catalogues, collections, digitization and e-publications.

Honourable Members, we are pleased that there has been significant progress in promoting a culture of reading and writing.

However we remain confident that going forward we will do better hence we are strengthening our partnerships with the Department of Basic Education, the Department of Higher Education and Institutions of higher learning, communities and the private sector to ensure that we do become a reading nation and subsequently improve our literacy levels.

# Heritage

We continue to support the Historic Schools Project which includes, amongst others, the 160 years since the establishment of Adams College; The University of Fort Hare which will be celebrating 100 years in 2016.

We have also tasked the National Heritage Council to work on the Nkonkobe Heritage University Town Project in Grahamstown together with Amathole District Municipality.

A first public lecture on Early African Intellectuals to celebrate the legacy of DDT Jabavu will be held in September this year. This initiative is aimed at further strengthening the first book that the NHC published two years back on Early Modern African Intellectuals.

The South African Heritage Resources Agency (SAHRA) will be convening a National Indaba on Heritage as part of social cohesion and nation building.

This will assist the nation to engage in robust discussions around what is a South African heritage that needs to be conserved, preserved and valued as heritage.

As part of restoration of human dignity and preserving our history and heritage, we are renovating graves of those who are buried in the concentration camps.

South Africa has launched the South African Heritage Resources Information System (SAHRIS), the most innovative and revolutionary world class portal, which is a web-based system for the integrated management of our heritage resources.

A tool that is offered by SAHRA to Provincial and Local government, museums and all institutions at no cost., This will ensure that as a nation we know what we have and protect our heritage for future generation. The whole nation is invited to make use of this valuable resource.

#### **National Archives**

Honourable Members, we continue to preserve our national archives.

Despite capacity challenges the available staff in the department continues to do their best to deliver the kind of service that our country requires.

We played an active role in the international arena when we registered our documentary heritage in the UNESCO memory of the world register.

These documents include, amongst others, the Bleek collection, the Voc collection, the Rivonia trial collection as well as DOCSA collection.

We are also delighted to announce that we have also submitted two nominations to the UNESCO memory of the world register. These are the CODESA Multiparty Negotiation Forum and MEDU collection.

We have given the go-ahead for the National Archives and Records Service of South Africa to embark on a capital works project to ensure the continued preservation of South Africa's irreplaceable documentary heritage.

This financial year the Bureau of Heraldry will also have special focus on the promotion of the National Anthem in Institutions of Higher Learning.

This project will be launched in June during Youth Month.

The Anthem will be promoted through the selection of a variety of activities, including distribution of the National Anthem Toolkits.

The Bureau of Heraldry is marking 50 years of its existence. There are many highlights in its 50 years of existence including the design of the National Flag we all embrace today and the transformation of all national symbols including the symbols of parliament.

The National Archives will be hosting the 10th Annual National Oral History Conference from 8-11 October 2013 in the Northern Cape.

The conference is intended to promote the use of Oral History as a research methodology and publicise the National Archives' drive of augmenting archival records, and at closing the gaps in the archival collections as a result of the Apartheid dispensation.

This year's conference theme will focus on the 1913 Native Land Act as we are remembering its centenary this year. A number of activities are planned in partnership with the Department of Rural Development and Land Reform.

## National days

Honourable Members, Cabinet took a decision that all National Days must be coordinated and managed by our department.

Accompanying this was need to re-visit the way we, as South Africans celebrate our national days.

The glaring problem regarding this matter being that these days remain popular mainly among the African population.

This defeats the essence of celebrating these national days, which is promotion of social cohesion and bringing South Africans together.

In this regard the department is currently undertaking a process of reviewing the way we are celebrating our national days. Once that strategy is finalised it will be tabled to cabinet for consideration.

This year we have successfully hosted Freedom Day and Human Rights Day.

We will be hosting Youth Day in KwaZulu-Natal. The 18th of July is Nelson Mandela Day internationally as declared by the UN General Assembly and this year Tata Mandela will celebrate his 95th Birthday.

We will host this National Day in Umtata, Eastern Cape. The National Heritage Day, which falls on the 24th September, will also be held in Eastern Cape this year. The Day of Reconciliation will be celebrated with the Century of the Union Building on the 16th December this year in Pretoria.

## Our international work

South Africa successfully hosted the 5th BRICS Summit in Durban from 26 to 27 March 2013.

The Department of Arts and Culture, partnered with the provincial and local authorities in KwaZulu-Natal to host the pre-summit build-up of cultural events.

We also contributed to a spectacular concert on the opening evening, showcasing the best of South African, Brazilian, Indian, Chinese and Russian culture.

BRICS countries are currently working on a BRICS draft agreement in the field of arts and culture, to cement our people to people ties and to elevate arts and culture to a vibrant aspect of our interaction and cooperation.

We also have bilateral cultural agreements with individual BRICS countries:

a) India

Relations between South Africa and India go a long way due to our shared history of struggle against colonialism .We share the contribution of that icon Mahatma Gandhi who cut his political teeth in South Africa and went on to use the experience towards the decolonisation of India. Today we share strong cultural ties with India

b)Similarly we have come along way with The People's Republic of China, Russia and Brazil with whom we have either already signed Cultural Agreements or we are about to conclude such.

Our Cultural Diplomacy is alive and vibrant but we are convinced we can do more.

As we conclude let us reiterate the vision spelt out by the NDP in line with our constitution. "In 2030 South Africans will be more conscious of the things they have in common than their differences. Their lived experiences will progressively undermine and cut across the divisions of race, gender, space and class. The nation will be more accepting of people's multiple identities".

Issued by: Department of Arts and Culture

16 May 2013

# 2013/2014 Budget Vote speech by the Minister of Arts and Culture, Paul Mashatile to the National Council of Provinces

6 Jun 2013

Honourable Chairperson of the NCOP
The Minister of Sport and Recreation, Minister Fikile
Mbalula
Deputy Minister, Dr Joe Phaahla
The Hounorable Chairperson of the Select Committee Delegates to the NCOP
MECs here present
Government officials
Ladies and gentlemen.

## Introduction

Chairperson, we present our budget vote to this House during Youth Month.

The youth are an important stakeholder in our sector. For this reason we have identified a number of initiatives to support them.

These include bursaries and internships that we continue to provide. They also include our programmes of youth mass participation in the arts and bringing back arts education in schools.

In the coming months, we will issue a public call for proposals targeting young people to participate in our Public Art Programme, nation-wide.

Yesterday we donated musical equipment to the young people of Nyanga and Mitchells Plain in the Western Cape.

These programmes will be expanded to cover all provinces and to reach more young people.

# Twenty years of Freedom and Democracy

Next year in 2014, our country will celebrate twenty years of freedom and democracy.

In preparation for this milestone, this week, we launched a mass mobilisation campaign, underpinned by build-up activities towards our twenty years of liberation.

We will work with provincial and local government to take the message and activities of the campaign to all corners of our country.

Our message is that; the South Africa of today is far better than it was before 1994; that as South Africans we have a shared future, articulated in the National Development Plan Vision for 2030, that we must all work towards.

Our build-up programme will include; the recognition of unsung heroes and the documenting of untold stories of our liberation struggle.

Plans are underway to distribute the preamble of our Constitution to all schools.

This will be followed by the distribution of the entire copy of the Constitution to schools.

By 2014, we will ensure that all public schools will be flying the national flag.

## Social Cohesion and Nation Building

Chairperson, as part of implementing our Plan of Action on Social Cohesion, we have appointed Social Cohesion Advocates; to drive our social cohesion programmes.

Together with our Social Cohesion Advocates we will walk the length and breadth our country to roll out these programmes.

Of importance are our ongoing community conversations; offering an opportunity for South Africans to dialogue among themselves on the kind of society we seek to build.

We are delighted to report that in the Eastern Cape a total of eight community conversations were held.

In the Free Sate seven community conversations were held with representatives from all the five districts of the province.

In Limpopo two conversations were held, Gauteng nineteen, twenty six in Kwa-Zulu Natal, eight in Mpumalanga, seven in the Western Cape and North West and five in the Northern Cape.

More attention will be paid to provinces such as the Northern Cape, the North West, Limpopo and Mpumalanga.

Chairperson, in line with this commitment we will this Friday have discussions with representatives of the Khoi and San communities in the Northern Cape; among others to integrate their heritage as part of our country's broader cultural heritage.

## Heritage

Chairperson, we declared the year 2012 as the year of Heritage.

We are pleased to report that most of the heritage projects identified for implementation are either complete or are at an advanced stage of implementation.

Among these are opening of the //hapo museum at the Freedom Park in Gauteng last month.

In the Eastern Cape we completed the iconic Steve Biko Center in Ginsberg, and the first phase of the project to refurbish the homestead of former ANC President O.R Tambo in Mbizana.

Work is also under way to build a monument commemorating the Pondo Revolt.

Progress is being made towards building the Sarah Bartman memorial in the Eastern Cape.

We are also implementing the John Langalibelele Dube Legacy Project and the Ncome Museum project in KwaZulu-Natal.

A number of graves of our struggle heroes and heroines were upgraded and declared as heritage sites and upgraded, in various provinces.

Last year we also renamed the Bloemfontein Airport as Bram Fischer Airport in honour of one of our struggle icons, Bram Fischer.

# The Cultural and creative industries

Chairperson we are succeeding in re-positioning the cultural and creative industries; opening up opportunities for South Africans to benefit fully from what this sector has to offer.

As part of implementing our Mzansi Golden Economy Strategy, in provinces such as the Free State work has begun to recruit and place arts facilitators in public schools.

Working with the Department of Basic Education, our goal is to place 3 000 arts facilitators in public schools throughout the country.

Plans to establish a Sourcing Company and a Touring Venture are at an advanced stage. These will benefit artists, including those in rural provinces, by ensuring market access for their products.

We have supported the establishment of a cultural precinct in Gugulethu in the Western Cape as part of the Ray Alexander Center.

Cultural Precincts have also been identified in eThekwini in KwaZulu-Natal, Johannesburg in Gauteng and Mangaung in the Free State.

These precincts will be up-scaled to ensure that they feature year-long cultural performances.

We will continue to work with all provinces and local government to expose South Africans to opportunities that are available through the Mzansi Golden Economy.

# Strengthening our Boards and Councils

Chairperson, we are proud of the progress we are making to stabilize the Boards and Councils of our institutions.

This work is particularly important since our institutions offer services to provinces and local communities.

In 2009, there were a number of institutions without fully functional Boards and Councils. To date, most of our institutions have fully constituted Councils and Boards.

We are working hard to constitute a fully functional council at the Pan South African Languages Board. This process is at an advanced stage and should be completed soon.

Although a lot of work still needs to be done, we are satisfied with improvements in the audit opinions of our institutions.

#### Conclusion

Let me conclude by thanking Members of the Select Committee for their rigorous oversight on the work we are doing.

I also thank MECs and Provincial Departments of Arts and Culture for working well with us as we together build this nation and promote social cohesion.

I also thank the Director General, the managers and staff of the Department of Arts and Culture and its institutions for their hard work.

It is my honor to present the 2013/14 Budget of the Department of Arts and Culture to the National Council of Provinces.

Thank you.

Issued by: <u>Department of Arts and Culture</u> 6 Jun 2013

# 2013/14 Budget Vote speech by the Deputy Minister of Arts and Culture, Dr Joe Phaahla at the National Council of Provinces

6 Jun 2013

Honourable Chairperson of the NCOP

Minister of Arts and Culture, Comrade Paul Mashatile, Hon Min Mbalula, other Ministers and Deputy Ministers Chairperson of the Select Committee for Education, Arts and Culture and Members of the Committee Honourable Members of the NCOP

The Director-General of the Department of Arts and Culture, Mr Sibusiso Xaba and senior officials from the department

Chairpersons of our Boards and Councils

Ladies and gentlemen.

#### Introduction

This week on Monday, 3 June we launched National Youth Month under the theme "Working together for Youth Development and a Drug Free South Africa". At the Hector Peterson Memorial in Soweto.

As we commemorate Youth Month, we are reminded of the words of the founding father of our nation President Nelson Mandela, who said: "There can be no keener revelation of a society's soul than the way in which it treats its children."

The commemoration of his year's Youth Day will be hosted in Newcastle in KwaZulu-Natal, on 16 June.

The Department of Arts and Culture, will host My Education History Tours in KwaZulu-Natal, Limpopo and Gauteng; to highlight the historic and heritage importance of 16 June.

An Arts, Culture, Heritage Youth Imbizo will also be convened in the Free State. Chairperson, we will continue to invest in the development of young people in our sector.

This we will do as part of ensuring the sustainability of our sector and to take our young people away from social ills such as drugs and alcohol abuse.

## Social Cohesion and Nation building

Chairperson in pursuit of our strategic goal of building an inclusive society, the Department of Arts and Culture continues to popularise national symbols.

In particular, this year, the Bureau of Heraldry will focus on the promotion of the National Anthem in Institutions of Higher Learning. This project will be launched in June during Youth Month.

Last week the Bureau of Heraldry marked 50 years of its existence.

There are many highlights in its 50 years of existence, including the design of the National Flag we all embrace today and the transformation of all national symbols including the symbols of parliament.

## **National Days**

Chairperson, Cabinet took a decision that all National Days must be coordinated and managed by the Department of Arts and Culture.

This was in line with the understanding that National Days are a critical component of our ongoing efforts to promote patriotism, national unity, social cohesion and national healing.

We are in the process of reviewing the way we celebrate our national days. It is envisaged that the outcome of this process will be National Days that are celebrated in a manner inclusive of all South Africans.

This year we successfully hosted Freedom Day and Human Rights Day.

On 18 July we will host Nelson Mandela Day in Umtata, in the Eastern Cape; coinciding with the 95th birthday of Tata Madiba.

The National Heritage Day, which falls on the 24th September, will also be held in Eastern Cape this year.

The Day of Reconciliation will be celebrated with the Centenary of the Union Building on 16 December this year in Pretoria.

Chairperson, following the National Summit on Social Cohesion in July last year, we will intensify our hosting of community conversations and dialogues around the country.

These conversations will form part of our mobilisation campaign towards the 20th Anniversary of Freedom and Democracy.

# The Mzansi Golden Economy

Chairperson, with regards to the Mzansi Golden Economy Strategy we wish to reassert that Arts, Culture and the creative Industries have been part and parcel of human economic activity and trade from time immemorial.

It is today an undisputed fact that many centuries ago our forebears traded in various fine arts from across the oceans.

Nothing illustrates this better than the immaculate beads, and other jeweleryfound at Mapungubwe and of course the Golden Rhino.

How else would Diamonds and gold dominate world trade for centuries if it was not due to the role of fine arts.

Other forms of Art such as paintings, crafts, still photos, music, film, drama, dance have been known to be identified with various countries.

Unfortunately the exposure of various role players on the world stage often reflected the political and economic dominance of their countries.

The Mzansi Golden Economy strategy is nothing else but our own endeavor to reclaim the place of the cultural industries as a contributor to the national economy and even as an exporter of services to other parts of the world.

We are pleased to announce that we are making progress in initiatives such as the establishment of an Art Bank: aimed at identifying and purchasing art from artists, including artists from rural areas.

We continue to provide support for major events in all provinces.

These include the National Arts Festival in Grahamstown, Standard Bank Joy of Jazz in Gauteng, Mapungubwe Arts Festival in Limpopo, Buyele Khaya Pan African Music Festival in the Eastern Cape, Macufe in Free State, the Cape Town International Jazz Festival, Mbokodo Awards, Mpumalanga Comes Alive and the South African Music Awards to mention a few.

These events are estimated to have created a total of 25 000 job opportunities over the last 3 years.

Progress is also being made in the implementation of our Public Art Development Programme. This includes murals, innovative public art installations, storytelling and Street Theatre. Notable among these has been the Cape Town based "Infecting the City" initiative.

### Visual arts

Last year, the department hosted the Visual Arts Indaba to discuss recommendations to grow the sector.

These recommendations will be put into action this year through the appointment of the Visual Arts Task Team and the call for participation from the sector on issues such as Artist Rights and Resale Rights.

The department will once again this year strive to partner with visual arts organisations to train more visual arts practitioners, from all provinces, in the areas of arts administration and management.

Design

The department has also identified the design industry as a strategic sector that can support the economic advancement of our people.

The design industry has the potential to create meaningful jobs. This year we will focus on policy formulation for the Sector with a view of creating a Design Strategy for the country.

Also in the pipeline is the creation of provincial Fashion hubs. A pilot Fashion hub in Kwazulu-Natal will be established by next year, with a plan of creating similar hubs in other provinces in the near future.

## Libraries

Chairperson, we are pleased to announce that we continue to contribute towards improving literacy levels and knowledge development, creation and sharing through the building of community libraries.

For the next three years, we have been allocated an additional R1.1 billion towards the building of community libraries.

Since the inception of the community library conditional grant in 2007, starting with an initial capital injection of R200 million, more than 900 people have been employed, 41 new libraries have been built, and 244 existing buildings have been upgraded.

In the 2013/14 financial year, we plan to build 16 new libraries and upgrade 40 existing libraries.

## Heritage

We continue to support the Historic Schools Project which includes, amongst others, the refurbishment of Adams College, in KwaZulu-Natal as part of its 160 years anniversary, the University of Fort Hare which will be celebrating 100 years in 2016. We will work with these historic institutions as they celebrate these milestones.

We have tasked the National Heritage Council to work on the Nkonkobe Heritage University Town Project in Grahamstown together with Amathole District Municipality.

As part of restoration of human dignity and preserving our history and heritage, we are renovating graves of those who are buried in the concentration camps, throughout the country.

# Languages

Chairperson in a major development towards advancing multilingualism, last year the Use of official Languages Bill was passed into law.

The Act allows South Africans to access government services in the languages of their choice.

Central to the implementation of this Act is the role of provinces, whom we will continue to support as they finalize their language policies.

We are also working with all national governments departments and parastatals to help them with the implementation of the Act, especially the establishment of national language units.

# Conclusion

As I conclude let me reiterate the vision spelt out by the National Development Plan.

"In 2030 South Africans will be more conscious of the things they have in common than their differences. Their lived experiences will progressively undermine and cut across the divisions of race, gender, space and class. The nation will be more accepting of people's multiple identities."

Chairperson it is this vision that continues to inspire the work we do as the Department of Arts and Culture.

I wish to thank the Chairperson and Members Select Committee for their oversight work, MECs, officials from the Department and all our stakeholders for ensuring that we remain focused on this vision.

Thank you.

Issued by:  $\underline{\text{Department of Arts and Culture}}$  6 Jun 2013

# Vote 15: Basic Education

# Basic Education Budget Vote Speech, 2013/14 by Mrs Angie Motshekga, Minister of Basic Education National Assembly, Cape Town

7 May 2013

Honourable Speaker Honourable Members and colleagues Distinguished guests Ladies and gentlemen.

Honourable speaker, we thank you most sincerely for this Debate on Vote 15, Basic Education.

Fellow compatriots, I'm humbled by your support. As men and women of South Africa, you've nurtured and jealously guarded children's constitutional rights to education like the robin that lays and shields its eggs over time.

It takes honesty, maturity, clarity-of-purpose, and hard-work to build a new, equitable and uniform national system of education that's envisaged in the progressive SA Schools Act of 1996.

# **Budget for 2013/14**

Today we stand before this House to account and seek a fresh mandate for the 2013/14 programme on the strength of observable advances we have made, with the nation, over time, to build a better education system for a better life for all. The overall budget for 2013/14 for the Department of Basic Education is R17.592 billion. Last year it was R16.344 billion. This is an increase of R1.248 billion. This confirms government's commitment to education.

The budget allocation to Provincial Education Departments is R173.454 billion. It will reach R199.624 billion in 2015/16. Umalusi is allocated R97.6 million in 2013/14 and will reach R112.7 million in 2015/16 to cover its expanded mandate. Kha Ri Gude receives R549.7 million. This mass literacy campaign has reached over 2.9 million adults. To this we add R59.2 million allocated for EPWP: Kha Ri Gude, as a contribution to job-creation by recruiting and training volunteers.

Kha Ri Gude volunteers, comprise 44 monitors, 203 coordinators, 3703 supervisors and 38 407 volunteer educators, including 250 helpers for blind volunteers. In this way, our department contributes to the national effort to create jobs, end poverty and roll-back the frontiers of inequality.

## Improved quality of basic education

The building-blocks for a high performing system are in place. Improving performance across the system is a key objective of the education sector plan – Action Plan to 2014: Towards the Realisation of Schooling 2025. Improving performance is also at the heart the Basic Education Performance Agreement.

The key outputs in the Action Plan are consistent with priorities of the National Development Plan (NDP). Once Cabinet has finalised the Medium Term Strategic Framework that's aligned to the NDP, we will revise our plans and priorities accordingly. This work has already started.

Honourable Members,

He who has a plan is a million times better than he who pokes holes in the plans of others, without a plan. We're attending to learner performance while addressing those systemic issues making it difficult for us to crack the system.

An amount of R25 million has been allocated in 2013/14 for the National Initiative to improve learning outcomes which will reach R40 million in 2015/16. I will come back later on what this new initiative is going to be used for. We know the challenges. We are therefore better placed to improve quality and efficiency while consolidating gains in access and equity.

School participation is nearly 100% for the basic compulsory band, the seven to 15 year age-range. Reports also show there are fewer out-of-school children and those who have dropped out. According to household surveys from Stats SA, we have 80 000 fewer children who were out of school in 2011 compared to 2009.

We plan to do more to improve retention and post-compulsory schooling options for young people. Communities should help as well because other reasons for learners 'dropping-out' are socio-economic, including teenage pregnancy, youth delinquency and inadequate parental control.

Census 2011 gave us good news also for education. It said the proportion of the population without any formal schooling decreased twofold from 17.9% in 2001 to 8.6% in 2011. With education, comes critical skills, and out of these, come great prospects for absorption in the labour market, entrepreneurship, leadership and other economic opportunities.

Through government's anti-poverty strategy we're progressively removing obstacles inhibiting access to equal, quality education for all children, across the race, gender and class divide. Over eight million children, in more than 82% of public schools received free education, in non-fee paying schools.

The conditional grant for the National School Nutrition Programme has increased by R266.6 million in 2013/14, to R5.173 billion. It will reach R5.704 billion in 2015/16.

The HIV and Aids Life Skill Education conditional grant allocation is R213.5 million in 2013/14. We will continue to improve access to quality early childhood development. Our 2011 monitoring results show SA has improved access from 39.3% in 2002 to 84.8% of Grade ones.

All in all, in 2012/13 we had 12.433 949 million learners in over 25 000 schools. In line with the drive to build an equitable system, in 2013/14, we're prioritising inclusive education.

#### Our interventions are bearing fruit

There's progress on the four priority areas agreed upon in 2012/13 – CAPS, Assessments, Workbooks and Infrastructure. You know that a major setback was the time it took to complete delivery of CAPS-orientated textbooks for Grades one to four and 10 to Limpopo schools.

There's evidence of improved learner performance, even in those districts we had said were underperforming, showing our interventions over time are bearing fruit.

We'll therefore sustain our focus on these four priority areas. The 3Ts will remain on the agenda of quality teaching and learning.

# Huge advances in matric

Honourable Members,

You did witness sustained improvement in matric exam results. This is a result of systemic interventions for strengthening and raising performance in all levels of the system. The matric pass rate climbed to 73.9% in 2012. Our targeted growth, at 75% by 2014, is well within reach.

We're on target to deliver 175 000 university entrants by 2014. In 2012, the number of Grade 12 learners who qualified for Bachelor's studies rose to 136 047. It was 120 767 in 2011. This is an increase of 15 280 learners.

Members do you know that under this government, the number of learners who became ready for bachelors-level studies almost doubled over the last 12 years, from around 70 000 in 2000 to around 136 000 in 2012?

The number of passes in Mathematics, at  $121\ 970$  for 2012, is  $17\ 937$  more than the  $104\ 033$  of 2011. And, the number of passes in Physical Science, at  $109\ 918$  in 2012, is  $13\ 477$  more than the  $96\ 441$  of 2011.

We've established a maths and science task-team to help further identify challenges in this area. In 2013/14 Dinaledi Schools are allocated R105.1 million. Very encouraging news Honourable Members, the recent Trends in International Mathematics and Science Study (TIMSS) bear testimony to our gains.

SA's improvement in Mathematics, of 67 TIMSS' points, between 2002 and 2011, or 7 points per year on average, is among the steepest seen by any TIMSS' participant.

We're leaving nothing to chance. We've completed a detailed diagnostic analysis of National Senior Certificate (NSC) results in terms of key subjects.

This has identified key subject deficiencies which will become the target of our intervention programmes in 2013. The Ministerial Committee on the NSC will, inter alia, investigate standards and promotion requirements of the NSC, including the matter of matric results' publication, a matter raised passionately with me by COSAS.

#### Curriculum implementation

Moving to the curriculum, as stated last year, our continued focus is on the phased-in implementation of the revised Curriculum and Assessment Policy Statements (CAPS).

In 2013 we moved to Grades 4-6 and 11. Grades R, 1-3 and 10 we covered in 2012. I'm worried though about low levels of reading and writing in the Foundation Phase. This emerged in an audit of the Provincial Reading Programme we commissioned in February 2013. The audit report proposed the kind of support we must give to teachers and learners. Reading is the heart of learning.

Intermediate and Senior Phase CAPS were distributed in 2012 to prepare for implementation in 2013 and 2014, respectively. The Senior Phase CAPS orientation programme for provinces started on 8 March, and will run until 24 May 2013. The Grade 12 CAPS orientation was conducted in all provinces between February and April 2013.

We will complete the process with a roll-out to Grades 7-9 and 12 next academic year. In 2013/14, we will also increase focus on Technical Secondary Schools.

R220.9 million is allocated for the recapitalisation of these school, to improve facilities and equipment's. This will assist in addressing skills shortages and joblessness.

The sign language curriculum has been completed and is being piloted in 2 schools (in the Western Cape and Gauteng). We believe good grounding in a learner's Home Language is essential. In 2014, a new policy will come into effect mandating the learning of an African language in all schools. This builds on work we're doing to improve competencies in African languages.

We list among successes the progressive development of the National Curriculum Statement Grades R-12, a milestone since the days of the racialised, fragmented education departments.

#### **Annual National Assessments**

Using Annual National Assessments (ANA) to monitor levels and quality of learning outcomes has taken root. We now have empirical evidence to use in planning further interventions. In 2012, we administered Language and Mathematics tests to more than seven million learners in Grades 1-6 and 9, in more than 20 000 schools.

The results show that while learner performance in Literacy varies from "satisfactory" to "good", the same cannot be said about performance in Numeracy, particularly in Grade 9.

The particularly low learner performance in Mathematics at the Intermediate and Senior Phases justifies the steps we have already taken to focus on teacher professional development and provision of learning and teaching support materials at the higher school grades.

An allocation of R75 million to strengthen the existing programme has been secured for 2013/14 and will reach R160 million in 2014/15 and R167 million in 2015/16.

#### Workbooks

We have increased learner access to workbooks and coverage to improve literacy, numeracy and, importantly, reading. The allocation for 2013/14 for workbooks is R859.3 million.

We have provided workbooks to all learners in Grades 1 to 9. Through savings from developing content in-house, we have expanded the scope to cover Braille workbooks. Close to 24 million copies of Workbook 1 were delivered to 23 115 schools by November 2012, for use in 2013.

By 2013 around 114 million full colour national workbooks, which the Australian Council for Educational Research has confirmed are of a high quality, had been distributed to schools. Feedback from the survey we conducted on workbook utilisation is also very positive.

#### Textbooks

In terms of national policy, it's a key priority for every learner to have access to a minimum set of textbooks and workbooks. In 2007, according to SAQMEC results, coverage was 45% for literacy and 36% for maths books. Our 2011 survey put us at 78% for literacy and 83% for maths. This is still unacceptable, we want to have every learner with a book in every subject.

#### Honourable Members,

Prudence in the deployment of resources is key to the national endeavour for equality and inclusive development and growth. To address inequalities in education, we are therefore mindful of economic disparities resulting from apartheid education. This is a part of the rationale for centralising procurement of books.

The development of the National Catalogue of Textbooks for Grades 7-9 and 12 commenced in November 2012 and was completed in March 2013. As we reported, the national catalogue for Grades 1-6 and 10-11 was completed and availed to provinces in 2012. Going-forward, we will continue to improve access and utilisation of Learner Teacher Support Materials in all grades, and all subjects.

#### School Infrastructure

Honourable Members, this is an area of great concern which we have also paid serious attention to as a sector. Improved expenditure on infrastructure budgets, and the number of completed projects in the last financial year, are indicators of progress.

More schools received water, sanitation and electrification and many more continue to do so. The Accelerated Infrastructure Delivery Initiative (ASIDI), together with the provincial infrastructure programme, constitute the backbone of both the Strategic Integrated Project 13 (SIP 13) and the National School Built Programme of the Presidential Infrastructure Coordinating Committee. SIP 13 will also drive skills development and job-creation.

We want you to see synergy in infrastructure planning between national and Provincial Education Departments. The benefit would be schools that are in areas where people live, sans dangerous bridges. Thus, we're finalising a Comprehensive Infrastructure Investment Plan. We're also working on partnerships with Departments of Labour and Correctional Services for the supply of school furniture.

We have developed plans to close once and for all the chapter on "potholes" and "hanging ceilings" in the classrooms. The infrastructure allocation for 2013/14, to be transferred to Provincial Education Departments through the Education Infrastructure Grant, is R6.630 billion. Over the MTEF period, it will increase to well over R10 billion. Preliminary expenditure for 2012/13 for the Education Infrastructure Grant is at 96%.

An amount of R1.956 billion in 2013/14 will go to the Schools Backlog Grant, also called ASIDI. A further R3.170 billion for 2014/15 and R2.912 billion for 2015/16 have been allocated.

It's also important to share ASIDI challenges affecting target achievement. These include the liquidation of some contractors and poor performance by others. The department monitors and manages Implementing agents through a technical unit we have established at national office.

We're planning to replace 200 inappropriate schools, 132 are in the Eastern Cape, 30 in the Free State, 3 in KwaZulu-Natal, 3 in Limpopo, 5 in Mpumalanga, 1 in the Northern Cape, 1 in North West and 25 in the Western Cape. These school projects are multiyear. We're striving for 25% completion by end of 2013/14. We will provide also sanitation to 873 schools, water to 448 and electricity to 369.

I thank the many South Africans who supported us in providing and maintaining school infrastructure. Schools in the Eastern Cape will never be the same again!

Those who had seen the new schools we built in the Eastern Cape, will agree they are state of the art institutions with fully-furnished libraries, labs and admin buildings. By end of May, we will hand-over the completed schools to the province so that they can pass them on officially to the people.

#### Quality teaching is key

Honourable Members, quality teaching is high on our list of priorities. Allow me therefore to repeat President Zuma's consistent call to teachers, to be in school, in class, in time, teaching, at least 7 hours per school day. As President Zuma had said in the 2013 State of the Nation Address, Education is an essential service. Its health

depends on collective effort and bargaining in a climate that's conducive.

That's why we've engaged earnestly with organised teachers on contentious issues rendering it hard for the falcon to hear the falconer. And that is why it was very important for me that we should find an amicable way to resolve the two months long impasse we had with South African Democratic Teacher's Union (SADTU).

The interest of the child will best be served where and when there is uninterrupted harmony within the system, and between key role-players. When we lose sight of this fact, and mere instability is loosed upon the world, it is the child, the African child in particular, who suffers the most. Accountability is of paramount importance.

We are still to conclude a collective agreement with teacher unions at the Education Labour Relations Council (ELRC) on a new integrated assessment instrument intended to improve performance of principals, deputy principals and teachers.

Reasons for the delay include unions' request for more time to consult with members. We hope to implement the new system before end of 2013, as scheduled.

For the current year, the Integrated Quality Management System (IQMS) is allocated R39.7 million. We're on track on implementing the Integrated Strategic Planning Framework for Teacher Education and Development.

Through the Teacher Union Collaboration initiative, in 2012/13 teacher unions and their institutes implemented professional development programmes covering areas in which teachers needed support. It was reported that over 58 000 teachers benefited from these programmes.

In 2012/13 we completed an audit of the 114 district-based teacher resource centres, and developed norms and standards for such. We plan to make teacher centres vibrant hubs for teacher development activities at district level.

Working with PEDs, my department has developed a National Education Human Resource Planning Framework, to manage, effectively, the demand, supply and utilisation of educators.

With support from UNICEF, the department has commissioned a project to develop an instrument for evaluating the implementation of the post provisioning norms. As a department, we have a responsibility to monitor compliance regarding teacher attendance, punctuality as well as proper use of resources of the school.

We welcome the Presidential Remuneration Review Commission for the public sector, with teachers as a priority.

On the thorny matter of Teacher Laptops, the department is currently working with SITA and National Treasury to finalise implementation systems and processes including modalities of using a centralised procurement mechanism. This has been an extremely frustrating, matter but we are doing all we can to bring it to finality.

On Funza Lushaka bursaries, that help us to attract new teachers for maths, science and languages, we resolved to increase the number of bursars to 14 400 in 2013/14, at a cost of R 893.9 million. By the end of 2012, we had awarded approximately 11.500 Funza Lushaka bursaries.

#### **NEEDU National Report: 2012**

Honourable Members, the National Education Evaluation and Development Unit (NEEDU), an important element of our accountability system, is now fully functional.

Last Thursday we received from its CEO, Dr Nick Taylor, the Unit's first national report for 2012 on the state of literacy teaching and learning in the Foundation Phase.

This independent evaluation provides evidence to support our proposals on the need urgently to remedy shortcomings in educational practice, eliminate barriers to quality education and develop the knowledge and professional capacity of educators. We will engage NEEDU's recommendations. For 2013/14, NEEDU is allocated R13.4 million.

# The Planning and Delivery Oversight Unit

The Planning and Delivery Oversight Unit we set up in 2011 was instrumental in the implementation of education

policies and strategic interventions. Like NEEDU, it has enriched our diagnosis of bottlenecks in the value-chain inhibiting the attainment of high learning outcomes.

In 2012, through visits to over 2000 schools, the Unit monitored and recommended remedial measures for the 2013 school readiness. Thus the current year took off with minor glitches including in schools that we renovated and boasted teacher and learner morale as part of the 94+ Projects for Madiba.

Fellow South Africans,

Let me thank you for your support for heeding our call in 2012 to make the 94+ Projects for Madiba a resounding success. Under the stewardship of the Delivery Unit, we attracted more than R40 million from our partners and society. This benefitted 98 earmarked schools, with a further 415 schools adopted through the Nedlac Accord's Adopt-A-School programme.

#### Strengthening Districts for better outcomes

The Delivery Unit worked with a select cluster of Districts to enhance the management and support extended to underperforming schools, in compliance with Section 58B of the South African Schools Act (of 1996). The Unit has identified and promoted sharing of good practice among all 86 education Districts, through our quarterly Ministerial Meetings with District Directors.

Ten underperforming districts are being assisted through District Improvement Plans. QLTC structures in some Districts have taken the vision of education as a societal issue to unprecedented heights, with members of the community taking charge of the supervision of extra classes in underperforming schools.

This is evidenced in the remarkable 19.8% jump in improvement in Libode (EC), where the Delivery Unit spent most of its time, stoking the fires of change and accountability.

In March 2013, we published a Government Gazette calling for nomination of individuals to serve on the National Education and Training Council. This Council will advise the Minister on policy for the development of the basic education system and the advancement of an integrated approach to basic education.

#### **Eastern Cape Intervention**

This brings me to the Eastern Cape intervention on which we were unfortunately misquoted in some media reports. We think much has been delivered on those areas that gave rise to the Section 100 (1)(b) intervention. We are considering steps towards a carefully planned handover to the Eastern Cape PED, a decision to be sanctioned by Cabinet, with proper consultation. Also on Section 100(1)(b), we are pleased to indicate that we are on track on the intervention in Limpopo.

# Care and support for learners

Coming to care and support for learners. I'm alarmed, like many others, by the recent upsurge of gender-based violence and heinous crimes against women and children.

We will step-up in every school the DBE-LeadSA Stop-Rape campaign that we launched with the President in March 2013. We will use schools to promote access among children to the full range of public health and poverty reduction services.

Key among our successes is the Integrated School Health Programme that will offer, over time, a comprehensive and integrated package of health services to all learners.

The target for the 2012/13 financial year was to provide health screening to  $500\ 000$  learners. I am pleased to report that this target, though modest, was exceeded. Over  $650\ 000$  learners received health services.

This year we will provide health services to 750 000 learners in Grades one, four, eight and 10 as well as learners repeating grades in Quintile 1 and 2 primary and secondary schools. Services will also be extended to special schools.

#### **Education collaboration Framework**

Honourable Members,

To respond to the call made by the National Development Plan for inter-sectoral cooperation to improve educational outcomes, working with various partners, we have put in place an Education Collaboration Framework (ECF).

It follows a multi-stakeholder Education Dialogue convened in December 2012, wherein business played a key role. Annually, companies spend just under R3 billion on education.

The ECF will implement targeted programmes including district and systemic change interventions and innovation projects. This is an important development for the current year, and has the blessings of the President and stakeholders. A special education trust is being set up. I'll provide details soon.

I know this Collaboration will work. Since we signed the Nedlac Accord on Basic Education, our department has entered into partnerships with over 100 private businesses.

#### **Tributes**

I thank Deputy Minister Surty, Chairpersons of the Basic Education Portfolio and Select Committees and their respective members for support, education MECs, HoDs and our DG, Mr Bobby Soobrayan. We're grateful to teachers, principals, parents, learners, SGBs, individuals, officials and staff members for advancing the nation's educational goals.

We have enjoyed our productive collaborations with various ministries and will strengthen these in the 2013/14. Allow me to acknowledge and pay tribute to my special guest, Princess Kgosana Sithole, 12-year old, from Tehillah Christian School. Princess has overcome her challenges and uses her feet to do everything, including excellent writing.

# Rounding-off

To round-off, there is good progress in respect of delivery in the current electoral mandate. If we continue to improve at the speed we have done in recent years, the lives of ordinary South Africans will be fundamentally transformed and we will face a brighter future. We are resolved, with provinces, to step-up monitoring and evaluation, to improve accountability, and enforce better planning for faster change.

I thank you.

Issued by: <u>Department of Basic Education</u> 7 May 2013

# Vote 16: Health

#### Health Budget speech by Dr Aaron Motsoaledi, MP, Minister of Health, National Assembly

15 May 2013

Honourable Speaker
My colleague the Deputy Minister of Health
MECs for Health present
The Chairperson and members of the Health Portfolio Committee
Honourable Members of Parliament
Invited Guests
Ladies and Gentlemen

Honourable Speaker, it is now well documented and generally understood that South Africa faces a quadruple burden of disease. Many other countries are faced only with a double burden.

#### These four are:

- 1. A very high prevalence of HIV and AIDS which has now entered into a synergistic relationship with TB;
- 2. Maternal and Child morbidity and mortality;
- 3. Exploding prevalence of non-communicable diseases mostly driven by risk factors related to life-style; and
- 4. Violence, injuries and trauma.

These four colliding epidemics resulted in death notification doubling between 1998 and 2008 to 700 000 per year as noted by the National Planning Commission. Life expectancy in the country also took a knock and declined to worrying levels.

We had to respond to these very urgently and very decisively.

In addition to our Ten Point Programme, the Department of Health signed the Negotiated Service Delivery Agreement with the President. We committed to four (4) objectives which we called outputs during this term of government.

#### These are:

- 1. Increasing Life Expectancy;
- 2. Reducing maternal and child mortality;
- 3. Reducing the burden of disease from HIV and AIDS and TB;
- 4. Improving the effectiveness of the health system

After going into a deep analysis of the problems, it became clear that unless we deal decisively with HIV and AIDS and TB, it would be foolhardy to believe that we could ever decrease the high levels of mortality and morbidity in our country. Hence our plans had to have a very strong element of a desire, commitment and passion as far as HIV/AIDS and TB are concerned.

This did not mean that the other epidemics were less important, it simply emphasised that the central driver of morbidity and mortality in South Africa was largely HIV and AIDS and TB.

Honourable Speaker, we responded comprehensively through well designed plans to deal with HIV and AIDS and TB, and the implementation of these plans was well executed.

Among others Honourable Speaker, we increased the health facilities providing antiretrovirals (ARVs) from only 490 in February 2010 to 3 540 to date. The number of nurses trained and certified to initiate ARV treatment in the absence of a doctor were increased from only 250 in February 2010 to 23 000 nurses to date. This programme is called NIMART or Nurse Initiated Management of Antiretroviral Therapy. NIMART made it possible to increase the number of people on treatment from 923 000 in February 2010 to 1,9 million to date – that is actually doubling the number on treatment.

I wish to take this opportunity to thank all the health workers for this sterling performance – especially the nurses without whom this numbers would have been impossible to achieve.

Very recently Honourable Speaker, we have introduced the ground breaking fixed dose combination (FDC) therapy which made it necessary to train 7 000 health workers for smooth implementation.

Another very important windfall from these FDCs is that by February 2010, it used to cost us R313.99 per patient per month to provide ARVs. With the FDCs, it is now costing us only R89,37 per patient per month. We are now able to treat many more people per month with the amount of money that we used to treat one person with in 2009.

The results we achieved from these endeavours are very sweet indeed.

By the end of last year, researchers, local and international started reporting a dramatic increase in life expectancy in our country. They also reported a decline in under five mortality and maternal mortality ratio. Our biggest challenge is the neonatal mortality rate. These researchers include our Medical Research Council's Rapid Mortality Surveillance Report, the Lancet, and United Nations agencies like the UNAIDS.

All these researchers attributed the decline in mortality and the concomitant increase in life expectancy to our comprehensive response to the HIV epidemic, especially the ARV treatment programme.

The fact that we are testing large numbers of our people and large numbers are on treatment has brought much relief to individuals, families and communities.

As far as TB is concerned Honourable Speaker, we started in earnest on 24 March 2011 to introduce new programmes. We unveiled new strategies to combat TB.

(a) Firstly, we unveiled the GeneXpert technology. Honourable Speaker, the last time in the world that a new technology do diagnose TB was unveiled was more than fifty (50) years ago. The World had then thought we had defeated TB. We now know better. We are hence immensely relieved that a new, faster and very effective technology has now been unveiled by scientists commissioned to do so by the World Health Organisation's Stop TB Partnerships.

Before GeneXpert technology, it used to take us a whole week to diagnose TB. Now it takes us only two (2) hours.

It used to take us three (3) months to conclude that a person has multi-drug resistant TB, now it takes us only two (2) hours to know that.

I am very proud that South Africa was the very first country on this continent to unveil the GeneXpert technology. Since its unveiling on 23 March 2013, we have distributed 242 GeneXpert units around the country. This 242 constitute 80% of all facilities we would like to cover. We had spent R117 million shared by the National Department of Health, the Global Fund and the Center for Disease Control in the USA to achieve this 80% coverage. We have conducted 1,3 million tests using this technology since 2011. This constitutes more than 50% of the total tests conducted in the whole world.

In five (5) months' time, we will achieve 100% coverage of all the district hospitals with the GeneXpert technology. From there we will move to the big community health centers.

The biggest of these machines, that can diagnose forty-eight (48) patients at a time, the others can do only 4 or 16, are called GeneXpert 48. We only have two (2) in the whole country. We have placed one at the Ethekwini Municipality at Prince Mshiyeni Hospital. The second one is in the Cape Metro at Greenpoint National Health Laboratory Service (NHLS) laboratory.

We have done this because both Ethekwini and the Cape Metro are the most very heavily challenged cities as far as TB is concerned.

On World TB Day, on 24 March this year, you are aware that the Deputy President of the Republic unveiled a GeneXpert technology at Pollsmoor Prison, on behalf of all Correctional Services facilities. This was in response to a Constitutional Court ruling where an inmate took the government to court, and the State was held liable for inmates contracting TB in jail. Yes, it is now well established that the highest rate of TB in our country is in correctional service facilities. They too, will be supplied with GeneXpert units to screen all inmates on entry to facilities and also to screen them twice a year once they are inside.

We will also request for the names of those who are found by the GeneXpert to be having TB, from the Minister of

Correctional Services in order to send health workers to their families so that the whole family of an inmate can be screened. One person with TB has a potential to infect 15 others in their life time.

Honourable Speaker, the second strategy we have adopted was to establish family teams. On our database, we have 405 000 families in South Africa who have a member diagnosed with TB. The family teams are visiting these families to screen all members within such a family.

About four (4) weeks ago, the Statistician-General went to Thabo Mofutsanyane Region to release StatsSA's yearly figures on the cause of death. He released the 2010 figures and announced that TB was found to be the number one (1) killer in the country – not surprising given the synergistic relationship between TB and HIV and AIDS as I said earlier.

We are eagerly waiting for the 2011 and 2012 figures to see how effective our programmes have been. For now, we can report that in 2008 our TB cure rate was 67.5% but in 2012 it has improved to 75.9%. The target set by the World Health Organisation is 85% cure rate. We are steadily but surely moving in that direction. However Honourable Speaker, I have one very serious request to make. Having turned the corner should not be regarded as a signal for South Africans to be complacent. We still have a very long road to travel with HIV/AIDS and TB.

The National Development Plan has clearly indicated that by 2030, we must have a generation of under twenties (20) being free of HIV and AIDS and we must have a decrease in TB contact indices.

At the recent SANAC Plenary we have decided that the Presidency will we need to re-launch for us the HIV Counselling and Testing (HCT) Campaign in the country. This launch must happen at Gert Sibande District in Mpumalanga. It is now officially declared a district with the highest prevalence rate of HIV in the country.

I have a serious complaint Honourable Speaker, that since the campaign started, there is one extremely powerful place in this country were the HCT campaign was never launched. It is called the Parliament of the Republic of South Africa.

Please Honourable Speaker, may I humbly ask that you choose a date where we will come and publicly launch this campaign here in Parliament with you and the Chairperson of the National Council of Provinces (NCOP) taking the lead, followed by leaders of all political parties in this hallowed chambers. Then the provincial legislatures, District Councils and local councils will follow suite. I will then have the power and courage to ask churches, schools and all other centers of our civil life to choose their own days to do so.

I promise to supply a GeneXpert unit as well as a mobile XR unit for the benefit of Members in this Parliament because you also will need to be screened for TB as well, on top of testing for HIV and AIDS.

Honourable Speaker, let me now deal with the intractable problems that the health care system is faced with. It is output number four, i.e the efficiency and effectiveness of the healthcare system in the country.

You are well aware Honourable Speaker, that our flagship programme to change the efficiency and the effectiveness of the healthcare system in this country is the NHI – the National Health Insurance system.

While South Africans have been throwing mud at each other about NHI, I need to indicate that we need to stop wasting our time. NHI has gone global. The World Health Organisation (WHO), the United Nations (UN), the World Bank, prestigious institutions of high learning such as the Harvard University, have recently entered the fray in support of NHI and in giving well researched guidance to countries on how to get about to implement NHI – not to debate whether it is needed or not. The world has gone far beyond that stage.

Recently the World Bank and Harvard University organised a workshop of all Ministers of Finance to guide them on how their treasuries can support NHI for the benefit of economic growth.

It is of course not called NHI in every country. The World Health Organisation and all the UN agencies are calling the generic term, Universal Health Coverage. We will stick to the term NHI.

The Prestigious British medical journal, the Lancet has launched a series since late last year to allow academics, health activists and researchers to write articles to guide countries about this concept of Universal Health Coverage.

It doesn't matter what you call it – the concept is the same i.e every citizen has a right to access to good quality, affordable health care, and that the access should not be determined by the socio-economic condition of the individual.

Hence whether you call it NHI as we are doing here in South Africa, or NHS as they do in England, or Seguro Popular as they say in Mexico or Obama Care as the Americans call theirs, the concept is the same.

In the editorial of Vol. 380 of September 8, 2012 of the Lancet it states that "certain concepts resonate so naturally with the innate sense of dignity and justice within the hearts of men and women that they seem an insuppressible right. That healthcare should be accessible to all is surely one such concept. Yet in the past, this notion has struggled against barriers of self-interest and poor understanding".

The editorial goes further to say: Building on several previous Lancet Series that have examined health systems in Mexico, China, India, South East Asia, Brazil and Japan, today we try to challenge those barriers with a collection of papers that make the ethical political, economic and health arguments in favour of Universal Health Coverage and will be presented in New York on September 26 to coincide with the United Nations General Assembly. The series was facilitated by the Rockefeller Foundation and edited by David de Ferranti of the Results for Development Institute in Washington DC. The conclusions support the World Health Organisation (WHO) Director-General Dr Margaret Chan's assertion that Universal Health Coverage is the single most powerful concept that public health has to offer".

Honourable Speaker, the editorial goes on to say and I quote again: "Universal Health Coverage, like any other health system, must be accountable for the quality of its outcome and the compassion of its care. The emphasis should be on responsiveness to service users, rather than on profit for share holders".

It is very clear Honourable Speaker and Honourable Members that the whole world, and not only our country is gearing to rid itself of archaic healthcare financing systems that cater for the privileged few, and punishes the poor, in favour of healthcare systems that will benefit all – and all citizens of a country.

This assertion, led to another article in the Lancet series I have just mentioned. It argues that Universal Health Coverage is poised to be a third global health transition.

The argument is based on the fact that since humanity came into being, there have been only two great transitions in health on this planet.

The first was the demographic transition that began in the late 18th century and changed the planet in the 20th century through public health improvements, including basic sewerage and sanitation, which helped to reduce premature deaths greatly.

The second transition was the epidemiological transition that began in the 20th century and eventually reached even the most challenged countries in the 21st century.

Communicable diseases, from smallpox to poliomyelitis were vanquished or controlled on a scale never imagined, opening the way for contemporary action to tackle non-communicable diseases.

Now a third great transition seems to be sweeping the globe, changing how healthcare is financed and how health systems are organised. For a along time, getting healthcare has meant first paying a fee to the provider – a practice that effectively burdens sick and needy people, that has meant choosing between going without needed services or facing financial ruin".

Honourable Speaker in implementing NHI or Universal Health Coverage countries are clearly going to pay different prices for different durations in time, depending on internal objective factors and dynamics within each country. Hence a country like Qatar, is going to implement NHI starting in July this year and completing in December next year. Here in South Africa, we have given ourselves 14 years to achieve the same.

Unlike Qatar, there are two main prices we are going to have to pay for successful implementation of NHI.

The first price is that the quality of services in the public health system has to drastically undergo a metamorphosis – the quality simply has to improve and there is no running away from that.

The second price is that the cost of private healthcare has to drastically reduce. We need to firmly regulate the

prices in private healthcare.

Honourable Members, as a Department of Health, we strongly welcome last week's announcement by the Minister of Economic Development, Honourable Minister Patel, that through the amended Competition Act, the Competition Commission will launch a public market inquiry into the cost of private healthcare. We as a Department are fully behind Minister Patel and the Competition Commission on this one and we are ready to engage and offer all evidence we have at our disposal. We are eagerly waiting for the Commission to call us! For those who don't understand where this is coming from, I wish to refer you to our National Development Plan, Vision 2030 and I quote:

"A national health insurance system needs to be implemented in phases, complemented by a reduction in the relative cost of private medical care and supported by better human capacity and systems in the public health sector".

As to how we are going to pay the first price I have mentioned earlier, i.e on the issue of quality in the public health system, we shall outline that in the White Paper that will be released soon. We did indeed take a very long time since the Green Paper was launched. There were lots of inputs and developments that needed our very careful attention and considerations.

We will be ready very soon.

It will be released with a clear plan on how NHI is to be implemented based on the two main prices which I said the country has to pay.

Because these are elaborate plans, it will not be possible at all to outline them here. They will be made available in due course. They will include the whole concept of non-negotiables in healthcare, the delegation of powers to CEOs who are being newly appointed and trained. This will also include abolishing the dreaded depot system of drug supply to allow CEOs to get medicines directly from suppliers.

But I wish to take this opportunity to emphasize over and over again, that the NHI will be based on a preventative and not a curative healthcare system.

I will then repeat in many more occasions to come that Primary Health Care, meaning prevention of diseases and promotion of health is going to be the heartbeat of NHI in South Africa.

We will drive this healthcare system according to the dictates of the National Planning Commission which clearly states that among the important things to be done, is to reduce the burden of disease, not to allow them to flourish and then try to run helter skelter in trying to cure them, with very limited facilities, both human and financial, which is the hallmark of public health systems on the African continent.

We wish to demonstrate with a few examples on what prevention of diseases and promotion of health can do to a country's health system.

A report compiled by the Mail & Guardian's newly established BHEKISISA health reporting center and published on Friday last week demonstrates one of the examples

It shows how four years ago, the Department of Health introduced two very new vaccines, Prevenor, to reduce the risk of children contracting Pneumonia, and Rotarix to prevent incidences of diarrhoea in children. Remember that diarrhoea was killing 25 South African children under the age of five (5) each day.

At the time of the inception of the two vaccines, National Institute of Communicable Diseases, the NICD, was tasked with the work of monitoring and evaluating the impact of these vaccines on hospitalisations in three South African hospitals – in Cape Town, KwaZulu-Natal and Gauteng.

The findings were that at Ngwelezele Hospital in Kwa-Zulu/Natal the under five mortality rate was three times higher than in Soweto. However, the Ngwelezene Hospital ward that deals specifically with diarrhoea i.e the gastrointestinal ward, has recently been closed down as a result of the introduction of this vaccine. Around 2006, this ward used to admit close to 1 000 children annually. It is now closed down – no more need!!

On average, in all these three sites there has been a 70% reduction in admission due to diarrhoeal diseases attributable to Rotavirus.

Seeing the successes that vaccines can bring Honourable Speaker, our next target is cancer of the cervix of the uterus. One of the biggest killers of women.

According to Prof Lynette Deny, and Dr Yasmin Adam of the Department of Obstetrics and Gynaecology at Groote Schuur Hospital and Chris Hani Baragwanath Hospital respectively, cervical cancer affect 6 000 South African women annually. 80% of them are African women.

Out of these 6 000 affected, between 3 000 and 3 500 die annually as a result of this cancer.

More than 50% of women affected are between 35 and 55 years of age. Only 20% are older than 65 years of age.

HIV positive women are five times more likely to get it than HIV negative women.

This cancer is caused by another dangerous virus – the human papilloma virus. The good news is that there is now a vaccine against this virus. The very bad news is that it is available in the private sector but the costs are prohibitive between R500 and R750 a dose (3 doses are needed for protection) - even in the private sector the uptake is very slow due to this prohibitive costs.

At the moment Honourable Speaker, to make these vaccines affordable, the Bill and Melinda Gates Foundation established GAVI (Gates Action for Vaccines and Immunisation) to help poor countries.

Unfortunately, South Africa does not qualify for GAVI prices which we are made to understand, are at only \$4,00 per dose.

We are also aware that the PAHO (Pan American Health Organisation) has negotiated a price of \$13,00 a dose for Latin American countries.

I am extremely happy to announce that in consultation with the Minister of Finance and the Minister of Basic Education, we have decided that we shall commence to administer the HPV vaccines as part of our School Health Programme as from February next year.

We will enter negotiations in our own right to also be given a fair deal in the interest of the lives of the women of this country.

We are advised by scientists that the vaccine is only fully effective before sexual activity commences.

For this reason, we shall administer it to all 9 year and 10 year old girls in Quintiles 1, 2, 3 and 4 schools.

This will cover 385 000 of the 9 and 10 year olds. We are not unduly discriminating against Quintile 5 schools. Children from poor families who find themselves for one reason or the other in Quintile 5 schools will also be covered.

I am calling for parents of all remaining learners in that category of schools, that since they can afford, for now they must try to acquire the vaccines themselves until we are able to cover all learners in the mentioned age bracket in all the schools. I am calling on all Medical Aid Schemes in the country to pay for these vaccines to help parents in the category of learners who will not be covered when we commence the programme. The benefits far outweigh all the costs. It costs up to R100 000 per patient in the public sector to treat each of the 6 000 cervical cancer patients.

I am scared to quote you the figures for the private sector treatment.

Honourable Speaker, this week, very bad news emerged from our health facilities about an entity called RWOPS – Remunerated Work Outside the Public Service – whereby doctors fully employed by the State conduct their own private work during certain hours. RWOPS is not illegal. It was passed by the Cabinet around 1994.

The only problem is that it is being abused by some unscrupulous individuals.

I must emphasise Honourable Speaker, the overwhelming number of doctors in the public service are very decent law abiding hard working citizens who are deeply committed to their patients.

It is only a few who are tarnishing the name of the profession. I am appealing that the events that unfolded over the media this week must not be misconstrued that most doctors are involved in this practice and start regarding all doctors as some form of criminals. I want to repeat, the majority are very ethical citizens who understand their calling.

The few individuals who are involved, are not only punishing patients, they are also destroying the medical training in the country because they leave medical students to their own devices. Even specialists in training are badly affected by being abandoned by people who are supposed to guide them in every step of their training.

I have already warned the private sector, who are benefitting from this bad practice, that in the long run, they also will suffer because the country will produce poorly trained doctors.

I have given this matter to the Deans of all our medical schools where this practice seems to be very rife, to discuss the matter and come up with recommendations which will be presented to all stakeholders in health. We will call a press conference to determine the way forward. But we can't avoid criminal charges to those who have been caught red-handed because we have their names and know their activities.

We will also refer their names to the South African Revenue Service (SARS) to see if they are paying tax in the double income they are getting.

We are also appealing to the private sector who are hell-bent on attracting this public servants with lots and lots of perverse incentives. This is going to destroy everybody in the long run.

I wish to take this opportunity to thank the Deputy Minister, the Director-General and all managers in our Head Offices and facilities. Our health workers still remain our heroes and heroines despite a few who want to tarnish their good names. I wish to thank them for the sterling work performance done under very trying circumstances.

I thank you.

Issued by: Department of Health

15 May 2013

#### Health 2013/14 Budget Vote Speech by the Deputy Minister of Health, Gwen Ramokgopa

15 May 2013

Honourable Chairperson,
Honourable Minister of Health, Dr Aaron Motsoaledi,
Honorable Ministers and Deputy Ministers present here today,
Honourable Chairperson of the Portfolio Committee on Health, Dr Bevan Goqwana
Honourable Members,
Distinguished guests,
Ladies and gentlemen,

#### Non-Communicable diseases

NCDs are the number one killer in the world, with more than 63% of all global deaths due to cardiovascular and chronic lung diseases, cancers and diabetes.

Globally, 90% of preventable, premature deaths due to NCDs occur in low-and middle-income countries. In two-days time, this trend can be reversed with political will and sound action.

Over the past few years scientists have been highlighting the quadrupple burden of disease and alerting South Africans of what Professor Mayosi et al in the Lancet Medical Journal refer to as a cocktail of four colliding epidemics.

In asking this august house to support the Health Budget Vote 2013/14 as an enable to tackle these major challenges, we also say to you and our people that we bring good news. Good News that our children and young people are living longer! Good news that our working population is more productive and alive and to nurture their children and our elderly are not burying their children and grand children at a rate of yesteryear.

Our vision of a long and healthy life of South Africans is in the making, in our lifetime under the leadership of the ANC government through our collective effort as a nation! Six important success factors have been the love for our people, dicisive leadership, social cohesion, evidence based medicine, a dedicated health workforce and the appreciation that this high burden of disease not only threatens our development agenda but also mocks the democracy our people fought. As we enter the second decade of our democracy the ANC is not only celebrating with our people her legacy as a liberation movement against political bondage but also a liberation movement against illhealth, suffering and threaths to our democracy and prosperity.

Tor Lancet article further warns however that we should not be complacent with the progress we have made to date as major challenges still exist relating to:-

- the adverse social determinants of health and persisting racial disparities
- the need to Intergrate and coordinate the Health system
- the need to improve surveillance and information systems
- $\bullet \quad$  the scaling up of innovative interventions for the benefit of the whole system

The budget we present today aims to consolidate our efforts, respond to the remaining challenges and to rally our nation to respond successfully the the NDP which calls amongst others for the increase of life expectancy from the current 60 to 70 years. Through strengthening evidence based approach and stakeholder involvement in our work we are well positioned to succeed.

Since the Declaration of the National Summit on Non Communicable Diseases identified the 10 priorities, the NHC has approved a strategic implementation plan, the Ministerial Advisory Committee on Cancer has begun its work. The introduction of HPV vaccine will go a long way in reducing cancer of the cervix which is the leading cancer amongst women. Cervical Cancer presents a good example of the co- morbidity of infectious and non communicable diseases.

Patients who are also HIV positive are also more vulnerable to having this cancer and on the other hand smoking increases the risk.

Already there is emerging evidence from the 3 pilot sites in the country that the Intergrated Management of Chronic Diseases is an ideal, practical and patient centred effective manner to manage the double burden of HIV and NCD's. This year we will roll out the model to the NHI sites. Silent killers especially, but not limited to, amongst the poor and rural communities. Breast cancer, cervical cancer, diabetes and hypertension. This model will assist to pick up risk factors and early signs of disease to prevent complications such as amputations, strokes, kidney failure and blindness. Screening and early detection will also save costs in treating advanced disease, absenteeism, loss of income and the burden on the family to provide care.

The media platform the Minister has announced will certainly go a long way in ensuring an intergrated and effective approach to public awareness and health promotion campaigns.

We will also leverage the various other programs such as the Intergrated School Health and the Ward Based Programs as we strengthen PHC approach. We have begun to pilot the Intergrated Management of Chronic Diseases Model to ensure a patient Centred approach. As we honor and salute our health workers for their role in halting the HIV and AIDS epidemic and saving our children, we call on them to be at the forefront to consolidate our gains and decisively tackle maternal mortality, NCD's as well as injuries in an Intergrated manner. There should not be a missed opportunity to reverse all quadruple epidemic onslaught.

We will fastrack the process of establishing a National Health Commission as a multisectoral partnership forum to strengthen our capacity to make Health a Societal Priority in tackling the socio-economic determinants of illhealth. We should remember that globally as well as in South Africa the major NCD's are cardiovacsular diseases like hypertension and stokes, metabolic diseases like diabetes, cancers, chronic respiratory illnesses like asthma and mental illnesses like depression and anxiety disorders.

The Commission will also help in focussing our society to find lasting solutions in tackling the four risk factors namely poor diet, physical inactivity, tobacco use and harmful use of alcohol.

- The process of legislation to prohibit alcohol advertising is at an advanced stage and regulations on warning labels on alcohol containers will be revised.
- Regulations will be enhanced to further reduce passive smoking at the workplace and other public places and to educate the public effectively about the health dangers of smoking through graphic warnings.
- A Health Promotion Strategy incorporating the promotion of physical activity and nutrition will be finalised this year.
- Working with industry we will ensure that preparations to meet the the 2016 deadline for the reduction of salt and for fatty acids in food are met and together we will also launch a public awareness campaign. 60% of intake of salt in South Africa is through industrial supplies and in line with WHO recommendations we call on our people lets limit salt intake to not more than 5 grams per day.

The effectiveness and efficiency of the Health System remains a top priority.

In endorsing World Health Organisation and the International Telecommunications Union (ITU) on eHealth being at the core of responsive health systems and that expectations are that the health sector must inevitably integrate technology into its way of doing business, last year we finalised the eHealth Strategy and have completed a Normative Standards Framework, in partnership with the MRC and the Council for Scientific and Industrial Research (CSIR). In 2013, we will apply this framework to mitigate against the current 42 health information systems in the public sector many of which are not interoperable.

Honoured members, the National Development Plan 2030 indicates that 'given the escalating costs of services in both the public and private sectors and the high proportion of the GDP that goes to health service funding, it is essential to create a culture of using evidence to inform planning, resource allocation and clinical practice.' To achieve this goal and in implementing the National Health Research Summit of 2011 the National Health Scholars Programme has been established with an aim to produce 1 000 PhD graduates over the next 10 years. Already 13 PhD scholars have been funded for this financial year. In the near future, these PhD Scholars will become the new generation of health researchers, and also contribute to clinical teaching and training and health service delivery.

The National Health Surveillance System is assisting the Department to swiftly contain infectious disease outbreaks. This year we will finalise the Intergrated National Plan on Disease Surveillance with the aim of

aligning to the quadruple burden of disease, to strengthen monitoring and to measure the impact of our interventions on a continuous systemating basis.

Chairperson, the billions of rands saved through a more efficient drug procurement system has enable more patients to access medication. The National Essential Medicine List Committee periodically reviews the Treatment Guidelines and updates the Essential Drug List. A national monitoring system has been designed and implemented for the early detection of facility stock outs. With the inefficiencies, losses and expiry of medicines experienced through the Medical Depot System, we are encouraged that a number of provinces have begun a model of Direct Deliveries to Point Care in health facilities. The National Central Procurement Unit will be assisting provinces to move with greater speed.

In partnership with the World Health Organisation, the Tshwane University of Technology as well as the Japanese International Cooperation respectively training in Health Technology Audit and Maintainance has already benefitted more that 50 Clinical Engineering Technicians from six provinces. This program augments the capacity of facilities in various districts to be compliant to the Essential Equipment List approved by the NHC.

Chairperson, later this year in KZN we will officially open the National Forensic Chemistry Laboratory in Durban and had started functioning with the first 15 employees from 2 April 2013. This laboratory will be performing postmortem and ante-mortem blood alcohol analysis for KwaZulu-Natal and some parts of the Eastern Cape – the borders of which will still be announced. It is envisioned that the first samples would be received for analysis in July 2013, and the procurement of analytical equipment is currently in the final stages.

This would enable us to decrease the current blood alcohol backlogs more effectively. The department made funding available for the building of a brand new Forensic Chemistry Laboratory in Phoenix, in the KZN province as well. This facility will be responsible for post-mortem and ante-mortem blood alcohol analysis, toxicology analysis in cases of unnatural death, as well as food analysis in terms of the Foodstuffs Act. Furthermore, 70 Forensic Interns have been enrolled for the Forensic Toxicology Certificate at Continuous Education at the University of Pretoria in April 2012. These interns successfully completed the course and have been absorbed within the four Forensic Chemistry Laboratories, namely 13 in Cape Town, 12 in Durban, 30 in Johannesburg and 15 in Pretoria.

This significant increase in human resources will also contribute to the Directorate's strategy of decreasing toxicology backlogs and to decrease the turn-around time of toxicology analysis in cases of unnatural death.

In this financial year the National policy on Emergency Medical Services Training and the Regulations governing the provision of Emergency Medical services will be published for comment and approved. With the Framework on the management of EMS data finalised training provided by Health Information System to provinces. The introduction of Obstertrics Ambulances will help to further halt the increase in maternal morbidity and mortality, Western Cape. The number of community members trained in first AID in partnership with Red Cross.

Chairperson and the house, please allow me to thank the Minister for his goal orientated leadership, Colleagues MECs for Health, the Director-General and staff throughout the health system, especially our management, professionals and support staff for placing the health of our people as their occupation. Working with our people and partners, focused on excellence, equity and effectiveness we are well poised to halt and reverse the cocktail of the four colliding epidemics.

I thank you all.

Issued by: Department of Health

 $15~\mathrm{May}~2013$ 

# Vote 17: Higher Education and Training

# Budget Vote Speech by the Minister of Higher Education and Training, Blade Nzimande, MP, to the National Assembly, Cape Town

8 May 2013

Honourable Speaker / House Chairperson,
Cabinet Colleagues and Deputy Ministers,
Chairperson of the Portfolio Committee,
Honourable Members of Parliament,
Director-General and Staff of the department,
Heads and Executives of all our Post-School Organisations and Institutions,
My family,
Honoured guests,
My special guests
Ladies and gentlemen and comrades.

#### Introduction

This year 2013 marks the 60<sup>th</sup> Anniversary of the Bantu Education Act which introduced and systematised a racist system of education aimed at severely restricting the educational opportunities of blacks in this country. Most of our government's efforts with regard to education since 1994 have been aimed at overcoming this burdensome legacy together with the entire oppressive inheritance of colonialism and apartheid.

Great progress has been made over the past 19 years in expanding access and success in post school education and training, but much still needs to be done. We must not forget the past, not because we want to use it as an excuse for our weaknesses or failures, but because it keeps at the forefront of our thoughts the redress that is still necessary in order to overcome the legacy.

Education at all levels remains a top priority of the South African government. The Department of Higher Education and Training (DHET) is responsible for post school education and training in universities, colleges and adult education centres. We have been steadily building a single, coherent, differentiated and highly articulated post-school education and training system.

This will contribute to overcoming the structural challenges facing our society by expanding access to education and training opportunities and increasing equity, as well as achieving high levels of excellence and innovation.

For the 2013 Medium Term Expenditure Framework (MTEF) the department's budget (excluding direct charges) increases at an annual average rate of 7.8 per cent over the 3 years, from R31.6 billion in 2012/13 to R39.5 billion in 2015/16. The amount of R34.3 billion for 2013/14 is an increase of R2.7 billion (or 8.6 per cent) on the 2012/13 allocation, excluding funds from the skills levy.

The skills levy, which is channelled through the Sector Education and Training Authorities (SETAs) and the National Skills Fund (NSF), is expected to increase at an annual average rate of 9.1 per cent over the 3 years from R11.4 billion in 2012/13 to R14.8 billion in 2015/16.

Approximately a million young people leave school every year, and should be absorbed into post school education or directly into the workforce if they are not to be unemployed. As you know, 3.5 million between the ages of 15 and 24 in the 1st quarter of 2013, were not absorbed into employment, education or training and many adults also find themselves in a similar predicament.

One of the highest priorities of my department is to ensure that the large numbers of these youth are given post-school education and training opportunities that will improve their employability. Policies to achieve our objectives will be set out in a White Paper on Post-School Education and Training which I expect to be ready in the next few months.

## Colleges

Our top priority is to expand and improve the quality of further education and training colleges, soon to be renamed Technical and Vocational Education and Training (TVET) colleges. Our message to South Africans that Further Education and Training (FET) Colleges should be institutions of choice is starting to bear fruit.

For the 2012 academic year we set a target of 550 000 student headcount enrolments. However, a total of 657 690 was achieved representing an increase of 54% over the preceding year (2011). Over the 2013 MTEF period, we have allocated R17.4 billion to ensure that FET College enrolments continue on this expansion trajectory. This includes investment in FET College infrastructure in order to turn college campuses into learning, ICT, sports, entertainment and business incubation centres.

In 2012 we provided financial assistance through the National Student Financial Aid Scheme (NSFAS) to 187 497 FET College students, exceeding our projection of 180 826 students for that year. To cater for the expansion in student enrolments in FET Colleges, we have set aside R6.3 billion over the 2013 MTEF period, beginning with R1.988 billion in 2013 and culminating in R2.2 billion in 2015. This will enable us to ensure greater access to education and training opportunities for 702 430 poor and academically capable young people over the MTEF period.

Currently, post-school education and training institutions are unevenly distributed across the country, with rural areas being particularly poorly served. In order to correct this spatial distribution, the President last year announced the availability of R2.5 billion for infrastructure expansion and refurbishment. Last year I committed to establishing 12 new campuses.

I am now pleased to report that construction of these campuses will start this year and the first student intake in the new campuses will be in 2014. In addition we are significantly upgrading two existing campuses. This represents the first phase of our FET College infrastructure expansion and should cater for up to 28 000 additional students next year. We have to progressively invest in building more FET College campuses and satellites.

The R2.5 billion for capacity building and programme expansion has been allocated to FET Colleges to focus on expansion of enrolments (R2 billion), building institutional capacity (R365.5 million), and upgrading of equipment (R192 million). The strategic significance of this investment cannot be overemphasised, as it will assist the colleges to better respond to their expanded mandate.

Building the institutional capacity of the colleges is essential and we are drawing on the expertise in professional councils to assist us. During 2012, we developed an FET College Turnaround Strategy which focused on building college capacity in management, governance and leadership, financial management, human resource management, teaching and learning, as well as student support services.

With the assistance of the South African Institute of Chartered Accountants (SAICA), we have appointed 48 Chartered Accountants as Chief Financial Officers at FET Colleges with the remaining two colleges to receive their appointments shortly.

Also in partnership with SAICA, the department has appointed 20 Human Resources Specialists to support clusters of colleges to set up Human Resource systems, procedures and policies to ensure smooth and effective human resource management and development in each college.

We have also agreed to a partnership with the Engineering Council of South Africa (ECSA) to improve the FET curriculum, make it more relevant to the world of work and facilitate articulation into higher education.

In addition, the DHET is developing an FET College-based Mathematics and Science Foundation Programmes that will enable young people to take up university studies in the engineering, science and technology fields. We expect this programme to be piloted from next year.

During the 2013/14 financial year we will ensure that each college has structures that enable a learning institution to function optimally. This includes the filling of all vacant senior management posts, appointment of college councils and election of student leadership. These measures aim to create management, governance and leadership stability in FET Colleges.

An analysis of the current funding framework for FET Colleges and Public Adult Learning Centres has brought me to the conclusion that the framework is inconsistent with the vision of an integrated yet differentiated post-school education and training system. To remedy this anomaly, I shall set up a Ministerial Committee to advise me on how best to fund the TVET System (FET Colleges) and envisaged Community Colleges, both from the fiscus and levy funds.

At the beginning of this year, I published a notice in the Government Gazette which effectively transfers authority over FET College management staff from the Provincial Departments of Education to the Department of Higher

Education and Training with effect from 1 April 2013.

To finalise the migration process, during the course of 2013/14 parties in the Education Labour Relations Council (ELRC), General Public Service Sector Bargaining Council (GPSSBC) and Further Education and Training Colleges Bargaining Unit (FETCBU) will negotiate to finalise the Collective Agreements that will guide and manage the transfer of lecturers and support staff from the employ of the Colleges to the DHET.

# Adult education and training

Census 2011 provides a sobering reminder of the need to pay attention to Adult Education and Training. The Census indicates that there are potentially 18 million adult learners that the education system should address. 8.6% of these are the target of the KhaRi Gude literacy campaign, while the rest is the focus of the post-school system. The current Public Adult Learning Centres are woefully inadequate, reaching only 300 000 learners.

The Further Education and Training Colleges Amendment Act, No. 1 of 2013 provides for the creation of a new institutional type, to be known as Community Education and Training (CET) Colleges. The present Public Adult Learning Centres will in time be absorbed into the CET Colleges, additional facilities and staff will be provided and the offerings will be extended to provide vocational or community oriented programmes.

I have published for public comment the report of a task team which made recommendations for the community colleges. During the course of this financial year, the DHET will identify selected centres to pilot the first Community Colleges in 2015.

#### Universities

I am pleased to report that there has been a 12% growth in the university enrolments from 837 779 in 2009 to 938 200 in 2011 which is in line with the aim to increase the total enrolments to 1.62 million by 2030 as envisaged by the National Development Plan. Overall the number of university graduates for this period has also increased by 11%.

The numbers of post graduates increased at a higher rate than the overall graduation rate which is important because it is on post-graduates that we depend for our future academics, researchers and other leaders in knowledge-intensive professions. Research Masters graduates increased by 26% and Doctoral graduates increased by 15% from 1 373 in 2009 to 1 576 in 2011.

In my view though, this is quite insufficient to meet our needs and it is not really comparable to other leading developing countries, let alone developed ones. We need to aim at making it the norm for academics to have doctorates and we need to make a special effort to significantly expand the number of South Africans with higher degrees.

To this end, my department is exploring ways to accomplish this, including sending students to study at overseas universities where appropriate. Parenthetically, I should mention here my irritation at seeing universities awarding professorships to individuals who have virtually no previous academic experience and sometimes no higher degrees. I really wish that they would stop this, unless we want to lower standards.

Linked to the expansion of the university system is the establishment of the two new universities in Mpumalanga and the Northern Cape. Much preparatory work has been done and I now expect to establish the two institutions as legal entities in the next month. R2.1 billion has been earmarked for the development of the universities over the next three years.

Both universities will open their doors in 2014 in selected academic programmes, using existing buildings. We will be having architectural competitions for the design of the main facilities and launching these sites for construction from September this year.

Progress has also been made in separating the Medunsa campus from the University of Limpopo and establishing a new university incorporating that campus. This will be a comprehensive university of health and allied sciences, including veterinarian science and dentistry. In the next few weeks I will publish my intention to establish this new university and invite public comments.

At the beginning of this year I successfully established a Central Application Clearing House (CACH) mechanism as a first phase towards the establishment of the Central Application System (CAS). The Deputy Minister will

further elaborate on this in the closing address.

Last November I received a report from the Working Group on fee-free university education and I am studying its recommendations. I am preparing a submission to Cabinet to implement the African National Congress (ANC) Manguang Conference resolution to phase in fee-free education.

With regard to funding more broadly, I have received a comprehensive report from the Ministerial Committee on the Review of Funding of Universities which will be published soon. We will model the various recommendations and develop a revised funding framework before the end of this financial year.

The framework must ensure an effectively funded and strengthened university sector. Our aim is to ensure that all institutions, particularly those that service the poor, are able to offer quality higher education.

Teaching and learning are at the heart of our university system. An amount of R575 million has been allocated to all universities for teaching development grants to assist in improving graduate outputs and R205 million for foundation programmes to improve the success rates of students from disadvantaged educational backgrounds.

A teaching development policy framework will be implemented. In the coming financial year, programmes will also be initiated to support the academic and professional development of lecturers in universities. In addition, R177 million for research development has been allocated to all 23 universities to develop the research capabilities of university staff, especially for those institutions with low numbers of staff with Masters and Doctorate degrees.

I am concerned about the allegations of "sex for marks" practices at our higher institutions which mainly affects our female students. I will be asking the Oversight Committee on the Transformation of South African Universities to investigate these allegations and provide me with recommendations.

My department has continued to prioritise the expansion and strengthening of teacher education for all education sub-sectors, including pre-schooling, schooling and post-schooling. Additional resources have resulted in an increase from just under 6 000 new teacher graduates in 2008 to 10 361 in 2011, an increase of 73% in the number of new teachers that graduate annually.

We expect to exceed 14 000 new teacher graduates by 2015.

Plans are progressing to open new teacher education college campuses under the jurisdiction of existing universities. The Siyabuswa Teacher Education campus was launched earlier this year. It is being managed as part of the University of Johannesburg but will later be transferred to the new university in Mpumalanga.

Processes to establish new teacher education campuses in KwaZulu-Natal, Eastern Cape and Limpopo province are continuing. A Policy on the Professional Qualifications for Lecturers in Technical and Vocational Education and Training has been finalised and will be gazetted within the next month. This policy will for the first time establish a coherent set of qualifications for college lecturers.

I have extended the infrastructure grant to universities from two to three years, increasing the R3.8 billion to R6 billion over the period 2012/13 to 2014/15, including amounts aimed at overcoming backlogs in historically disadvantaged institutions. Through co-funding, institutions will contribute a further R2 billion over this period to bring the total investment in university infrastructure to R8 billion.

I have gazetted for comment a draft Policy on Student Housing in Public Universities. This Policy will require universities to improve student housing in many areas such as governance, maintenance, admission for first years and also set minimum standards for a proper living and learning environment for students across the sector.

For the period 2012/13 to 2014/15 I have allocated R1.652 billion for universities to build and refurbish student residences, with 86% of this funding allocated to historically disadvantaged institutions and campuses. While this funding is significant, it is insufficient to cover the need for student housing in the system. We have engaged with the Public Investment Corporation (PIC) and Development Bank of Southern Africa (DBSA) to make available additional funding for student accommodation.

Work on the establishment of a National Institute of Humanities and Social Sciences is progressing well and I expect it to be up and running by the end of this year. The work of my Advisory Panel on African languages is at an advanced stage. The panel is expected to submit its report on strengthening the study of African languages and developing them as languages of scholarship in line with the Constitutional requirement that their status be

elevated and their use promoted.

Although our public university system as a whole is relatively stable I have been compelled to take action in some institutions to ensure their integrity and proper functioning in the face of corruption or maladministration. This has included putting universities under Administration. I refuse to be intimidated by those who say this violates university autonomy but ignore the need for universities to be publicly accountable.

#### National Student Financial Scheme (NSFAS)

The National Student Financial Aid Scheme (NSFAS) is our primary tool to ensure access for poor students to post-school education. Since 1991, It has assisted 1.4 million students and many NSFAS alumni now play important roles in our economy and society.

The Board and staff of NSFAS continue to implement the recommendations of the Ministerial Review Committee report of 2010 and have made significant progress in the turnaround process to enable the entity to deliver on its mandate.

The Department's allocation to NSFAS for 2013/14 amounts to R5.769 billion. This includes R3.693 billion for loans and bursaries to universities and R1.988 billion for bursaries for Further Education and Training (FET) Colleges.

#### Linking education and the labour market

One of our priorities is linking the education and training institutions and the labour market. This is because workplace training is generally more effective if on-the-job training is combined with theoretical study and also because practical experience during training (or in some cased immediately afterwards) increases a student's chances of finding employment.

The DHET has now established a dedicated Unit on "Work Integrated Learning Partnerships and Innovation".

The Unit engages with employers in both the private and public sector as well as with SETAs in order to promote and institutionalize work integrated learning. Government departments and agencies at national, provincial and local levels are now starting to step up their intake of young people for apprenticeships, learnerships and internships as are state owned companies which have a pivotal role to play in this regard.

The private sector has great potential to step up training opportunities and some companies are already doing excellent work in this regard. We have declared this year as The Year of the Artisan.

Our new SETA Grant Regulations came into operation on 1 April 2013 and require SETAs to target funding towards structured workplace learning and experience, promoting partnerships between education and training institutions and employers. This will assist to institutionalise this very important work within the post school education and training system.

For the first time in its history, the NSF has reached a stage where its annual disbursements are on par with annual income. In addition, all of the Fund's R7 billion historic reserves have been earmarked for specific skills development projects of national priority.

Most of the expenditure has been for improving infrastructure and programmes for expanding capacity and improving quality in the production of skills in engineering, medical and veterinary sciences, renewable energy, various trades and rural development.

### Conclusion

My sincere gratitude goes to the President and Cabinet colleagues for their support, our Director-General, my Special Advisor, senior staff in the department and all of Team DHET including our institutions and public entities for their efforts to ensure that we realise our vision of a South Africa in which we have a differentiated and fully inclusive post-school system that allows all South Africans to access and succeed in relevant post-school education and training.

Issued by: Department of Higher Education and Training

8 May 2013

#### Higher Education and Training Budget Vote Speech 2013/14 by Deputy Minister Mduduzi Manana

8 May 2013

Honourable Speaker

Honourable Minister of Higher Education and Training, Dr Blade Nzimande

Honourable Ministers and Deputy Ministers present

Chairperson of the Portfolio Committee Adv Malale and Honourable Members of Parliament...

Director-General and the entire staff component of the department

SETA Chairpersons and CEOs

Heads and Executives of all our Portfolio Organisations and Institutions

National Coordinator of the ANCYL National Task Team, Cde Magasela Mzobe

My family in the public gallery

Distinguished guest

Ladies, gentlemen and comrades.

#### Introduction

Honourable Speaker, over the past year we have been on a journey of discovery- discovery of our nation's capacity to rise to many challenges of our times. The road we have travelled is full of pitfalls that not only evidence where we come from but also how we have carried out our mandate as elected servants of the people. On each stone there is a small acknowledgement next to each achievement which reads "only those who know where we come from, and where we are going, can know how much we have achieved.

This acknowledgement comes from the people whose dream of access to quality higher education was always deferred in pre-1994 South Africa.

Honourable Speaker, This is the fourth budget speech of the Ministry of Higher Education and Training to the fourth Democratic Parliament of post-1994 South Africa. It is indeed an honour and privilege for me to deliver my first budget speech as the Deputy Minister of Higher Education and Training wherein I will share some insight on some of the key areas that form part of my delegations.

#### Honourable Speaker,

We fully agree with the National Development Plan to "accelerate efforts in integrating issues of disability into all facets of society and ensure equitable service provision for persons with disabilities" and to eradicate the physical, information and communication barriers, which may prevent persons with disabilities from participating fully in the learning experience.

This year, I took the initiative of visiting selected high schools for persons with special needs to encourage them to enter the post-school education and training system under the theme "disability is no barrier to learning", guided by the understanding that inclusivity is one of the underpinning principles of the South African education system.

Honourable Speaker, I am happy to report that we have since set aside or ring-fenced funding for building capacity within our institutions to accommodate the needs of all persons with disabilities. We have also set aside student financial aid to fully support disabled learners to overcome the barriers facing them.

To get our Sectoral Education and Training Authority's (SETA) involved, a partnership between the Wholesale and Retail SETA and the South African Disability Development Trust ensued which saw 404 disabled people being trained in five provinces namely the Eastern Cape, Gauteng, Free State, KwaZulu-Natal and the Western Cape. The purpose of this intervention was to introduce disabled people to the wholesale and retail environment, equip them with workplace skills and increase their employability.

I am happy to report that several host employers have since opened up their workplaces for the 404 disabled people to acquire workplace skills... One of the beneficiaries of this programme is my special guest today, Mr Sizakele Mdladla, who is wheelchair bound and hails from Khayelitsha, who gave a testimony during one of the graduation ceremonies of how this programme have since changed his life.

Honourable Speaker,

Appreciating that our higher education and training institutions are not exempt from the risk of HIV, we felt that there is a definite responsibility and role for us to fulfil in the mitigation of HIV and AIDS and TB in order to improve access and build a strong skilled human resource for national development. The Higher Education HIV/AIDS Programme (HEAIDS) is a dedicated national facility to develop and support the HIV mitigation programmes at South Africa's public Higher Education Institutions (HEIs).

We applaud HEAIDS for driving the "First Things First" programme and the tremendous work that they have been doing in our universities and universities of technology in the past few years. In 2013 I directed HEAIDS under the leadership of its Director Dr Ramneek Ahluwalia (who is in the public gallery) to extend the HIV/AIDS testing and TB screening programme to FET colleges as the students in this sector are more susceptible to the pandemic.

This was to further align the Programme to the 2012 to 2016 National Strategic Plan for HIV, STIs and TB which emphasises on the effective practical implementation of a comprehensive response at all our institutions. I'm happy to inform the people of South Africa that in February this year, I launched the First Things First programme in the FET sector at the Mnambithi FET college in Ladysmith.

Just last week, we visited the Gert Sibande FET college as part of our First Things First HIV/AIDS and TB Counselling and testing roll out plan. We will also be visiting the Goldfields FET College in the Free State in August this year on a similar mission.

#### Honourable Speaker,

The Minister of Higher Education and Training launched 2013 as the Year of the Artisan at an auspicious event at the Tembisa Campus of the Ekurhuleni West FET College in Gauteng. The launch signalled the beginning of an artisan development advocacy programme that is being rolled out across the country led by my office as mandated by the Minister.

The advocacy programme is being rolled out under the theme "It's cool to be an Artisan" and is already finding considerable resonance among many South Africans and is being supported by large numbers of persons mainly our high school learners. Each event also links a local secondary school to a local FET College and in this regard we are working very closely with our SETAs so that they facilitate workplace training for our students. We have further directed our FET colleges to host Open Days for high schools in order to promote their programme offerings.

We call on all South Africans to heed to our call and join us as we promote artisan development in our country. This, Honourable Members, is really to elevate the status of artisans and further build a strong skills base in South Africa in our final attempt to improve the employment prospects of our young people.

Honourable Speaker, honourable members,

This year I launched World Skills South Africa or what we refer to as the South African chapter of the world Olympics on skills. The Minister of Higher Education and Training strongly felt that for a developmental state like South Africa, it makes more sense to organise sessions of this nature where international perspectives specifically on skills development are shared given the need for the country to thrive as a global partner and competitor. International best practices and benchmarks are the critical elements for a progressive economic system.

Two of my special guests in the public gallery today are Mr Thulani Mzayidume (a past participant in mechatronics at the 41st World Skills Competition in London, United Kingdom in 2011) and Mr Marvin Lottering (who will be participating in dry walling and plastering at the 42nd World Skills Competition in Leipzig, Germany next month. I must commend both SETA and Services SETA for the good work as we see these skills competitions as a great way of harnessing our energy for the Year of the Artisan.

## Honourable Speaker,

When we launched the "Apply Now!" campaign last year the aim was to create awareness of career options and application procedures to be followed for Post-School Education and Training. The intention was to reduce the long queues and some of the chaos that generally take place at most of our universities at the beginning of each academic year. I am pleased to report that we reached out to Grade 9 to 12 learners in all of the 6000 public high schools and distributed 600,000 booklets throughout South Africa in 2012.

I also visited selected universities at the beginning of the year, namely: the University of Venda, the University of Johannesburg, the University of Fort Hare and the University of Zululand to monitor the impact of the Apply Now campaign and I am pleased to report that the registration and late application processes ran smoothly. During this academic year, we had minimal walk-ins, less long queues, no reported student protest linked to the registration process and no stampedes whatsoever.

For 2013, we have updated the "Apply Now!" booklet and will distribute it in June to all high schools in the country. We will continue to reach out to as many learners as possible during this current year. As the final phase of the Apply Now! campaign, we want to focus on raising awareness about the Central Applications Clearing House facility.

This facility was successfully implemented at the beginning of this year as a precursor of the Central Application System. The service managed to advise prospective students of the various educational opportunities within the post-school system and helped direct them to available spaces in the system.

Honourable Speaker,

I am happy to announce that the department will be developing and testing the IT system for the Central Applications Service during this financial year, and will pilot the system for phased implementation from 2015.

Honourable Members... We are on course.

Let me take this opportunity and extend my gratitude of thanks to the President of the Republic, His Excellency, JG Zuma for his continued guidance and support.

To the Minister of Higher Education and Training, Dr Nzimande, ngibonga kakhulu ukungixhasa nokusekela kuwowonke umsebenzi engiwenzayo.

To my cabinet colleagues... Thank you very much for your support and teamwork.

To members of the portfolio committee, your constructive role in playing your oversight function is most commendable.

To the management and staff of the department under the stewardship of the Director-General, continue to be patriotic South Africans as you have demonstrated in the past year in our final quest to bring quality service to our people.

To my movement, the oldest liberation movement in Africa... I couldn't have served my people to the best of my ability under any other ticket than the African National Congress.

To my family and friends (my mother in particular, MEC Manana who is sitting in the gallery)... Thank you for affording me the space to execute my duties and the support you have given me since I heeded to the public call of service and duty.

My sincere gratitude to all the personnel in my office for their dedication, commitment and willingness to work beyond the call of duty.

Honourable Speaker,

Let me reiterate what I have said above, now that we have achieved so much, we must claim our rightful place among the achievers in terms of deliverables. The task at hand remains a daunting one but the prize is big. Forging change is not easy. We have to confront established ways of thinking and working. We must continue to gain the momentum to fight for a truly educated and skilled workforce in our country.

Thank you.

Issued by: Department of Higher Education and Training

8 May 2013

# Vote 18: Labour

#### Department of Labour Budget Vote Speech 2013/14 by Honourable Minister Mildred Oliphant

22 May 2013

Theme: Working towards a peaceful environment in labour relations and collective bargaining.

House chair Colleagues and compatriots Fellow South Africans.

Firstly house chair allow me to join millions of our compatriots in paying tribute to one of our best broadcasters Vuyo Mbuli who passed on last weekend. May his soul rest in peace.

Let me remind this house about the clarion call made by the real Congress of the People that met in 1955: Peace and friendship amongst all our people shall be secured by upholding the equal rights, opportunities and status of all South Africa shall strive to maintain world peace and the settlement of all disputes by negotiation – not war.

This budget vote takes place at a time when South Africa enters the critical moment of the collective bargaining season. It is also true that we have experienced greater turbulence in industrial relations in our young nation.

These challenges in the area of labour relations and collective bargaining in the year under review have also provided vital insight and lessons going forward and will be noted in history as necessary painful steps in building our young nation.

Precisely because mining has been and remains a key pillar of our economy, its troubles echo all over the country and affect many industries in its wake. So it was that when ructions occurred recently in the mining sector – especially in the platinum belt, it left in its wake not only dead or maimed compatriots, but a changed collective bargaining framework and a considerable dent in the economy – the effects of which will be felt well into the future.

Added to this, the strikes in the road freight sector and the protest action by farmworkers in the Western Cape reminded us of just how important the responsible exercise of labour relations to the country and to the economy is.

We do want to appeal to citizens not to despair and throw hands in the air on the basis of the challenges we are facing. After all, the very foundation of this nation is based on significantly worse challenges that we overcame. We rise with the morning sun time and time again and rededicate ourselves to the ideal of a better life for all. We do so as part of the human effort and endeavour to create a society on the basis of equality, fairness and justice.

Our country is steeped in the art of negotiation and dispute resolution and for this reason, the Department of Labour in concert with other affected departments, has engaged organised labour and organised business in concluding a peace and stability framework for the mining sector. Talks are also continuing about the character of a new centralised bargaining arrangement in the platinum sector.

In the light of the challenges in the collective bargaining front, and attendant developments, the department will host a labour relations indaba, an event that will see stakeholders and role-players engaged in a conversation on the future of collective bargaining and social dialogue. We want to generate greater interests and concerns of social partners in respect of labour relations conflict, and identify measures to strengthen labour relations and dialogue in order to achieve labour market stability and peace. To achieve this, DoL is working closely with NEDLAC and the Commission for Conciliation Mediation and Arbitration (CCMA). Out of the pain of Marikana and other hotspots, a nation united in the view of how it wants to deal with challenges of industrial relations will rise.

As part of the learning's from our troubled year, we have also tabled for discussion the Bureau for Food and Agricultural Policy report that guided us in the setting of the sectoral determination for farmworkers earlier this year at Nedlac. This is to help us see how some of its recommendations can be incorporated into other policy considerations going forward.

The Minister will be engaging the leadership of the Labour movement to discuss the adversarial nature of our Industrial relations and to explore various ways to arrest the potential threat to our system of collective bargaining. The department will also explore areas that present partnership possibilities such as capacity building and communication. For the collective bargaining institutions to work we need strong and sophisticated union

organisations and strong employer bodies. The bulk of the troubles in the collective bargaining processes mirror the state of organisation in the parties that are involved.

As you may well be aware, the department has always deployed either my office or the institutions under my watch to assist parties in disputes and so far, this has worked well. But this defeats the purpose as collective bargaining institutions were created in order to free government from becoming involved in work place issues. You will agree with me that to expect the Minister to become involved in every dispute carry the risk of undermining the very institutions that were set up to do this work and besides, it is not sustainable nor feasible.

## House chair,

It is worth repeating that the Department of Labour is alive to its mandate of ensuring that there is decent work pursued under conditions of freedom, equity, security and human dignity – the ideals that drove our people to create a blueprint called the Freedom Charter.

Our mandate directs us: "To regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at: improved economic efficiency and productivity; employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; alleviating poverty in employment; enhancing occupational health and safety awareness and compliance in the workplace; as well as nurturing the culture of acceptance that worker rights are human rights."

As members are well aware, there are bills before Parliament in which we seek to address all of the above. I would like to urge the members to ensure that these bills are passed into law as speedily as possible so that workers can benefit from an improved legislative platform and protections in line with International Labour Organisation standards. The amendments will see an enhanced regime of legal and social protection to deal with current realities in our labour market.

This is in keeping with the promises made in the African National Congress election manifesto in 2009 which promised that: "In order to avoid exploitation of workers and ensure decent work for all workers as well as to protect the employment relationship, (we will) introduce laws to regulate contract work, subcontracting and outsourcing, address the problem of labour broking and prohibit certain abusive practices.

Provisions will be introduced to facilitate unionisation of workers and conclusion of sectoral collective agreements to cover vulnerable workers in these different legal relationships and ensure the right to permanent employment for affected workers."

These commitments have the genesis in the Freedom Charter which committed the state to ensure that:

- All who work shall be free to form trade unions, to elect their officers and to make wage agreements with their employers;
- The state shall recognise the right and duty of all to work, and to draw full unemployment benefits;
- Men and women of all races shall receive equal pay for equal work;
- There shall be a forty-hour working week, a national minimum wage, paid annual leave, and sick leave for all workers, and maternity leave on full pay for all working mothers;
- Miners, domestic workers, farm workers and civil servants shall have the same rights as all others who work;
- Child labour, compound labour, the tot system and contract labour shall be abolished.

Allow me house chair to acknowledge in our presence one of the stalwarts that took part in that historic gathering in Kliptown in 1955 – Leon Levy who continues in the effort of attaining a peaceful environment in labour relations as a senior CCMA commissioner. Mr Levy, who in the 1950s and 60s served as President of the South African Congress of Trade Unions (SACTU), the first non-racial trade union federation in South Africa which advocated for unionisation of workers across the colour bar under the theme "Organise or starve" as well as promotion of One Union One Industry principle.

Let me also pay tribute to another stalwart – in her absence – who was also present at the real Congress of the People in Kliptown. Umama Emma Mashinini who was one of the founding members of the Garment Workers Union and later went on to be elected General Secretary of the Commercial Catering and Allied Workers Union of South Africa.

Here in the hallowed corridors is Honourable Eric Mtshali, popularly known as "Stalin" who also served with

great integrity especially with SACTU and continues to inspire and lead. It is stalwarts such as these that showed extraordinary courage and determination, thus contributing to the improvement of working conditions and the formation of strong trade unions for South Africa's workers.

House chair,

The democratic state post 1994 sought to translate these wishes of thousands that gathered in Kliptown into a reality.

Bringing change to a system so pervasive and systemic like the state-sanctioned discrimination is not an event but a process. We continue therefore to fine-tune the process and evolving our jurisprudence to keep up with changing conditions. We reported to this chamber last year that we had instituted wide-ranging legislative reforms. These reforms include the very effort of curbing the abusive practices visited on workers everyday by the system of labour broking. The fact that both business and labour are up in arms with regard to some of the proposed changes, tells us that we are doing something right.

We promised to continue protecting vulnerable workers as enjoined in the Freedom Charter where it says miners, domestic workers, farmworkers and civil servants shall have the same rights as all others who work.

One of the most effective tools the department employs in protecting the vulnerable sectors of our society are sectoral determinations which regulate the minimum wage that workers can earn in a given industry. Let me repeat. Sectoral determinations regulate the bare minimum wage. To this end, in the past financial year, the department has amended and reviewed the determinations in the Hospitality, Contract cleaning, Civil engineering, Private security; Taxi, Wholesale and Retail and Farm workers sectors.

We are proposing the following changes to the Unemployment Insurance Act.

- Increased benefits to beneficiaries
- Benefits period from eight months to 12 months, which means workers will be paid over a longer period without additional contributions.
- The inclusion of domestic workers on maternity benefits
- In addition a woman who goes on maternity leave will be paid at an income replacement rate from 38% to 66%.
- Workers will be given adequate time to claim UIF up from six months to 18 months for death benefits and 12 months for other benefits.

This is an attestation ladies and gentlemen to a prudent and correct management of the funds by the Unemployment Insurance Fund which has made it possible for the state of affairs where we add to the benefits possible.

After all, bringing those in need under the protective blanket is a function and purpose of developing our young state, as Amartya Sen, in his seminal book Development as Freedom asserts: "Protective security is needed to provide a social safety net for preventing the affected population from being reduced to abject misery, and in some cases, even starvation and death. The domain of protective security includes fixed institutional arrangements such as unemployment benefits and statutory income supplements to the indigent as well as ad hoc arrangements such as famine relief or emergency public employment to generate income for destitutes."

The proposed changes to the Compensation for Occupational Injuries and Diseases Act will see domestic workers and farmworkers covered by these protective measures. We continue fighting the scourge of child labour, compound labour, the tot system and contract labour as stated in the Charter.

In June, we will be hosting the Child Labour day in Mpumalanga after successfully doing so in Limpopo last year. We are well aware that children are made to do work not suitable for their age especially in the agricultural sector.

Alongside our sister departments, we realise the shortage of skills in our economy and are working to make a difference in this field. To this end, we have partnered with the South African Maritime Safety Association to enable them to tap into our system for the cadets they want to put through the paces of training. We have also agreed to work with the Department for Higher Education and Training to have these cadets placed at FET colleges. As you will hear later, we have also partnered with SETAs to provide training for youth and unemployed people.

I would also like to take this opportunity in congratulating the 2013 class of The Workers College Natal who were awarded diplomas by the University of KwaZulu-Natal in fields like labour studies and labour economics. This college which is partly funded by the Department of Labour provides capacity building for union officials of the three federations' affiliates to obtain a national academic qualification.

It may very well be that we would be approaching the fiscus in the next medium term budgetary framework to explore whether this noble concept could not be replicated to other provinces as well.

But we also continue lending weight to other efforts to build capacity through our support of Ditsela which is involved in building capacity by training union officials the funding which has been in place since 1996. For the next three years, R30.4-million has been allocated for this purpose.

Colleagues and compatriots,

As you well know, the Department of Labour is comprised of critical branches and allow me to give an update on the different entities.

# **Unemployment Insurance Fund**

The Unemployment Insurance Fund (UIF) continues to play a pivotal role in the area of job creation, ably guided by its board. During the 2012/13 financial year, the UIF and Industrial Development Corporation (IDC) continued their collaboration through the issuance of an additional bond of R2 billion which has increased the total bond to R4 billion. The IDC utilises these funds to lend out to businesses that aim to create or save jobs. Through this partnership, 21 234 new jobs were created and 20 161 saved for the period up to 31 March 2013.

For the 2013/14 financial year, this investment has increased from 5% to 10% of the total investment portfolio. That means well over R8 billion will be made available for investment in manufacturing, mining beneficiation, agriculture and tourism. We have allocated R3.2 billion to the Public Investment Corporation (PIC) to plough into job creation projects, over and above the amount allocated to IDC. We are establishing an Advisory Committee at UIF to ensure that the money invested by the PIC on our behalf creates and lead to job retention.

In addition, the UIF will continue funding Productivity South Africa's Turnaround Solutions – a three year R39-million a year agreement to assist companies in distress to save jobs and keep people in employment.

The department will also continue re-skilling beneficiaries who lost their jobs for re-integration into the labour market through its "Training of the Unemployed" initiative in collaboration with various government training institutions. An amount of R210 million has been set aside for the current financial year and R1 billion over the three year rolling period. In the 2012/13 financial year, three training initiatives were rolled out involving: 1000 UIF beneficiaries and unemployed youth on various ICT related programmes in collaboration with the MICT SETA, 1000 on mining related artisan programmes in collaboration with the Mining Qualification Authority and 1 500 in various artisan trades in collaboration with the MERSETA.

The UIF has maintained its commitment of R1,2 billion made towards the funding of the Training Layoff Scheme. A total of R105 million has been budgeted for the 2013/14 financial year and R400 million over the three year rolling period.

In all this, the UIF has remained true to its core mandate of collecting contributions from employers and paying benefits to employees who qualify. During the 2012/13 financial year, the collection of revenue increased by 9,8% from R12,3 billion to R13,5 billion against the payment of benefits of R6 billion to 500 000 persons. The projected revenue to be collected is R13,9 billion.

The UIF continues to look for ways to improve accessibility for its services. During the last two years, the UIF has been enhancing the uFiling system to include an online claims portal. The system is being piloted among the few accredited employers with a plan to fully launch it during this financial year. The uFiling system will also continue to provide employers with a platform to register employees and pay contributions online. By the end of March 2013, 42 287 employers utilised the uFiling system.

#### Inspection and enforcement services

House chair,

In the last financial year, we lost one of our members; the DDG responsible for IES Siyanda Zondeki Nxawe. May her soul rest in peace.

In terms of the work of this branch, during the past year, the department adopted a more targeted approach to inspection and enforcement. It did so by adopting a targeted approach to deal with the most problematic sectors as well as the high risk sectors where levels of non- compliance and injuries on duty are more pronounced as evidenced by our claims history at the Compensation fund.

In the 2012/13 financial year we have conducted 141,744 inspections in these sectors alone. Of these, 112, 672 were in what we term the problematic sectors and 28, 803 in high risk sectors. Over the same period we have seen compliance levels in the problematic sector stabilising at around 64% whilst for the high risk sector we have seen a decline in compliance levels to around 54 percent. The focus on these sectors will continue going forward.

Given this level of compliance, it is necessary for me to remind our social partners that they share a responsibility for ensuring that employers and employees comply with the labour laws of this country. We have jointly formulated our legal framework through social dialogue and we need to work together to ensure an improved level of compliance in our labour market.

Labour inspection services play a key role in ensuring enhanced productivity, respect for national laws and protection of worker's rights. Labour inspection services promote compliance with labour law and aims to enhance the smooth functioning of the labour market. In other words, labour inspection services are an indispensable institution of social policy and sound labour market governance.

Our Roving Inspection Team as well as our Employment Equity team has seen some measure of success during the last financial year. We have requested these teams to follow up on a number of inspections that they have conducted and specifically for the Roving Team we have seen at least 14 cases referred to the justice system for non-compliance with the Occupational Health and Safety Act.

The Employment Equity Team for the year under review has completed 269 DG Reviews in terms of the Employment Equity Act. The overwhelming majority of companies reviewed - 254 to be exact were found to be non-compliant. We will vigorously pursue compliance going forward.

The department is committed to continuing with its efforts to strengthen the inspectorate. To this end we have devised a number of initiatives over the last financial year that would inform our approach going forward.

At a policy level, we have completed the work in preparation for our ratification of the International Labour Organisation Convention (Convention 81) on labour inspection. It is our aim to register South Africa's ratification of Convention 81 at the ILO during the course of this year.

We will also seek to amend the Occupational Health and Safety Act to ensure that it not only responds to the needs of a changing economy but also to strengthen powers of our Occupational Health and Safety inspectors.

We are indeed beginning to bite and a number of employers have in this financial year felt the strength of our teeth. As promised in the new financial year, we are going to intensify our efforts to ensure that those who don't comply with our labour market policies do not sit easy.

#### Public employment services

In June 2012, the department officially launched the Jobs Fairs and Summits that were conducted in all nine provinces. These fairs were intended to provide an opportunity for work-seekers to meet prospective employers, in both private and public sectors, and other organisations that can assist with placement in different forms of employment or in learning opportunities.

The immediate effect of the Jobs Fairs was as follows:

- 23 726 work seekers were registered in an electronic database;
- 14 253 work seekers received employment counselling to assist them in career choices;
- 8 051 job opportunities were registered by employers accompanied by pledges of real and immediate job opportunities from employers.

The Jobs Fairs were an important start in the process of raising awareness of the public employment service. It is clear that the department will need partnerships with employers and employer organisations if we are to increase the placement rate and a proper meaningful service to the many job seekers in the labour market.

Honourable chairperson,

It is a pleasure to welcome to the House today a number of employers who participated in our Job Fairs and who have made use of the department's employment service. With them are young, first time entrants to the labour market who have been placed in jobs through our service.

During the last financial year, our employment services managed to register 600 259 work seekers. These are persons who register with the Labour Centres of the department throughout the country. Many of the work seekers that we register, however, come to our offices to claim Unemployment Insurance benefits. The service managed to provide career counselling to 264,068 work seekers, while 16,171 were placed in job opportunities.

Last year, I reported that the Sheltered Employment Factories that fall under the department and that employ more than 1 000 persons with disabilities had started a turnaround strategy. I can now report that the Business Case for the factories has been finalised, as well as an options analysis and implementation plan.

#### Compensation Fund

The Compensation Fund is responsible for managing the COID Act which deals with compensation for injuries and diseases contracted in the work environment. The Fund has experienced challenges in the last financial. The challenges experienced have been brought to the attention of the Portfolio Committee In our last budget we also made a commitment on the implementation of a turnaround. This has been partly implemented.

We indicated last year that the Fund will launch an online submission of Return of Earnings System. This system was launched in May 2012. To date, close to 200 000 employers switched from manual to an online submission system and the fund was able to collect over R7.3 billion in revenue as a result thereof.

In the period under review, the Compensation Fund paid out over R775 million Rand in pensions to over 295 000 pensioners. We also indicated last year that special attention will be given to improving claims management system. I am glad to say that there have been some improvements on this front, but more still needs to be done. We have managed to process 934 000 invoices in Medical Payments amounting to R1.5 billion Rand, a remarkable improvement indeed.

I have directed the Commissioner and the Director General to initiate a process of piloting the Rand Mutual Assurance (RMA) claim system as a matter of urgency and provide me with regular feedback. We will also be amending the Compensation Fund Act to introduce an enabling provision for Rehabilitation and Early return to work for the injured and diseased workers. The Draft Amendment Bill has been signed-off by the Board and it is going through the internal legal processes.

The Fund has funded a total of 21 Social Civil Society job creation projects and the discussions with the PIC to allocate R3.5 billion investible income for job creation and infrastructure development projects.

# **Labour Relations**

In the area of labour relations, the past year has raised a number of challenges. The department will continue to work with our social partners to stabilise areas where there is conflict in labour relations.

I also want to acknowledge the important work that is being carried out by the CCMA in mediating and conciliating disputes and providing other support, including to platinum mining companies. It is crucial that employers and trade unions do whatever they can to stabilise incidents of unrest wherever they occur.

Regarding our obligations to the International Labour Organisation (ILO), South Africa has been in the forefront of ratifying the different conventions. Recently Parliament ratified the following:

Maritime Labour Convention of 2006: To provide for a modern system of improved conditions of decent work in the maritime sector together with an enforcement regime.

Convention concerning Work in the Fishing Sector of 2007 (No. 188) - To ensure that employees on fishing vessels

will have decent conditions of work, including food and accommodation, occupational safety and health, medical care and social security.

Labour Inspection Convention of 1947 (No. 81): To provide useful guidance for designing and monitoring an improved labour inspection system, and

Domestic Worker Convention of 2011 (No. 189): To enhance the protection of domestic work worldwide. In any event, nearly all issues in this convention are already entrenched in the Sectoral Determination for Domestic Workers. There are, however, a few issues that still need to be addressed, such as coverage for domestic workers under the Compensation for Occupational Injuries and Diseases Act (COIDA).

The HIV and AIDS Code and Technical Assistance Guidelines have been reviewed and aligned with the ILO's Recommendation 200 concerning HIV and AIDS and the world of work has also been adopted.

The department also hosted a successful Employment Equity Indaba which sought to place back in the public discourse the issue of workplace transformation. This is especially more urgent now to begin to take stock of the impact of the changes that the democratic government has made.

The Commission for Employment Equity's latest report shows that there is still a long way to go. Employment Equity is not a compliance issue. It is not about ticking boxes. It is a moral and human rights imperative; it is a pre-condition for the achievement of sustainable development, economic growth and equality in the country, which should be supported by decent work initiatives. Pro-active measures are required by organisations to develop and harness an inclusive and diverse workforce that is free from unfair discrimination and is reasonably demographically representative.

Earlier in the year we reviewed the sectoral determination of farmworkers. A number of farmers indicated that they could not meet the determination at R105 a day. We made it clear that subject to certain conditions, it was possible for temporary exemptions to be granted.

Let me now turn to the priorities of the Department of Labour for the remainder of the current year.

#### Department of Labour strategic priorities, 2013/14

For the 2013/14 financial year, an appropriation of R2, 415 billion has been awarded to the department. This appropriation is duly reflected in the Estimates of National Expenditure (ENE) 2013. The increase of R276 million when compared to the 2012/13 adjusted appropriation can mainly be attributed to the following:

- R23,2 million in respect salary adjustments;
- R50 million in respect of the Sheltered Employment Factories for implementation of the business case;
- R85 million in respect of the CCMA's roll-out of the web-based case management system.

The spending focus over the medium term will continue to be on protecting vulnerable workers, reintegrating work seekers into the labour market and ensuring decent work.

While we need to strengthen the role of all labour market institutions, it should be noted that in times of high unemployment, the workload for the Department of Labour also increases as there are growing pressures in the labour market. Unfortunately, our budget allocations have not provided much room for expanding services and extending direct support to job seekers, in particular.

In this financial year, the department has an opportunity to:

- Manage for the first time in 10 years its own IT services.
- Improve in to the functioning of the Compensation Fund will be effected. In particular, the claims backlog will be substantially reduced and the turnaround times on claims and employer services improved.

In relation to our legislative and policy environment, we will be focussing on:

- Amendment of the Unemployment Insurance Act.
- Amendment of the Compensation for Occupational Injuries and Diseases Act
- Amendment of the Occupational Health and Safety Act

- Amendments to other labour legislation including the promulgation Employment Services Bill that are currently before Parliament.
- This financial year, we are going to up skill 1000 domestic workers as well as train farmworkers in terms of the BCEA, LRA and sectoral determinations.
- The current year should be one in which the Department can focus on promulgation and implementation to improve worker protection and employment security.

Our first priority in the coming year should, however, be to work together to achieve a peaceful environment in labour relations and collective bargaining. This is not a task for government alone. It is one that requires all employers, employees and their organisations to renew our common loyalty to our country and our commitment to its future. As people who live and work in South Africa, we need to take our destiny into our own hands and to find long-term solutions to the challenges that face the future of labour relations and collective bargaining.

We call upon members of this house to join the human effort which seek to stabilise the development of our nation and the creation of a society wherein there shall be work and security for all. As our forebears said, "we will continue to fight for these freedoms side by side, throughout our lives, until we have achieved a better life of South Africans".

Allow me then members to thank the chairperson and members of the portfolio committee for their work, in keeping us on our toes. We also thank our social partners, organised labour and business for their support. Lastly but most importantly, I want to thank all department officials led by the Director General for their support. I would particularly like to thank the staff in the Ministry whom I sometimes give a hard time.

I would like to finally commend the budget of the Department of Labour to the honourable members of this house.

I thank you.

Issued by: <u>Department of Labour</u>

22 May 2013

# Vote 19: Social Development

# Budget Vote Statement by the Minister of Social Development, Ms Bathabile Dlamini, MP to the National Assembly, Cape Town

8 May 2013

Honourable Chairperson,
Honourable Deputy Minister, Mama Bongi Maria Ntuli,
MECs of Social Development here present,
Honourable Members of Parliament,
Distinguished guests,
Ladies and gentlemen,

It is with great humility that I rise to present Budget Vote 19 in this august house. The budget I am presenting today builds on the strong foundation we have laid to date, towards a fully democratic and an inclusive society envisioned in the Freedom Charter.

This budget, which is the last in the current administration before the next general elections in 2014, focuses on the journey we have traversed since 2009 and on the work we will undertake over the MTEF period.

The budget takes its cue from the State of the Nation Address and the ANC's 53rd National Conference held in Mangaung in 2012 and it is presented under the theme: "Protecting and Optimising Development Outcomes for South Africa's Children."

In line with this theme, we have invited caregivers from Khayelitsha and a group from child-headed households, who are seated in the public gallery.

I would like to extend a very warm welcome to them, and I look forward to meeting and engaging with them this afternoon and in the coming days. Chairperson, this Budget is presented against the backdrop of landmark developments that have given fresh impetus to the work of the social sector and government as a whole.

In December 2012, the 53rd National Conference of the ANC adopted the National Development Plan (Vision 2030) to guide united action by all South Africans. The ANC sees the NDP as a common planning framework that will enable us to consolidate our democratic gains and continue to build an inclusive society.

Honourable Members, since 1994, we have embarked on an extensive programme to attack poverty on all fronts. Numerous institutions, amongst them, the Organisation for Economic Cooperation and Development (OECD) acknowledged the notable progress we have made.

Today, unlike under the apartheid regime, all our children, black and white, from the young girl in Muyexe, Limpopo, to the teenage girl in uMsinga, KwaZulu-Natal, have access to educational opportunities and a social safety net.

The social assistance programme, now reaches over sixteen million beneficiaries. I must emphasise that eleven million of these beneficiaries are children, having started from a very low base of about 30 000 in 1998 when the Child Support Grant was introduced. These considerable achievements can be attributed to the extension of social security coverage to previously excluded and marginalised groups in line with the Constitution.

By putting money directly in the hands of the poor, particularly women, we have empowered them to make positive life choices that have improved the lives of South African children, particularly on important matters such as improved nutrition, better educational outcomes, healthcare and activation of job-seeking behaviour.

These solidarity based policies, ensured that the impact of the ongoing global economic melt-down and financial crisis was less severe in South Africa.

While more work remains to be done, particularly, to address inequality in our society, I am confident that the measures and plans in this Budget Vote represent a solid foundation upon which to consolidate further momentum and success.

This year, the department received a budget of One Hundred and Twenty Billion Rand. Of this amount, One Hundred and Thirteen Billion Rand is allocated for the payment of social assistance grants, which comprise 93 percent of the total budget allocation.

Chairperson, at the beginning of our term of office in 2009, President Jacob Zuma said:

"For as long as there are children who do not have the means nor the opportunity to receive a decent education; we shall not rest, and we dare not falter, in our drive to eradicate poverty."

Pursuant to this commitment, and as part of our quest to fight the root causes of poverty, in particular intergenerational poverty, we identified the provision of Early Childhood Development (ECD) as key to our success towards achieving Vision 2030 goal.

The adoption of the first 1000 days campaign by the ANC demonstrates a serious political commitment to optimise the development outcomes for millions of our children. This will ensure that we focus on the most critical period of a child's life, beginning with the mother's pregnancy to the age of two years.

In 2010, we committed ourselves to expand the coverage of ECD services. Many of the changes we promised have since been implemented. To date, over nine hundred thousand children benefit from this programme and we are on course to deliver on our mandate to provide universal ECD services by 2014.

Following the diagnostic review report and the resolutions of the ECD conference held in 2012, we have approved a five-year integrated programme of action, which identified the urgent need to improve rural infrastructure, human resource capacity, a new comprehensive funding model, and amendment of the Children's Act. Accordingly, we will finalise a national policy, which will define the ECD service package and make it a public good.

Consistent with the theme of this budget, I am pleased to inform this house about the new partnership with the Department of Communication to roll out the information communication technology strategy, targeting fourty ECD sites in rural areas this year.

In line with our target of 10 000 Child and Youth Care Workers over five years, I am also pleased to announce that we have recruited 3 150 Child and Youth Care Workers from local communities and have begun with the training programme for the roll out of the Isibindi Model in 260 sites.

Chairperson, in May last year, I outlined plans to roll out the new biometric-based payment solution for social grants. As part of the transition to the system, we embarked on a national campaign to re-register all grant beneficiaries. Today, I am pleased to report that a total of 20,7 million people have been successfully re-registered into the new system.

I would like to take this opportunity to thank all beneficiaries who heeded our call for their cooperation in ensuring a seamless transition to the new system. SASSA will implement this programme in accordance with the provisions of the Promotion of Access to Administrative Justice Act (Act No. 3 of 2000). I would also like to assure all South Africans that no qualifying beneficiaries will have their grants cancelled.

To assist us in this regard, I urge all beneficiaries who have not re-registered to visit their local SASSA offices to respond to the letters we have sent to them. I also want to ask you honourable members, to please help us to spread the message in your constituencies. Just a year after its implementation, we are already witnessing the positive spin-offs of the new biometric payment solution. For example, through beneficiaries approaching SASSA, over a hundred and fifty thousand social grants were cancelled. This has led to a saving of One Hundred and Fifty Million Rand per annum.

Chairperson, in 2010 I promised to root out fraud and corruption in the social security system. We are delivering on this promise. During the financial year 2012/13, we have registered about seven thousand seven hundred cases of fraud. More than fifty five percent of these cases have been finalised and closed.

In an effort to clamp down on unscrupulous micro lenders who exploit social grant beneficiaries, SASSA will not be processing any other deductions, except for funeral deductions that do not exceed ten percent of the value of the grant in line with regulations. Once again, I would like to appeal to all social grant beneficiaries that they must not give their SASSA cards and pin codes to micro lenders.

Chairperson, it is worth pointing out that the Supreme Court of Appeal (SCA), in a unanimous decision, overruled the decision of the North Gauteng High Court which found that the awarding of the social grants payment tender to Cash Paymaster Services was "illegal and invalid".

The SCA dismissed the highly publicised allegations of corruption and irregularities which were granted prominence by an all-too-negative segment of the media. The losing bidder has now made an application to the Constitutional Court to set aside the ruling of the SCA. We are opposing this application as there is no merit to their case. We remain determined in our resolve to ensure that no vulnerable person is denied access to their grants due to unnecessary legal challenges.

While celebrating these successes, we cannot be complacent and think our job is done. Honourable Members, INDE LENDLELA ESIYIHAMBAYO. I will be appointing a Ministerial Advisory Committee that will investigate and advise me on the best payment options for Social Security.

Another important task in this regard, will be to address the identified policy gaps in relation to the old age grant. The administration of the means test for the old age grant in its current form has the unintended consequences of penalising senior citizens who have saved for their retirement.

Chairperson, in so far as the Old Age Grant is concerned, 2013 will go down in the history of our country as a memorable year. In February this year during the Budget Speech, the Minister of Finance announced for the first time, plans by this government to phase out the means test for the old age grant by 2016.

This is indeed a watershed moment and a giant leap forward in our quest to ensure a secure and dignified retirement for our senior citizens. The universalisation of the Old Age Grant will be a fitting tribute to the memories of the late Mama Winkie Direko, Father Elliot Mgojo and Tom Boya, who all campaigned long and hard over the past years for this cause.

As part of honouring our promise to promote and protect the rights of all our senior citizens, I am pleased to inform this house that the President's Coordinating Council has endorsed our proposal for the establishment of Older Persons Desk in the Offices of Premiers in all provinces.

We believe that every senior citizen deserves a secure, healthy, and a dignified life. For this reason, we strongly condemn unwarranted acts of violence and abuse against our senior citizens.

Let me take this opportunity to convey my profound regrets and dismay on the tragic loss of life Ms Elimina Mbhele who lost her life during the attack at a SASSA pay-point at Lindelani, in KwaZulu-Natal.

Chairperson, we attach great importance to the contributions of older persons, to national development, particularly in the context of nation building, promoting social cohesion, strengthening families and caring for orphans and vulnerable children. For this reason, we welcome the recent ruling of the South Gauteng High Court which gave clarity that grandparents who care for their grandchildren are eligible for foster care grants.

This will go a long way to providing them with the much-needed financial support to undertake their caregiving role. In turn, this will facilitate educational access and achievement for orphans and vulnerable children, as well as improve health outcomes, for children under the care of older persons.

Research tells us that families are the building blocks of a strong, stable, and cohesive society. The White Paper on Families aims to bring a seamless approach in the provision of services to families, with a particular focus on early intervention and family support services. We recognise that without strong and resilient families, our goal to build safer and non-violent communities will come to nothing.

Chairperson, we will not rest until we succeed in our mission to ensure that all people in South Africa are and feel safe. In particular, we must eradicate violence against women and girls in our country.

To address this scourge, we have established an Inter-Ministerial Committee on violence against women and children. A Programme of Action on the elimination of violence against women and children anchored on prevention and protection, response, care and support, will be presented to Cabinet this year.

Working together with the National Council on Gender-Based Violence, civil society organisations and the business sector, the IMC is mobilising all sections of the South African society, to join hands to combat this social ill. In this regard, I wish to commend the recent men's dialogue convened by Deputy President, Kgalema Motlanthe which pledged to mobilise millions of men to fight violence against women and girls.

Chairperson, there is a recognised link between violence against women and children and alcohol and substance abuse. Last year when I addressed this house, I informed you about the work of the Inter-Ministerial Committee on Anti-Substance Abuse. The IMC approved the Draft Control of Marketing of Alcohol Beverages Bill early in February this year. Key amongst others, the Bill aims to restrict the marketing and promotion of alcoholic beverages, and will be presented to Cabinet this year before public consultations.

Other matters that the IMC will finalise this year include measures to enhance law enforcement such as reductions in the hours of sale of alcohol, substance abuse workplace interventions, as well as a proposal that a person who has consumed alcohol should not drive a vehicle at all.

We have appointed new members of the Board of the Central Drug Authority (CDA) to ensure implementation of the National Drug Master Plan (2013-2017), which will be presented to Cabinet for approval before the end of this month.

Honourable members, each one of these measures is a step towards reducing the heavy health, social, and economic burden of alcohol and substance abuse in our country.

Honourable members, former President, Nelson Mandela said, "overcoming poverty is not a gesture of charity; but an act of justice." In response to this call, the 53rd National Conference of the ANC resolved that we must move with speed to implement the Household Nutrition and Food Security Strategy this year. We have made significant progress since the launch of the Food for All campaign in 2011.

In partnership with FoodBank South Africa, we have to date distributed food supplies to over three hundred and seventy thousand beneficiaries every month. We have set up thirty three Community Nutrition and Development Centres in all nine provinces. This includes revitalising centres that were previously closed down by the Democratic Alliance government in the Western Cape province.

To demonstrate our commitment, we have set aside One Hundred and Twenty Million Rand over the MTEF period to expand this intervention.

As part of the department's extension of its work on disability and assisting people with special needs, we will commence interventions in the two highly neglected areas of autism and albinism. Many children and young people in our country who have these conditions and special needs remain without assistance from government.

With this budget, we continue our determination to recruit and retain more social work professionals. As part of our endeavours to increase access to quality services and to deal effectively with various social problems, we have awarded financial assistance to eight thousand five hundred and sixty nine social work students.

In the current financial year alone, we have awarded bursaries to two thousand and thirty seven students. The budget allocation for the social work scholarship programme grew steadily from 50 Million Rand in 2007 to 250 million Rand in the current financial year.

I am pleased to announce that we have approved the provincial implementation plans to absorb all newly-qualified social work graduates.

Honourable members, government's mid-term review report showed that while much progress has been made since 2009, implementation of policies remains a key challenge, particularly at service delivery level. To address this, the Department of Social Development together with SASSA and NDA will embark on a nationwide frontline service delivery improvement initiative, focusing on the poorest wards in the country. This will be a face to face engagement with people in municipalities so that we can jointly determine the nature and quality of the services we deliver.

Chairperson and Honourable members, this budget provides an opportunity to accelerate our march towards Vision 2030. We recognise and commend the selfless and dedicated contributions of community-based organisations, faith-based organisations and Non-Governmental Organisations in the many aspects of social development service delivery. Indeed, we view all these organisations as full partners in the work we do.

I would like to conclude by expressing my deepest gratitude to my colleague and comrade, Mama Bongi Maria Ntuli, and all MECs for their enduring support and outstanding contribution. In addition, I extend my sincere appreciation to the former Director-General, Mr Vusi Madonsela, for the excellent contribution he made to the Department of Social Development for over a decade. I also congratulate Mr Coceko Pakade on his appointment as the Director-General of the Department of Social Development.

Finally, I express my gratitude to the CEO of SASSA, Ms Virginia Petersen, CEO of the NDA, Dr Vuyelwa Nhlapo and Chairperson and members of the NDA Board, Special Advisors and all members of the DSD family for their hard work dedicated to the service of our people.

It now gives me pleasure to invite you to support Budget Vote 19.

I thank you.

Issued by: Department of Social Development

8 May 2013

Speech by the Deputy Minister of Social Development, The Honourable Bongi Maria Ntuli MP, on the occasion of the Department of Social Development Budget Vote 19 to the National Assembly at the Old Assembly in Cape Town

8 May 2013

Honourable Chairperson,
Minister of Social Development, The Honourable Bathabile Dlamini MP,
Honourable Members of Parliament,
MECs for Social Development,
Representatives of civil society
Distinguished guests,
Ladies and gentlemen,

# Good morning.

Seventeen years ago on this day, 8 May, the National Assembly first adopted The Republic of South Africa Constitution Bill, ushering in an era of a human rights centred approach for our country. I am proud to state that Honourable Minister Dlamini and I, as serving Members of Parliament in 1996 was part of that process and voted in favour of the most progressive constitution in the world.

Therefore holding dear the values enshrined in the Constitution of this beloved country I ask that you join me in support of Budget Vote 19 of the Department of Social Development. Let us keep our promise and remain determined to deliver on the legitimate expectations and aspirations of our people.

Honourable Members, the ultimate goal of government's social development strategy is to improve the quality of life of all South Africans. Budget Vote 19 reaffirms the commitment of this government to build a South Africa that cares for all those who are vulnerable, including children, youth, people with disabilities and senior citizens.

With this budget, government will continue to support initiatives that seek to strengthen community development, provide opportunities for youth and contribute to national efforts to prevent and mitigate the pscho-social impact of HIV/AIDS.

Chairperson, over the last years it has become clear to us that a new approach to community development is required to truly improve the lives of our people as envisaged in our Constitution.

Former President Nelson Mandela once said: "fundamental to the success of all our efforts at reconstruction and development is community action and participation".

For this reason, we intensified the campaign to "Take Social Development to communities", with particular focus on rural communities where the need for government services remain high.

The success of this approach can be seen in inspiring stories like that of Ngobi village in the North West Province. Together with its entities, the department has brought much-needed services to this village and the people of Ngobi are reclaiming their lives by participating in their own development.

Another successful initiative worth a mention is Bana ba Kgwale project in Jericho, also in North West Province. From its humble beginnings, the project today supplies fresh vegetables to major retailers and also donates their products to local schools.

These initiatives are just an indication of how much we can achieve when communities are empowered to take charge of their own development.

Honourable Members, as per the commitment we made to this august house last year, we embarked on the Kwanda Talk programme in partnership with Soul City, Seriti Institute and the South African Broadcasting Corporation (SABC) to promote active citizenry and give voice to communities.

We are privileged to have participated in this initiative because it promotes citizen participation, action and leadership at community level. The most important lesson we have learnt through this initiative is that given the necessary support, local communities are capable of resolving their own development challenges and therefore be instrumental in every development initiative.

Community development requires passionate and knowledgeable people. In this regard, we will continue to train community development practitioners in areas of integrated development planning to ensure that social development services are not neglected at local municipal level.

Honourable Members, we will continue to strengthen our interventions in preventing the spread and mitigation of the HIV and AIDS epidemic on individuals, households and communities. This is part of our contribution to the National Strategic Plan on HIV and AIDS, Sexually Transmitted Infections and Tuberculosis (2012-2016).

With regard to prevention, an amount of forty eight million rand has been allocated to love Life to implement prevention programmes targeting young people including those in rural and farming areas. This will assist with sustaining our national prevention efforts.

In addition, we will strengthen the implementation of Home Community Based Care (HCBC) programmes, especially the provision of psychosocial support services and the roll out of the monitoring and evaluation system.

To date, we have expanded HCBC services to over three hundred and seventy thousand vulnerable households, benefitting four hundred and fifty thousand orphans and vulnerable children, including twenty five thousand vouth headed households.

Honourable chairperson, a number of research publications state that young people constitute the majority of South Africa's population. The youth bulge represents both a challenge and an opportunity for South Africa.

The National Development Plan (Vision 2030) advocates for the prioritisation of policies that will improve the capacities and life chances of our country's youthful population.

During December last year, we hosted the first national youth leadership camp in the Free State with young people from across South Africa. The camp gave young people a unique opportunity to interact and learn from their peers and also to shape their own lives.

We aim to reach over ten thousand young people through the youth clubs and national youth leadership camps over the Medium Term Expenditure Framework (MTEF) period.

The recent conference of the Social Sector Expanded Public Works Programme (EPWP) emphasised the need to implement the EPWP beyond the 2014 deadline. In pursuit of government's priority to create decent employment opportunities, we aim to contribute to the target of two hundred and fifty five thousand job opportunities for this sector, during this budget period.

Honourable Members, we have seen an increased demand for the registration of Non-Profit Organisations with an average rate of fourteen percent per annum. This number has ballooned to over one hundred and five thousand by the end of April this year.

In recognition of the role of the Non-Profit Organisation (NPO) sector, we hosted a series of provincial dialogues which culminated in a national summit in August last year. The Summit adopted a number of key resolutions relating to the NPO sector. These are the legislative and regulatory framework, transformation of welfare services sector, funding and resource mobilisation, capacity building and partnerships.

The Summit also resolved that government must commit and create an environment which will focus on training and development. This commitment means that NPOs entrusted with the responsibility of training and development, must contribute towards capacity building of other emerging organisations.

Pursuant to the outcomes of the Summit, a Ministerial Task Team which consists of representatives of government and the NPO sector was established. To its credit, the Task Team has finalised the Plan of Action which was approved by MINMEC last month. Over the MTEF period, a key focus will be on creating efficiencies in NPO registration and on investigating the feasibility of establishing a regulatory body for NPOs.

The National Development Agency (NDA) has been allocated an amount of one hundred and eighty six million Rand over the MTEF period for capacity building. The focus will be on provision of management services for poverty eradication projects at national, provincial and local levels of government as well as the private sector.

Honourable Members at the beginning of this year a large number of NPOs were de-registered due to non-compliance with the NPO Act. Minister Dlamini intervened and gave the NPOs a grace period in order to comply with regulations. The majority of these organisations provide much-needed services with a particular bias to organisations in rural communities.

Honourable members, the International Conference on Population and Development (ICPD) Programme of Action remain a blueprint in the implementation of the South African Population Policy. In this year during which we celebrate the 20th anniversary of the Cairo Consensus, we will continue to work with academic institutions and civil society organisations to enhance our country's capacity in the field of population and development. In this regard, we will conduct twelve capacity building and training sessions this year.

As part of these measures, I am pleased to announce that we have awarded twenty one bursaries to undergraduate students in population studies at the North West and Walter Sisulu Universities respectively. An additional twenty nine bursaries will be awarded in the last quarter of this financial year.

Honourable Chairperson, the National Population Unit of the Department of Social Development will for the first time complete, a comprehensive study on factors associated with teenage pregnancies in all nine provinces this year.

The Unit is also working in collaboration with the National Youth Development Agency and other departments, notably Women, Children and People with Disabilities and Health to finalise a framework strategy on Adolescent Sexual and Reproductive Health and Rights for consideration by Cabinet. We are looking forward to the findings of these studies as they are at the centre of our national efforts to accelerate the implementation of youth-friendly services, comprehensive sexuality and life skills education.

Honourable Members, my heartfelt appreciation to my colleague and comrade, The Honourable Minister Bathabile Dlamini, Members of the Executive Committee for Social Development, Members of the Portfolio Committee, the Director-General, Special Advisors, the CEOs of SASSA and NDA and all the staff of the Department of Social Development and Public Entities in their respective units and provinces for the positive contribution they have made to our work. A special word of thanks to Mr Paul Ramapuputla from my office who will be retiring at the end of this month after serving the public service diligently for 24 years.

Honourable Members, I ask that you support Budget Vote 19.

I thank you.

Issued by: <u>Department of Social Development</u>

8 May 2013

# Budget Vote Speech by the Minister of Social Development, Ms Bathabile Dlamini MP, to the National Council of Provinces (NCOP), Cape Town

5 Jun 2013

Chairperson,
Honourable Deputy Minister, Mama Bongi Maria Ntuli,
Chairperson of the Portfolio Committee, Ms Nomonde Rasmeni,
Honourable Members of Parliament,
MECs of Social Development,
Distinguished Guests,
Ladies and Gentlemen,

#### Good afternoon.

It is an honour for me to present Budget Vote 19 of the Department of Social Development which outlines the policies and programmes of our Government in this financial year and beyond. This month, we commemorate two milestones that should inspire all of us, to continue marching together and confront the triple challenges of poverty, unemployment and inequality.

Fifty eight years ago, brave men and women of this country convened in Kliptown, Soweto and adopted the Freedom Charter. This document was and still is a collective expression of aspirations and a vision for a united, non-racial, non-sexist and a democratic South Africa. It encapsulates the achievements we have made towards nation building, yet it also highlights the challenges that lie ahead as we continue in our efforts to create a better life for our people.

On this note, let me applaud Ms Nomthandazo Scholastic Magoso, who participated in the 2013 Comrades Marathon despite her disability. Ms Magoso finished the marathon in position sixty five. Her achievement, tenacity and resilience bear testimony to our commitment towards building an inclusive society as articulated in the Freedom Charter. This achievement reinforces our commitment to accelerate the programmes we are currently unfolding to address challenges of people with disabilities.

In June 1976 the youth of this country took up the challenge to demand a better education. Many of those who took part in that historic struggle did not live to see the country of their dreams, as many of them were killed by the brutal apartheid forces and others were jailed for fighting for a free and a democratic South Africa.

To this day, their blood continues to water our freedom, as Solomon Mahlangu said: "my blood will nourish the tree that will bear the fruits of freedom".

Honourable members, the journey towards a better South Africa envisioned in the Freedom Charter continues. The duty of our generation is to ensure that the next generation has the ability to complete that journey. At the heart of our challenge is our ability to address the massive challenges facing the youth, which constitutes the largest sector of our population. We must therefore ensure that the talents of our young people are positively engaged in the process of national development.

As a response to that challenge, the Masupatsela Youth Pioneer Programme seeks to prepare young people to be active and responsible citizens. Consistent with the theme of this year's youth month: "Working Together for Youth Development and a Drug Free South Africa", we will be hosting our second National Youth Camp scheduled to take place from 22 to 30 June in the KwaZulu-Natal province.

The inaugural National Youth Camp, which we organised jointly with the Department of Defence and Military Veterans in 2012 in the Free State province, attracted five hundred young people and was a resounding success. This year we are targeting to reach one thousand young people from all nine provinces. We are convinced that this initiative will inspire our young people, foster a sense of nation-building and galvanize the youth into becoming agents of change in their communities.

Chairperson, unlike the youth of 1976 who struggled against the highly repressive apartheid regime, the challenges facing our youth today are very different. In the recent Orphans, Vulnerable Children and Youth Conference children and young people identified the following key issues affecting their lives negatively. These

issues include poor parenting, bullying, alcohol and substance abuse, sexual abuse by those they trust, teenage pregnancy, and so forth.

The scourge of alcohol and substance abuse that is ravaging our communities demands our collective and urgent action. Last month, I had an opportunity to accompany President Jacob Zuma to Eldorado Park, in Johannesburg to witness first hand, the devastating impact of alcohol and substance abuse on the lives of young people, their families and communities.

Together with the provincial government under the leadership of Premier Nomvula Mokonyane and other structures, we are implementing an integrated plan focusing on prevention, early intervention, treatment, after care and reintegration.

With the assistance of law enforcement agencies, more than 20 drug dens, including "lolly lounges", have been closed down and drug addicts are being assisted by government in partnership with NGOs to places of safety and to access treatment.

We welcome the arrest of drug lords in Gauteng many of whom do not care that the substances they are marketing and selling harms our communities and destroys the lives of our youth. Nobody has the right to destroy the lives of others in pursuit of profit. I urge all South Africans to work with police and community organisations to make our townships, villages, suburbs and cities safe from those who peddle drugs and other harmful substances to our children and young people.

We are heartened by the leadership that President Jacob Zuma is providing in the campaign to fight the scourge of alcohol and substance abuse.

Ladies and gentlemen, as the recent outcry has shown there are many Eldorado Parks in our country that need our decisive intervention. I call on South Africans to draw inspiration from this initiative and play their part in our national effort to build a South Africa free from the scourge of drug abuse and the harmful use of alcohol. The most important lesson we are learning from this process is that we must work with communities in order to succeed. Extensive community mobilisation and social cohesion, with specific focus on young people will be a corner stone of our programme of action. I also call on you Honourable members to assist the work of the Inter-Ministerial Committee on Alcohol and Substance Abuse so that we can reclaim our communities.

We need to improve our capacity to provide treatment to victims of substance abuse and to effectively reintegrate them into society. Currently, we have seven government facilities which are clearly insufficient.

Ladies and gentlemen, there is no better investment that we can make as a society other than in the development of our children at a very young age. Therefore as part of our commitment to implement the National Development Plan (Vision 2030), we will forge ahead with the expansion and universalisation of the integrated ECD services. This includes making early childhood development services a public good.

Chairperson, in my Budget Vote Speech to the National Assembly on the 8<sup>th</sup> of May this year, we pledged to continue with the delivery of social development services that protect and optimise development outcomes for our children. During the Child Protection Week we hosted a national conference on orphans, vulnerable children and youth. The conference identified many constructive proposals, including models of care and support. We are committed to implement them to better the lives of our children, particularly at community level. We have committed ourselves to recruiting and training ten thousand Child and Youth Care Workers over the next five years to implement the Isibindi Model in 260 sites. To date we have recruited the first cohort of three thousand one hundred and fifty Child and Youth Care Workers.

The figures per province are as follows:

Western Cape - 15 Gauteng province - 622 Free State - 182 Northern Cape - 95 Limpopo province - 300 North West - 184 Mpumalanga - 126 Eastern Cape – 92 KwaZulu-Natal - 362.

On 30 May 2013, I had the pleasure to participate in the graduation ceremony of 250 Child and Youth Care Workers in KwaZulu-Natal Province. As part of our efforts to bolster the workforce in the sector, we will continue with the recruitment and retention strategy for social workers. To this end, we have allocated **Two Hundred and Fifty Million Rand** to the social work scholarship which has been awarded to two thousand and thirty seven students in the current financial year.

The provinces have committed to absorb all graduate of our Social Work Scholarship Programme. North West has absorbed 302, Western Cape 80, Gauteng 244, KwaZulu-Natal 455, Mpumalanga 18, Free State 38, Eastern Cape 557 and 41 in Northern Cape.

Chairperson, care and protection of senior citizens continue to receive our uppermost attention. During this year, we will finalise all processes to ensure the establishment of Older Persons Desks in the Offices of Premiers in all provinces as endorsed by the President's Coordinating Council. We are also working closely with the National Treasury over the MTEF period to implement the universalisation of the Old Age Grant by 2016.

In addition, we have begun with the development of an electronic Older Persons Register which will be finalised by the end of this financial year. We have also trained provincial coordinators on the Protocol for the Management of Elder Abuse and funded the National Elder Abuse Line.

Equally, the lack of dedicated personnel at provincial level is receiving my attention. I proposed to amend the Older Persons Act and consultations are already underway.

Honourable members, the issue of violence against women and children must remain high on our agenda if we are to ensure that they are and feel safe. The magnitude of the on-going violence against women and children in our country is rife and well-known. In this regard, we will work through the Inter-Ministerial Committee on the Elimination of Violence Against Women and Children to bring to Cabinet the Programme of Action. Key to this is community mobilisation to challenge social norms and values that legitimise the use of violence against women and children, including traditional practices.

The first protest against the carrying of passes by women took place in Bloemfontein in 1913. The protest, led by Charlotte Maxeke, co-founder of the Bantu Women's League was one of the earliest cases of women mobilising against the dispossession of land against the defiance of fundamental rights.

It is only through such dedicated actions that we will succeed in the full emancipation of women from violence, poverty and exclusion. During this financial year, we will be setting up a Call Centre that will support women who are subjected to violence and abuse.

We are currently consulting with various sectors of our society, including the business sector, faith-based organisations and other social partners to support this national campaign. Tomorrow I will be hosting an interfaith dialogue in Khayelitsha with various organisations from the Western Cape Province to discuss their role in the fight against these social ills and challenges that confront our society.

Honourable Members, during 2012/13 financial year the SASSA embarked on a massive re-registration campaign for the new social grants payment system. By the end of May this year, we had successfully re-registered on the new system 93% of our total grant beneficiaries.

Chairperson, tackling fraud is an integral part of our goal to put SASSA on a stable footing and to ensure that the tax-payers hard earned money is used to good cause. To this end, we have set aside over **Two Hundred and Twenty Four Million Rand** over the MTEF period for the acceleration of our ground breaking Fraud Management Strategy.

Over the MTEF period, we will continue with our efforts to enhance the integrity of our social grants system, with particular focus on data cleansing and modernisation of operations. As part of our effort to improve the quality of service to our social grant beneficiaries, we have since March 2011, upgraded three hundred and twenty one offices, and a further one hundred and nineteen will be upgraded in the 2013/14 financial year.

Research findings indicate that there are about two million eligible children who are excluded from our system. In our effort to address this error, we have embarked on the implementation of the Integrated Community Registration Outreach Programme (ICROP), in two hundred and fifty poorest wards in the country. As part of SASSA taking control of all aspects of its operations, the Ministerial Advisory Committee commences its work this year to advise the Minister on the future payment options for social security.

Protection of poor and vulnerable grant beneficiaries from unscrupulous micro lenders and funeral insurers remains a challenge. During my recent visits to pay points, I was approached by some gogos who showed me the receipts and figures which are more than forty percent of their grant. As a result I have instructed SASSA to inform the micro lending industry that no loan deductions will be processed on the SASSA grant card from June 2013. In addition, all the regulatory bodies together with SASSA are investigating all the companies involved in funeral and micro lending including Cash Pay Master Services (CPS).

Most importantly, we are exploring all legal avenues to put an end to this exploitation. These efforts by government agencies seek to ensure that vulnerable beneficiaries are not exploited by the micro lending and insurance industries.

Honourable chairperson, in order to improve social development services in the country, particularly the welfare services I will be appointing a Ministerial Advisory Committee that will review the White Paper for Social Welfare, which was developed in 1997.

Some of the issues that warrant the review include Household Food and Nutrition, Promoting Active Citizenry as well as Supporting Families to foster social cohesion.

Honourable Members, the department received a budget of **One Hundred and Twenty Billion Rand** for 2013/14 financial year. **One Hundred and Thirteen Billion Rand** is allocated for the payment of social assistance grants. We have also allocated **One Hundred and Twenty Million Rand** over the MTEF period to expand the Household Nutrition and Food Security intervention.

This budget reflects the ANC's commitment to the most vulnerable, with particular emphasis on our children, youth, older persons and people with disabilities. During the current financial period, we will embark on a nationwide frontline service delivery improvement initiative, focusing on the poorest wards in the country. This will be a face to face engagement with people in municipalities so that we can jointly determine the nature and quality of the services we render.

Honourable members, with this budget we honour the memory of our compatriots who made sacrifices and dedicated their lives for the achievement of a shared dream and a vision of a South Africa that is inclusive, non-racial, non-sexist and democratic.

Chairperson, I acknowledge the support of the Deputy Minister Mama Bongi Maria Ntuli and my colleagues, the Members of the Executive Committee in the Provinces for their sterling efforts and support in implementing the programme of this portfolio. Qinani maqabane ndithi Nangamso!

I would also like to express my gratitude to the Director-General, Special Advisors, CEOs of SASSA and NDA and every member of DSD family, without whose contribution the work of this department would not be possible.

I thank you.

Issued by: <u>Department of Social Development</u> 5 Jun 2013

# Vote 20: Sport and Recreation

Speech of the Minister of Sport and Recreation South Africa, Mr Fikile April Mbalula, MP, on the occasion of the Budget Vote speech in Parliament of the Republic of South Africa, Cape Town

23 May 2013

Chairperson,
Ministers and Deputy Ministers,
Members of Parliament,
Distinguished guests,
Ladies and gentlemen.

Honourable Members, on the 21st May 2013 we visited Iqhayiya High School in Khayelitsha and Tafelsig Secondary School in Mitchell's wherein as part of our school sport programme we donated sport apparels, equipment and attire to encourage all our schools to participate in the school sport activities including physical education.

At the same time, on 22 May 2013 we visited Rocklands, Mitchell's Plain, the birth place of the United Democratic Front (UDF) 30 years ago, to handover a Community Outdoor Gym facility as part of the launch of a nationwide roll-out of Outdoor Gyms to disadvantaged communities of South Africa.

Whilst we were doing this work we took advantage of this opportunity to honour Gary Kirsten for his role and great participation in cricket, both as a player and as a coach. We presented Gary with a 'Collage of Pictures and prestige 'Bouqet of Protea Flowers' as a symbol of the emblem of our Proteas Cricket national team.

We also took advantage of this opportunity to honour Lusapho April for his sterling work in athletics and for winning the Hannover marathon in Germany twice in three years! We showered Lusapho with a 'Pack of Athletic Equipment' and a 'Bouqet'. I want to take this opportunity to congratulate both men for their achievements. I would also like to congratulate the Springbok Sevens for their historic achievement in rugby by being ranked number 2 in the World Sevens series.

Let me also take this opportunity to congratulate all our sportsmen and women for their individual and collective achievements in sport and recreation during 2011/12 period, you did South Africa proud and we love you. I also want to welcome all our sportsmen and women in the gallery who came here today to grace this important Budget Vote Debate in the history of sport in South Africa with their presence.

Ladies and gentlemen it will be remiss of me not express our deepest gratitude to all spheres of government and stakeholders for the successful hosting of the AFCON 2013 Championship in our shores. We are looking forward to similar success as we prepare for hosting the CHAN Championship in 2014.

Chairperson and Members of this House, let me start by invoking the words of the late African Nationa Congress (ANC) President Oliver Reginald Tambo when he said:

"Racial discrimination, South Africa's economic power and the use of sport and culture for oppression and exploitation of all black people's are part and parcel of the same thing."

In a direct and as a structured response to the assertion of OR Tambo, on the 22nd November 2011 at the National Sport and Recreation Indaba (NSRI) delegates representing the broad spectrum of our sport and recreation sector unanimously adopted a declaration where they acknowledged that: 'As a country and as people we have inherited an inequitable, unequal and divided sport and recreation landscape. The racial practices of the former apartheid regime resulted in a fragmented sport system that had a detrimental impact on the development of sport and recreation in South Africa.'

Chairperson our Vision 2030 does not only give meaning to our strategic objective of an active and winning nation but it also give purpose to the essence of our existence and spells out the core values that enjoins us as a sporting fraternity to transform and develop sport for the better.

Today we are therefore gathered here to take stock of how far we have traversed in our second year marching towards Vision 2030! We are also aware that as we march towards the vision 2030 of the sport and recreation sector; we are marching in unison together with all our people towards the fulfillment of the objectives of the National Development Plan (NDP) vision 2030.

Ladies and gentlemen we are pleased to report that the National Sport & Recreation Plan (NSRP) has been costed. We will present it to the Treasury for endorsement and thereafter to Cabinet as a matter of urgency. Cabinet will have to budget at least an amount of  $\pm$  10 billion rands towards the fulfillment of the objectives of the NSRP.

It is also fulfilling to learn that the NSRP has been anchored in the heart of the National Development Plan (NDP). We are enthused that the National Sport & Recreation Plan rests on the giant shoulders of the national development agenda of this country.

Honorable members, our budget speech 2013 seeks to answer that question that beacons: How far have we gone to foster nation building and nurture social cohesion as we continue to make a "Case for Sport"?

One of the simple answers to such a question is the electrifying experience when amaBhokobhoko won the World Cup in 1995 in extra time with Joel Stransky scoring a drop-goal. Nelson Mandela hoisted the trophy in jubilation with Francois Pienaar symbolizing a non-racial and united nation.

This victory alone was one that made the country dance and sing in unison, regardless of colour, race and ethnicity – indeed the country was united in action. The hosting of the 2010 FIFA World Cup in South Africa propelled our commitment to build national unity and foster social cohesion.

Our 2010 FIFA World Cup Close out report attest to this when it states that "the social impact of the World Cup include contributions to the image of South Africa and Africa, social cohesion and nation building". In the same vein, we have together with all South Africans witnessed, during the Super 14 finals in 2011, the Blue Bulls playing against the Crusaders at Orlando Stadium in Soweto for the first time in the history of South Africa.

The clash between the Blue Bulls and Stormers at the same venue also had the same effect of uniting our people. It is said that this was an experience, which many traditional rugby die-hards never stop talking about.

The whole world continue to witness our people Black and White standing side by side united behind amaBhokobhoko at these matches. During these historic events our people black and white are sharing boerewors, pap and umqombothi in the shacks of Soweto; singing 'Shosholoza' and Nkosi Sikelela i-Afrika in an electrifying spirit. This is a 'show of force' that sport has to unite people and undermine the man-made bridges of hatred.

Our undivided commitment to the promotion and support of women in sport has been one of SRSA flagship programmes and we stood firm behind many women in sport including the likes of Nonhi Tenge, Marcia Meresca, Caster Semenya, Nathalie du Toit and many other icons in women sport.

Our support for Netball South Africa and our ultimate zeal to officially launch the first ever Netball League in South Africa speaks volumes of this commitment. Our noble support for the South African Women Hockey team is an indication of our resolve to change the quality of life of all our women in South Africa. We don't mince our word when we say "Wathintabafazi Wathint'imbokodo Uzakufa".

We stood firm behind Mark Boucher when he was accidentally struck in the eye during the match between South Africa and England in Britain in 2012. We continue to stand firm alongside Jooste van der Westhuizen in his battle with motor neuron disease (MND) and even awarded him with the Steve Tshwete Life Time Achievers Award.

We were there when Baby Jake Matlala was embarrassingly faced by huge medical costs during his illness and we hosted a Baby Jake Matlala Fundraising Gala Dinner towards the payment of his medical costs and other related matters. We stood behind Caster Semenya during her ordeal with international sport bodies when she was being discriminated against because of her gender.

We did the same to Oscar Pistorius when he challenged the world and changed perceptions about the inability of the people with disabilities. Inspired by our "spirit of uBuntu", we knocked at every door possible with cap in hand to raise resources some of whom we have managed to give descent burials and send-offs for many of our sports men and women. Today many family members and friends of these fallen sport icons are convinced that the ANC government cares!

Honourable Members, it is because of this courage and bravery that keep some of us going. It is such commitment to the good of our people that gives purpose to our lives. It is the commitment to work and the spirit of robustness

that we are managing to continue changing the face of sport in South Africa today.

We are escalating our efforts of changing school sport landscape since we came into sport and recreation. Schools are not the same again in the history of the Republic of South Africa. Today in South Africa schools are becoming centres of learning and play.

Schools today in our country are fast growing into institutions of education, innovation and recreation. Physical education has been declared compulsory in this country. What we need to do going forward is to make physical education a standalone learning area in all public schools of the Republic.

Last year when we launched the school sport programmes we also announced our Ministerial School Sport Bursary scheme aimed at supporting students from disadvantaged communities who excel in sport but also academically deserving. The bursary is an amount of Hundred Thousand Rands towards the education and sport requirements of a learner. We believe that this intervention is also a life-line and a life-boat to many poor families who cannot afford to send their children into better schools in our country.

The revival of the school sport in South Africa has opened many windows of opportunity for numerous South Africans. It has opened opportunities for sports veterans, legends and retired sportsmen and women.

Many of these veterans, legends and retired sports persons have enrolled and registered in the SRSA database as coaches, technical officials, sport administrators, and the likes. SRSA has opened opportunities to train them further in technical sport skills to assist in the school sport programme whilst at the same time receiving something that will make them at least put bread on the table.

In an effort to recognize our sporting greats, icons and legends, preliminary engagements are underway to investigate the feasibility of establishing a National Sport Hall of Fame. Coupled with this vision, exceptional athletes, coaches, administrators and technical officials will have the opportunity to be profiled while they are living in the Little Green Book, the second edition of this book will be produced in July 2013.

In line with the above, again in November 2013 we will celebrate and reward achievement in sport and recreation and provide a platform for luminaries in sport and recreation (on and off the field) to be acknowledged by the nation at the prestigious South Africa Sports Awards.

The South African Sports Awards for 2013 will take place in November at the Sun City Superbowl.

As we will engage with our counterparts in the Ministry of Higher Education to re-introduce Sport and Recreation Education in the Teacher Training Colleges as well as into the curriculum of Further Education and Training (FET) Colleges; SRSA together with CATHSETA has launched a Post Graduate Bursary Scheme for Post Graduate and PHD students in sport and recreation to the tune of three million to study towards a Master and Doctoral Degree in sport and recreation.

The Post Graduate Development Programme (PDP) in sport sciences is supported by providing access for students to SRSA administrative resources to assist them with their studies. This wealth of knowledge will be shared with coaches and sport science professionals to assist in school sport, grassroots sport development and high performance.

Chairperson, we will this year as part of building social cohesion and nation building give a fitting "Tribute to Nelson Mandela" for his contribution in the struggle for freedom and democracy.

This event will be consistent with the government programme to observe 67 minutes of our times in honour of Nelson Mandela and the United Nations resolution on the Nelson Mandela International Day. We will honour the work of our struggle heroes by hosting an inaugural Nelson Mandela Sports Day which will be launched in June 2013 in partnership with the South African Rugby Union (SARU) and the South African Football Association (SAFA).

Honourable Members, it is important to first reflect that we did all of the above with a simple Budget Allocation of only R848.4 million for 2012/13, with an increase of only R45.7 million from the previous financial year 2011/2012. R525 million of this amount was allocated to the Mass Participation Programme which was making 62% of the budget.

This was mainly due to the Mass Participation conditional grant with the focus of increasing participation in

various sporting codes by supporting school sport, club development and hubs. During the same period the school sport budget within SRSA increased from R27.3 million in 2011/12 to R42.6 million in 2012/13 with an emphasis on supporting the delivery of sport programmes to learners and to continue empowering educators in code specific coaching, technical officiating, team management and sport administration with the focus on the 16 priority sporting codes.

Chairperson and the House with these limited resources at our disposal; SRSA is progressively improving the delivery of sport and recreation services .as outlined in our opening remarks. We must all redouble our efforts to vigorously continue making a "Case for Sport". The government's swift response to our "Case for Sport" will allow us to continue to deliver our programmes as expected in the face of competing priorities.

Although resources allocated to SRSA in 2012 were meager; the department was able to successfully deliver the following flagship programmes, services and activities:

- Sport and Recreation Equipment and Attire to schools and community clubs
- Construction of Multi-Purpose Community Fields in poor communities and schools
- Roll-Out of the School Sport programmes
- National School Sport Championships 2012
- Support our Olympians and Paralympians before, during and after the 2012 London Games
- Reviving of Netball and support of the Netball Diamond Challenge
- Reviving Basket Ball and support for the Basket Ball League in partnership with the interim structure of Basket Ball SA and National Basket Association (NBA)
- Enhancing the work of Boxing South Africa as well as South African Institute of Drug Free Sport (SAIDS)
- Support the work of AFCON Local Organising Committee (LOC) before, during and after the 2013 Africa Cup of Nations
- Hosting of the South Africa Sports Awards, and many more projects.

Honourable Members, it is against this background that we commend before you this afternoon that the 2013/14 budget allocation for the department remains very minimal in real term. Of the current year allocation of R1, 073 billion; 73% of this amount which is R815 million is transferred to Provinces, Municipalities and Sports Federations. Therefore, only R258 million will be utilized by the department for all its activities including salaries.

The department received a special allocation of R156 million for the 2014 African Nations Championships (CHAN). This amount is divided between the CHAN Local Organising Committee (LOC) R36 million and R120 million for Host Cities.

In order to breath life to the above statement SRSA tabled its Strategic Plan for the Fiscal Years 2012 to 2016 to Parliament in March 2012 and again presented the Strategic Plan at the beginning of this year as well as our Annual Performance Plan (APP) 2013/14 Financial Year on 7 and 8 May 2013 in both Houses of Parliament.

These documents aimed at giving the nation a clear picture of the planned programmes and activities of SRSA for the next five years as well as budget allocations and estimates for such years. They are broken down into annual plans and activities that are aimed at realizing the stated objectives on our plans going forward. At the same time SRSA will on annual basis position itself to integrate the NSRP as adopted by Cabinet.

To this end, in order to fulfil the obligations of the NSRP and the Annual Performance Plan (APP) 2013/14; SRSA together with Department of Basic Education are continuing to implement the school sport programme in 2013.

This programme will rest on the giant shoulders of the School Sport Leagues across the country. It will again culminate into the national School Sport Championship in December 2013.

To solidify this foundation SRSA will continue to roll-out the school sport programme underpinned by the following critical pillars: physical education; top school leagues; SA Schools National Championships and national multi-coded age group tournaments. As the national school sport league unfolds, the role of the sport club at each level will be to avail talent scouts to identify talented athletes and officials, as well as to mentor and support coaches, umpires and technical officials.

The league will differentiate between primary school and high school children. Our ministerial sports bursary scheme will still continue this financial year and will continue to offer talented children identified at the national multi-coded age group tournaments an opportunity to study at sport focus schools.

Although we have made progress, the successful roll-out of school sport is currently hampered by among others, the following challenges:

- Absence of facilities and sporting equipment in most rural schools and communities
- Lack of accredited capacity building programmes and skilled personnel
- Uneven distribution of competition opportunities
- Insufficient funding for the coordination, monitoring and reporting on intra- school and inter-school tournaments
- Inadequate parental support for school sport and absence of formal structures to support the delivery of school sport.

In order to support the transformation agenda, SRSA in partnership with SALGA, are building partnerships with Local Government in the delivery of sport and recreation at local government level. Of importance is the matter of the provision of sport and recreation facilities in all the municipalities across the country.

Through this partnership we are beginning to reap some fruits as it is being witnessed in our partnership with the Gert Sibande District Municipality when we delivered the sport equipment on 17 May 2013.

Chairperson, as we announced last year in this House our appointment of the Eminent Persons Group on Transformation (EPG), one of the key components of the NSRP is a Transformation Charter and Scorecard. The baseline of transformation in South African sport needs to be determined and the EPGs work has started in earnest with the cooperation of SASCOC and all National Federations and Sport Bodies. Because of the importance of transformation for the future of South African sport, it is imperative that SRSA delivers on this focus area.

Internal capacity will be empowered for the work of the EPG to assist national federations to implement the Charter and to accurately complete the scorecard. The national federations will be subjected to a transformation review to monitor progress in this regard.

Starting from this year we will announce a transformation barometer on all Federations' progress or lack of it in the transformation score-card. We will publicly name, blame and shame all those non-compliant Federations and sport bodies. This will include dealing viciously and decisively with corruption and maladministration in sport and recreation.

We will incentivise all compliant Federations and sport bodies. We are providing a secretariat support to the EPG to fast-track its work to produce quarterly consolidated National Federation Transformation Progress Reports based on their interactions with SASCOC, the national federations and play a coordinating role regarding transformation within other SRSA programmes.

These efforts will be supported by the work of the Ministerial Advisory Committee on Recreation which is leading our transformation agenda in the recreation sector of our society.

This will include amongst others the resuscitation and development of rural sport. This programme will support a rural sport improvement programme under the guidance of the National House of Traditional Leaders. The programme will involve a ministerial outreach to rural areas to distribute sports equipment and roll-out Outdoor Gyms and other sport and recreation materials and facilities to many rural communities across the country, beginning by one Outdoor Gym per Province.

Over the medium term, the department will develop a single governance framework for recreation to strengthen the delivery of recreation programmes. It is envisaged that these programmes will not be institutionalized but will be community initiatives driven by educational and public promotional campaigns.

In conclusion Chairperson, following the adoption of the NSRP, amendments to the Sport & Recreation Act needs to be considered this year by Parliament to tighten the powers of the Minister, particularly regarding the speedy resolution of disputes as well as amending some of the laws that make it difficult to transform sport in this country.

As we complete the journey that began in 1912 by the Great Generation who travelled on the horse-back from Limpopo and other parts of Africa to grace the occasion of the birth of the ANC, the oldest liberation movement in

the continent, we must soldier-on as this current Re-Generation for the next 100 years to fulfil the wishes of our Great-Great Generation of Oliver Reginald Tambo when it concluded that:

"The fight for (total) freedom (and independence) must go on until it is won; until our country is free, happy and peaceful as part of the community of man. We cannot rest."

Thank you!

Issued by: Sport and Recreation South Africa

23 May 2013

Speech delivered by Mr. Gert C Oosthuizen MP, Deputy Minister of Sport and Recreation South Africa (SRSA) on the occasion of the SRSA Budget Vote debate in Parliament of the Republic of South Africa

23 May 2013

Chairperson,

As Sport and Recreation South Africa, we can report that we have aligned all our strategic documents 100% with the National Development Plan. Every reference to sport in the National Development Plan is covered in both the National Sport and Recreation Plan as well as our Operational Plan for the 2013/14 financial year.

We have done this because we fully support the National Development Plan that recognises that sport plays an important role in promoting health, wellness, nation building and social cohesion. As indicated by Minister Mbalula, we have identified projects in support of the priorities of the National Development Plan. I want to elaborate on one of the areas, that of international relations.

The National Development Plan acknowledges that in the area of sport there is a need to showcase South Africa and promote its presence and leadership on strategic issues as part of its "soft power" in international relations.

As a middle-income African country we need to have a more comfortable fit between critical domestic socioeconomic demands, regional and continental obligations and international cooperation through BRICS and the world. Our foreign policies cannot be disassociated from these demands and obligations.

They should be made through engaging with all relevant role-players which ultimately constitute the relations between countries. We are therefore taking the direction that dictates that international funding of our programmes must be in line with our priorities as stipulated in the NSRP.

To this end we will continue to use international sporting events and exhibitions to showcase and market South Africa as a sports tourism destination. We opened 2013 with the successful hosting of the 2013 Africa Cup of Nations (AFCON). We wish to once again thank fellow South Africans and Africans in general for their support of the tournament. Despite the limited time and resources, the collective support of Cabinet and the sport and recreation sector contributed to this success.

In fact, the success of the 2013 AFCON solidified our position as a country of choice in hosting major events. Following the AFCON success, we look forward to hosting the 2014 African Nations Championships (CHAN).

I have no doubt that our people will once again show their pride in being African. During the 2012/13 financial year, we continued to participate in international organisations such as the Commonwealth Sports Ministers' Meeting. On a continental level we have played a leading role in the various forums of the Supreme Council for Sport in Africa.

Honourable members, during the 2012 London Olympic and Paralympic Games, we hosted an Ekhaya Hospitality Centre, to create a home-away-from-home for our athletes and all South Africans who were in London.

The success of our Olympic and Paralympic teams are well documented and we wish to thank everybody who participated, for being ambassadors of our country. We are proud of all the athletes who won medals. There is no doubt that with more support, they will perform even better.

We will also host the World Anti-Doping conference in Johannesburg November this year. The spin-offs from this Conference need to be capitalized upon and integrated into sustainable programmes. We will also host the 19th World Transplant Games scheduled for July and August 2013 in Durban.

Worldwide there is an increasing acknowledgement that sport and recreation has the potential to promote social inclusion, prevent conflict, and to enhance peace within and among nations. In this regard the UN General Assembly has adopted a series of resolutions on Sport for Development and Peace.

In South Africa we have also experienced how national sports teams can be an inspiring force for peaceful change. It is not only our national teams that have this potential - the use of sport to promote peace is extremely effective in programmes at the community level, since they directly involve those affected by conflict and social tension.

South Africa is playing a leading role in the work of the United Nation's Sport for Development and Peace International Working Group. At its meeting in Geneva in 2011 South Africa was nominated as the Chair of the Thematic Working Group on Sport and Peace. At the 3<sup>rd</sup> session of the Sport for Development and Peace International Working Group in 2012 South Africa did a presentation on the role of sport in peace building and development since democracy, which was well received by the delegates.

In fact all the inputs from South Africa on the Action Plan for Sport for Development and Peace were approved by the member states. South Africa was also elected as Chair of the Executive Committee of the Sport for Development and Peace International Working Group with Britain as Vice Chair.

The developments within the United Nations regarding sport for peace and development confirm that SRSA is on the right track by including specific outputs related to the sport for development and peace initiatives in the updated White Paper, the National Sport and Recreation Plan and the 2012 – 2016 Strategic Plan of the Department.

South Africa was also requested by the United Nations to provide strategic guidance regarding the thematic group discussion on the role of sport in combating gender violence in October this year.

In 2012 we declared Netball SA as the federation of the financial year. This meant that we have refocused some of our resources to this federation to achieve most of the developmental initiatives that they have been shelving because of a lack of resources.

It was through this elevated support and the need to broaden the pool of Netball players in South Africa that we hosted in August 2012, a quadrangular netball tournament, called the Netball Diamond Challenge, in cooperation with Netball SA.

The tournament included South Africa, Botswana, Zambia and Malawi. South Africa emerged champions of this tournament. Despite the financial and other challenges that we experience towards launching a professional netball league that will ensure that Netball SA will have approximately 220 fulltime professional and elite players to select onto the national team, we are committed to this initiative.

In 2013, the focus federation is Tennis South Africa. Among the benefits to this federation was our financial support for the Soweto Tennis Open which has proven to successfully enhance the development of Tennis in our country.

Honourable members, the ever expanding complexity of doping in sport such as combating organised crime, the classification of health foods, controlling the manufacturing, importation, and distribution of doping products, requires both new capacities and commitments for both governments and national anti-doping agencies.

In recognition of this, the IADA Action Plan will continue to place strong emphasis on projects and initiatives that reinforce the "Sharing of Best Practices" to address these matters.

The department will continue to financially support the South African Institute for Drug Free Sport, SAIDS, and the laboratory in Bloemfontein with the view to ensure that South Africa complies with the code of the World Anti-Doping Agency. Particular attention is given to ensure that SAIDS delivers on its international obligations and to coordinate the responsibility of SAIDS towards the Central Drug Authority.

At a ministerial level we have been appointed onto the UNESCO anti-doping subdivision and the WADA Executive Committee, respectively. SRSA is also represented on the Central Drug Authority and on the inter-governmental committee on substance abuse.

Boxing remains work in progress. With the new direction that is provided by the Sports Plan, we deem it important to call key boxing stakeholders to a meeting to thrash out all challenges that we are still experiencing. To effect this we this effect we will host a Boxing Indaba later this year to be attended by people who can add value to the success of the sport of Boxing.

The Sport for Social Change and Development programme will be repackaged and expanded. Sport will be used as a vehicle to catalize change in sport in the environment; HIV and AIDS, sport against crime, to mention a few. These programmes will be grouped under the banner of Sport for Social Change and Development.

SRSA will continue to fund loveLife, but the funding will be aligned with the objectives of the National Sport and Recreation Plan. The loveLife message which is focused on building young sport leaders for an HIV free future will be spread, by using sport and recreation as a medium. This will form the initial semblance of a genuine sport for change initiative. Specific youth leadership and healthy lifestyle programmes targeting young participants will be delivered at school sport events nationally, junior sport federation championships, community recreation activities and youth camps.

One of the projects we will be engaging in again this year is the National Youth Camp. The department will assist the provincial departments to ensure that the delivery of this project is a success.

It will be held in all nine provinces, and is scheduled for September this year. Its purpose is to teach young people leadership and life skills, national pride and practical lessons on social cohesion in a rural, outdoor environment through adventure and other fun activities. Approximately 3 000 youth, representing diverse cultural groupings, will attend the National Youth Camp.

The national sport volunteer corps programme was successfully launched in 2012. At the end of the 2012/13 financial year 864 sports legends were registered on the national sport volunteer corps programme.

The focus of the volunteers programme is to register and to keep a record of sporting greats in the form of sports legends and former players, athletes, coaches and administrators. This is done to utilize their experience in developing sport in schools. We all know that most public and rural schools do not have specialist coaches to train their teams and to run their leagues, this initiative will assist to overcome this shortcoming

A further novel idea to attract the youth to participate in sport will be the introduction of the "sports bus". The "sports bus", will have a retro bus look, working on a similar basis to the old fashioned ice-cream van that attracts people with an easily identifiable tune. We will take delivery of 12 sports busses in 2013 that will transport sports stars who conduct training. We trust that it will encourage the youth to come out and see what is happening in the community, and participate.

In evaluating the Human Resources required to implement the National Sport and Recreation Plan, it was evident that the current structure of our department was totally inadequate and inappropriate in some areas.

The Ministry therefore directed the department to commence with the organizational review process to address shortcomings in the current organizational structure. This exercise is envisaged to be finalized in the 2013/14 financial year in conjunction with the Department of Public Service and Administration and National Treasury.

In conclusion I wish to emphasise that an increased and focused commitment at all levels of sport would be advantageous since this could reap great health, economic, social and international benefits.

In short, expenditure on sport and recreation must be considered as a worthwhile, and indeed, a necessary investment in the future of our country and its people.

I thank you!

Issued by: <u>Sport and Recreation South Africa</u> 23 May 2013

Budget Policy Statement of the Minister of Sport and Recreation South Africa (SRSA), Hon. Mr FA Mbalula (MP), on the occasion of the National Council of Provinces (NCOP) SRSA Budget Vote 20, Parliament of the Republic of South Africa, Cape Town

6 Jun 2013

"A Case for Sport Towards the implementation of Vision 2030"

#### Chairperson;

Members and delegates of the National Council of Provinces;

The 2013 Comrade Marathon runners are in the gallery to grace this important gathering led by Claude Moshiywa the 2013 Comrades Marathon winner;

Also in the Gallery are the table tennis players from the University Sport South Africa (USSA) who will be traveling to Russia in July to participate in the World University Championships. Also in the gallery are all our representatives of the sports movement in our country;

Ladies and Gentlemen, I would like to dedicate this speech to one of our own, Benni McCarthy who is retiring from football this year. We wish well in his future endeavours. Your work in sport has inspired many young people in South Africa especially those from communities that have challenges of drug and substance abuse as well as gangsterism and crime.

Ladies and Gentlemen, on 27 April 2014 South Africa will mark 20 years into our nascent democracy and invaluable freedom. On this watershed and historic day in the national calendar of our country we will be celebrating our 20th birthday as a constitutional democracy wherein institutions protecting democracy are respected by the citizenry including the rule of law. During this year and in 2014 our country and people will be engaged in activities that are aimed at searching for purpose and meaning of democracy and freedom.

As government and members of society we are called upon to engage the youth of our country to talk about the benefits and the significance of democracy and meaning of freedom with its concomitant responsibility. These young people will be engaged to give an account of how democracy and freedom have changed their lives? This campaign that will keep South Africa talking will be targeting the 20 year olds who were born in 1994. The born frees will give account to the nation of how it is to be born in a democracy and free society? This campaign is anchored on the giant pillars of social cohesion and nation building. Given the significance of our two decades in the history of our struggle, we will create platforms for such reflections by utilizing our National Youth Games and National Youth Camps amongst others for the reflections and escalating the debates.

It is for this reason, among others, that the sport and recreation movement together with the Department of Arts and Culture will be hosting a "Tribute to Nelson Mandela" Sport Day on 17 August 2013. During this day all South Africans will be "united in their diversity" to celebrate the Mandela Magic and take stock on the road we traversed in sport and recreation as well as in arts and culture in our struggle and quest for reconciliation and national unity. In partnership with our sister Department of Arts and Culture we will on the 17 August 2013 be celebrating the enormous contribution of this human colossal by hosting One Nation, One Venue, One Ticket Music Festival and Sport Spectacular. Viva Nelson Mandela!!!

Honourable Members and the House will recall that in November 2011 Sport and Recreation South Africa (SRSA) and the sport movement in general adopted the first ever National Sport and Recreation Plan (NSRP) in the history of our country. At the heart of the National Sport and Recreation Plan (NSRP) is our Vision 2030. We have, indeed, committed ourselves that at least by 2030 the playing fields in sport and recreation should be leveled. The majority of our sports people should have equal access to sport and recreation facilities, our national and regional teams should be representative, our school sport programme should be optimally resourced and implemented, and the administration and management of sport and recreation should be enhanced to the extent that it achieves our goal of "optimal performance and functional excellence".

Ladies and gentlemen we are pleased to report to this August House that the National Sport and Recreation Plan (NSRP) have been costed. We will present it to the Treasury and thereafter to Cabinet as a matter of urgency. Cabinet will have to budget an amount of approximately R10 billion towards the fulfillment of the objectives of the NSRP. We will in the next coming months submit a Cabinet Memorandum to canvass support for the budgeting and funding of the NSRP. We will do this promoting in the main the funding of the broader School Sport Programme while Cabinet is considering the Cost of the NSRP. In the same vein, we intend to engage the Ministry of Trade and Industry with the intention to amend the 'National Lotteries Act' with a view to open a window of opportunity for the sport and recreation sector to independently access Lotteries funding and resources

for sport and recreation service delivery.

Coupled with the above is our longstanding intention to meet with the Ministry of Co-operative Governance and Traditional Affairs to consolidate all matters related to the Municipal Infrastructure Grant (MIG). We intend to host a 'Joint MINMEC' in order to discuss all the pertinent issues regarding this matter, including the national roll-out of Outdoor Gyms across the country. We further intend to pull together all the funding opportunities for MIG into a single-pot in the Department of Sport and Recreation in order for the Department to deliver sport and recreation infrastructure. We will meet with our counterparts in the Department of Arts and Culture to receive advice about their funding for 'building libraries' with the intention to leverage on their experience to present a case for 'building sport and recreation infrastructure'.

We are indeed pleased to report to the House that since the approval of Government's Programme of Action (POA) at the beginning of the term of the 4th democratic government and progressive Parliament, SRSA has successfully implemented most of its strategic goals. There is still more work to be done and we should not be complacent!

During the same period of this government and beyond, SRSA has delivered and continues to deliver on two major areas as mandated by Outcome 12(b), namely that of 'increasing opportunities for participation in sport and recreation, and facilitating inter-governmental co-operation in mega international events hosted in our country'.

In the last instance, the people of South Africa and our Government deserve a pat on the back and a round of applause for successfully hosting the AFCON 2013 Championships here at home! We are looking forward to hosting the CHAN Championships in 2014; in order for us to succeed we rely on the support and involvement of the South African people. The conversations about the host cities for CHAN 2014 must now begin in earnest and we expect the municipalities and provinces to actively participate in this process and guide us.

We have noted the tentative indication given by our President, Mr Jacob Gedleyihlekisa Zuma in Japan concerning our readiness to host the 2024 Olympic Games. We are in deed excited at the prospects of bringing the Olympics to Africa for the first time. We will engage all in the sports movement about this possibility and call upon the MECs to also have similar engagements within their provinces and municipalities.

We have in the past stated our intention to revive boxing and return it to its former glory. To give effect to this pronouncement I have appointed the Deputy Minister to head a Steering Committee that will convene a Boxing Indaba at the end of July 2013. It is expected of Parliament and provinces to play an active and pivotal role in the consultation processes towards the National Boxing Indaba. Local and provincial Izindaba will assist in ensuring that the broadest possible consensus is reached on a number of critical issues prior to the National Indaba. For us at the heart of the Indaba must be the interest of the athlete and sustainability of Boxing South Africa. The Deputy Minister, Mr Gert Oosthuizen is not hear today with us due to our international commitments,

Honourable Members, SRSA tabled its Strategic Plan for the Fiscal Years 2012 to 2016 to the National Assembly in March 2012. We also presented the Strategic Plan in March 2013 as well as our Annual Performance Plan (APP) for the 2013/14 financial year on 7 and 8 May 2013 in both Houses of Parliament.

These documents give the nation a clear picture of the planned programmes and activities of SRSA for the next five years as well as budget allocations and estimates for such years. The annual performance plan provides the activities and targets that are aimed at realizing the stated objectives of our plans in the current year. Our plans ARE FULLY ALIGNED TO THE National Sport and Recreation Plan and the National Development Plan.

Ladies and Gentlemen, SRSA budget allocation for 2013/2014 Financial Year amounts to R1.073 billion. Seventy-three percent (73%) of this amount, which is R815 million, is transferred to provinces, municipalities and sports federations. A bulk of it goes to Provincial Conditional Grants and the School Sport Programme and only R258 million will be utilized by the National Department for all its activities including salaries. This confirms our submission that this year's allocation for the Department remains very minimal in real terms. Honourable Members, we would like to take this opportunity to register our concerns about the utilization of the Conditional Grant by provinces, which is funded through the Division of Revenue Act from the fiscus. The management of the mass participation and sport development conditional grant requires particular attention. Compliance from the provinces has generally been poor and the funding model applied has now been refined to address key areas of delivery aligned to our objectives. The monitoring of the grant needs to be improved and the general management of the grant tightened. An internal task team has been established to address these issues. We have agreed at MINMEC to tighten scale up, expedite and deliver according to our promises, especially at provincial level.

In order to fulfill the obligations of the NSRP and the Annual Performance Plan (APP) for 2013/14, SRSA together with the Department of Basic Education is continuing to implement the school sport programme in 2013. This programme rolls out the School Sport Leagues across the country. It will again culminate in the National School Sport Championships in December 2013.

Ladies and Gentlemen, as we have adopted Vision 2030 in November 2011, we stand before you this afternoon to present our 2013/2014 Budget Policy Statement. We present this Budget Policy Statement to this House today imbued with the spirit of exuberance and excitement due to the remarkable progress we have made since the adoption of the National Sport and Recreation Plan (NSRP) in 2011. This exuberance and excitement we display today is propelled by the strides we have made during the years 2011/2012 and 2012/2013 which influence our programme of action for 2013/2014 financial period.

It is against this background that our country will see SRSA setting the agenda for sport and recreation in South Africa. It is generally acknowledged that we can do better with limited resources at our disposal; and to this end SRSA is engaging all sport bodies including SASCOC to review the delivery of sport programmes that are aimed at achieving excellence at development and high performance levels.

Chairperson, as we announced last year in this House our appointment of the Eminent Persons Group on Transformation (EPG), one of the key components of the NSRP is a Transformation Charter and its Scorecard. The baseline of transformation in South African sport needs to be determined and the EPG's work has started in earnest with the cooperation of SASCOC and all National Federations and Sport Bodies. Because of the importance of transformation for the future of South African sport, it is imperative that SRSA delivers on this focus area. Internal capacity will be provided for the work of the EPG to assist national federations to implement the Charter and to accurately complete the scorecard. The national federations will be subjected to a transformation review to monitor progress in this regard. Starting from this year we will announce a transformation barometer on all Federations' progress or lack of it in the transformation score-card. We will publicly name, blame and shame all those non-compliant Federations and sport bodies. This will include dealing viciously and decisively with corruption and maladministration in sport and recreation. We will withhold funding, moral and political support from all federations and individuals who have exaggerated egos and false sense of importance. We are saying to federations and sports administrators get off your high horses. We want change, we want transformation now. South African deserves the better.

We will give incentives to all compliant Federations and sport bodies. We are providing secretarial support to the EPG to fast-track its work to produce quarterly consolidated National Federation Transformation Progress Reports based on their interactions with SASCOC, the national federations and play a coordinating role regarding transformation within other SRSA programmes. These efforts will be supported by the work of the Ministerial Advisory Committee on Recreation, which is leading our transformation agenda in the recreation sector of our society.

This will include, amongst others, the resuscitation and development of rural sport. This programme will support a rural sport improvement programme in partnership and with the guidance of the National House of Traditional Leaders. The programme will involve ministerial outreach to rural areas to distribute sports equipment and roll-out Outdoor Gyms and other sport and recreation materials and facilities to many rural communities across the country, beginning by one Outdoor Gym per Province in 2013/14. Over the medium term, the department will develop a single governance framework for recreation to strengthen the delivery of recreation programmes. It is envisaged that these programmes will not be institutionalized, but will be community initiatives driven by educational and public promotional campaigns.

Our Ministerial School Sport Bursary scheme which donates an amount of a hundred thousand rands (R100 000) towards the education of each identified learner who excels in sport but is also academically deserving, is a life-line to many poor families who cannot afford to enrol their children in quality schools in our country.

Ladies and Gentlemen, the progress we have made in the four and half years bears testimony to the all-round work we have collectively undertaken with the MECs and our officials. Our flagship School Sport Programme together with our National School Championships 2012, gives us the motivation and assurance that we are on the right track. We are showing this through the 'force of commitment' to change the face of sport and recreation in South Africa. Honourable Members, it is this courage and bravery that keeps some of us going. It is such commitment to the good of our people that gives purpose to our lives. It is the commitment to work and the spirit of robustness that we are beginning to see change in the face of sport in South Africa today. We even slowly are changing the face of sport in schools since we came into sport and recreation. Schools are not the same again in the history of the Republic of South Africa. Today in South Africa schools are becoming centres of learning and

play. Schools today in our country are becoming institutions of education, innovation and recreation. What we need to do going forward is to make physical education a stand alone learning area in all public schools of the Republic.

In conclusion Chairperson, as we complete the journey that began in 1912 by the Great Generation who travelled on the horse-back from Limpopo and other parts of Africa to grace the occasion of the birth of the ANC, the oldest liberation movement in the continent, we must soldier-on as this current Re-Generation for the next 100 years to fulfil the wishes of our Great-Great Generation of Chief Commander Oliver Reginald Tambo and Chief Albert Luthuli when it concluded that:

"The fight for (total) freedom (and independence) must go on until it is won; until our country is free, happy and peaceful as part of the community of man. We cannot rest."

Lastly, I would like to convey my sincere gratitude to the Deputy Minister, the Director-General and all the officials of the Department of Sport and Recreation. My special gratitude goes to all the MECs and all committees of sport in all our Legislatures for their dedication and commitment to the work of sport in this country. I would also like to take this opportunity to thank the African National Congress for affording us this opportunity to prove ourselves and to prove to others what we are made off and what the ANC made us to be?

Thank you.

Issued by: <u>Sport and Recreation South Africa</u> 6 Jun 2013

# Vote 21: Correctional Services

# Correctional Services Budget Vote Speech 2013/14 by Mr Sibusiso Ndebele, Minister of Correctional Services, MP, National Assembly, Cape Town

29 May 2013

Honourable Speaker

Honourable Members and Colleagues

Deputy Minister of Correctional Services: Adv. Ngoako Ramatlhodi

Chairperson Mr. Vincent Smith, and Members of the Correctional Services Portfolio Committee

National Commissioner of Correctional Services Mr. Thomas Moyane, and senior Management of DCS

Judge Vuka Tshabalala: Inspecting Judge for Correctional Services

Chairperson Judge Siraj Desai, and Members of the National Council on Correctional Services

Our officials and ooffenders

All other members of the Correctional Services family

Comrades and friends

Distinguished guests

Ladies and Gentlemen

As we commemorate the 50th anniversary of the African Union, across the world there's consensus that we must seriously re-think the role of corrections. As Chair of the African Correctional Services Association (ACSA), South Africa will use its position to improve the management of correctional centres across the continent.

This Department, now known as the Department of Correctional Services (DCS), has been in existence for 102 years. Correctional Services marks the end of a life of crime, and the beginning of restoration. We must deliver justice for victims and ensure that offenders make restitution both to society for their crimes, and leave correctional centres with better skills and prospects. The field of corrections is gaining prominence. On 16 May, 45 students from the University of Zululand, graduated with a Bachelor of Arts in Correctional Studies.

The transformation programme of our democratic government necessitated that prisons shift from institutions of humiliation to institutions of new beginnings. The White Paper on Corrections represents the final fundamental break with a past archaic penal system, and ushers in a start to our second decade of freedom where prisons become correctional centres of rehabilitation, and offenders are given new hope, and encouragement, to adopt a lifestyle that will result in a second chance towards becoming ideal citizens.

Our National Development Plan states: "In 2030, people living in South Africa feel safe and have no fear of crime. They are safe at home, at school, at work and they enjoy an active community life free of crime. Women can walk freely in the streets and children can play safely outside....."

# Rebuilding society

According to the Freedom Charter, "Imprisonment shall be only for serious crimes against the people, and shall aim at re-education, not vengeance."

Section 35(2)(e) of the Bill of Rights says, "Everyone who is detained, including every sentenced prisoner, has the right to conditions of detention that are consistent with human dignity, including at least exercise and the provision, at state expense, of adequate accommodation, nutrition, reading material and medical treatment;"

#### Offender population

According to the latest National Offender Population Profile (September 2012), the major crime categories are economic, aggressive, sexual and narcotics. As at 27 May, South Africa's inmate population was 152,514; 45,043 (29,5%) were remand detainees; and 107,471 were sentenced offenders. Offenders sentenced to life imprisonment increased from about 400 in 1994 to more than 11,000 in 2013. Foreign nationals comprise 8,973 inmates (4,087 sentenced and 4,886 un-sentenced).

In addition, 65,931 offenders are outside correctional centres living in their respective communities; 48,716 are parolees, 15,491 are probationers (serving non-custodial sentences) and 1,724 are awaiting-trial.

#### **Electronic monitoring**

On 19 and 20 November 2012, we hosted a colloquium under the theme, "Towards Finding Solutions for South Africa's High Rate of Incarceration and Breaking the Cycle of Crime". All stakeholders, including judges, magistrates and academics, attended. An action plan has since been developed to address recommendations from the colloquium.

The colloquium also consulted on the White Paper on the Management of Remand Detainees which, has been finalized for tabling with the JCPS Cluster DGs and, is due to be published soon.

On average, 15 to 20% of the 45,043 awaiting trial detainees are in custody because they cannot afford bail. This has resulted in the poorest of the poor being removed from their families, with associated socio-economic implications. The Electronic Monitoring Pilot Project (EMPP) has proven to be economical, effective, efficient and relevant to the broader goals of DCS and the JCPS cluster. Electronic monitoring is now available to the courts, particularly for remand detainees, non-custodial sentencing and parolees. It costs the taxpayer R9,876.35 per month presently for each inmate, whilst electronic monitoring costs R3,379. Electronic monitoring enables offenders to be monitored within metres, 24 hours a day, seven days a week. Should an offender commit any violation, alerts are immediately generated and transmitted. Interference with the equipment, including tampering or failing to charge the receiver, is electronically relayed to the control room.

#### Second Chance Act

In conjunction with the National Council on Correctional Services (NCCS), chaired by Judge Siraj Desai and comprising Deputy Chairs, Judge Ledwaba and Lacock, as well as other professionals including magistrates, attorneys, clinical psychologists, social workers, medical doctors, professors and officials, we are reviewing various issues including overcrowding, CCTV cameras in correctional centres, parole board and case management committee training, training for psychologists and social workers as well as the Second Chance Act.

In 2007, the Democrats and Republicans, in the United States, sponsored a legislative proposal to expand re-entry services for people leaving correctional centres. The Act counters policies which have made it difficult for exoffenders to re-enter the normative non-criminal community, and could explain why there are so many recidivists. Our responsibility is to keep those who, by law, are supposed to be inside. But, unlike a train driver, our task is not limited to ensuring that they are properly inside but rather that they are properly rehabilitated.

That task does not end with them leaving our correctional centres. It is still our responsibility to ensure they do not re-offend. The Second Chance Act may assist in this task.

# Drug abuse

According to the International Centre for Prison Studies, January-February 2013 News Digest, a United States report suggests that the imprisonment rate for African-Americans is six times higher than the national average. This means that young Black men, who have not completed high school, are more likely to be imprisoned than find a job. South Africa is no different. The vast bulk of inmates are young Black men. More than a third of those incarcerated are youth, and a large number of inmates who, while not under 25, are still in the prime of their life. Children, as young as 17 years of age, have committed serious crimes. Our average inmate is a young substance abuser who, has dropped out of school before high school, is functionally illiterate and, more often than not, homeless.

During September 2012, we undertook a study tour to Brazil, Cuba and New York. South Africa is ranked 5th in terms of foreigners jailed in Brazil. The majority are convicted for drug-related crimes. In Sao Paulo, and Rio, 125 South Africans were incarcerated. Of these 57 men and 68 women, the youngest, and eldest, were females; the youngest was 20 years of age and the oldest 74. We welcome eNews Channel Africa (eNCA) anchor Joanne Joseph's role in telling the drug mule story of former Miss SA finalist Vanessa Goosen. The book, "Drug Muled, 16 Years in a Thai Prison: The Vanessa Goosen Story," details Vanessa's life of imprisonment in Thailand.

Drugs cut across race and class; it affects rich and poor. Your daughter, or son, could be next. We are calling upon everyone (parents, educators, religious leaders) to start learning, observing and recognising drugs and their signs. Observing your child when she is on trial, sentenced or serving time is too late. Together, we fought against apartheid and defeated it. Together, we are fighting against all forms of intolerance. A new scourge is upon us, the scourge of drugs.

Let us unite, and fight it, in our families, communities, schools, churches, mosques, temples, everywhere.

As Correctional Services, our contribution, to preventing drug abuse, includes schoolchildren being taken on tours to correctional centres, with motivational talks from rehabilitated inmates. In Gauteng, to date, 1,107 school tours were undertaken by 56,634 learners and 3,321 educators. Inmates depict the realities of their life, demonstrating that crime does not pay. The motivational talks by offenders have also gone beyond correctional centres to schools, community events as well as media interviews.

Better to light a candle than to curse darkness

At least 95% of those incarcerated will return to society after serving their sentence. Offenders must return as better, changed and law-abiding citizens. It is better to light a candle than to curse the darkness. We are turning our correctional centres into centres of learning. Offenders must read, study and work. We must impact the hearts, heads and hands of offenders so that, upon release, they are in possession of, at least, a certificate in one hand and a skill in the other. Key to rehabilitation is empowering offenders to function effectively upon their release but, equally important, is to ensure that offenders are involved in productive activity while they serve their sentences. As at February, 97% of offenders, serving sentences longer than 24 months, had correctional sentence plans.

From 1 April, it is compulsory for every inmate without a qualification equivalent to Grade 9, to complete Adult Education and Training (ABET) level 1 to 4. This year, 10,393 offenders are registered for ABET 1 to 4. Offenders are also being trained as Literacy Facilitators, to teach functionally, and totally, illiterate offenders to read, write, spell and study.

In the 2012 National Senior Certificate (NSC) examinations, inmates achieved a 79,25% pass rate compared to 68.06°/o in 2011.

This year (2013), 1,413 offenders are registered for the Report 550 (former Matric) mid-year examinations and 2,012 offenders for the NSC examinations in October/November. In 2012/13, 1,049 offenders were studying towards post-matric/higher education and training qualifications, 3,525 towards further education and training (FET) college programmes (including electrical engineering, civil engineering, mechanical engineering and marketing) and 4,188 towards skills development programmes (including basic business skills training and entrepreneurship). In May 2012, 416 youth offenders graduated with their International Computer Driver Licence (ICDL) certificates.

An Agreement has been signed with Department of Higher Education and Training, for 2012/13 to 2015/16, for accredited vocational and basic occupational skills programmes through the National Skills Fund. Last year, R66,424 million was spent on training 5,837 offenders including scarce skills such as welding, plumbing, bricklaying, plastering, electrical, carpentry and agricultural skills programmes.

On Monday (27 May), we launched the Western Cape Arts and Craft Gallery at the Goodwood Correctional Centre for offenders to express their creativity. The Gallery of Hope will enable offenders to sell their art to the public, support their families and have money when released. Furthermore, this gallery will be used as an after-care centre for released offenders to make reintegration much easier and better.

# Reading for Redemption

Within two months of launching the Reading for Redemption campaign on 17th September 2012, more than a million rand worth of books were donated. Various models of Reading for Redemption programmes exist globally. In South Africa, partnerships have been established with universities including the University of Zululand, University of KwaZulu-Natal, UNISA, Walter Sisulu University and Nelson Mandela Metropolitan University. We are implementing the Reading for Redemption programme in a phased approach. We are currently concentrating on awareness raising, as well as encouraging offenders, and officials, to read. We, therefore, want to encourage individuals, and organizations, to donate as many constructive books as possible.

A task team is finalizing guidelines for implementation of the different phases, and further announcements will be made in due course.

Reading and Writing Clubs are being established in correctional centres. On 27 May, we launched Volume One of a poetry series by offenders entitled "Unchained". On 7th March, a copy of the novel, "KWAKUNGEKE KUBE NJE", was handed to its author, Celimpilo Cele, who is an inmate at Qalakabusha Correctional facility. The novel won the KwaZulu-Natal Provincial Literature Writing Competition, and was published by Oxford University Press. Tshifhiwa Given Mukwevho from Makhado, who was imprisoned for 11 years and is on parole, pursued a creative writing course with UNISA and, on his release, published his short story collection. Today, Mukwevho is a

poet, and community journalist, who topped the inaugural Polokwane Literary Festival last year. He is negotiating a deal for his first novel.

#### Offender labour

As per the National Framework on Offender Labour, we are increasing the number of offenders who participate in offender labour, and skills development, programmes. On 12 February, we signed a MoA with the Department of Basic Education (DBE) to use offender labour to build schools and supply furniture. The obligations of DCS include:

- Manufacture and delivery of school furniture;
- Rehabilitation of school furniture;
- Construction of school infrastructure;
- Maintenance, and refurbishment, of schools; and
- Establishment of school gardens.

Ten DCS workshops will manufacture the school furniture. The first delivery is expected by DBE on 30 August. On 14 May, Noziwe Public School, in Khuma in the North West, was the latest school to receive 52 refurbished desks and 37 computers donated by business. Offenders, across the country, are giving back to communities, and demonstrating remorse for crimes committed.

Offenders, and officials, have built, and renovated, several houses, and schools, in disadvantaged communities including tiling, re-roofing, installing built-in cupboards, painting and plastering, cutting the grass and trees, clearing bushes and cleaning yards.

Our production workshops, which operate as business units, include 10 wood workshops, 10 steel workshops, 19 textile workshops, a shoe factory, six bakeries and three sanitary towel workshops.

Agricultural productivity takes place on our 21 correctional centre farms, and 96 smaller vegetable production sites, all spread over some 40,000 hectares of land. Vegetable production takes place on 21 farms, and 108 smaller centres; fruit production on 13 farms; milk production on 17 farms; red meat on 24 farming units; chicken on four farms; layers on eight farms; red meat abattoirs on 17 farms; white meat abattoirs on three farms; and 15 farms focus on piggery.

The abattoir at Leeuwkop Correctional Facility, once again, emerged a winner at the 2012 Nama Phepa Awards. It was declared the best in the province for three successive years in the category of Low Red Meat Abattoir, winning the gold award. At the Boksburg Correctional Centre Bakery, 22 offenders produce 2,000 loaves of bread daily which feeds 5,000 offenders.

From April 2012 to March 2013, inmates at correctional centre farms and abattoirs produced more than 6,5 million litres of milk (6,585,711 litres), 551,000 kilograms of red meat (551,596kg), 1,8 million kilograms of pork (1,863,906 kg), 1 million kilograms of chicken (1,077,908kg), 1,4 million dozen of eggs (1,473,995 dozen), 9 million kilograms of vegetables (9,030,042 kg) and 607,000 kilograms of fruit (607,768 kg).

The establishment of a trading entity is being prioritised, which will impact positively on offender labour. We have adopted various orphanages and old age homes, and will continue to donate excess products to disadvantaged communities.

#### Social reintegration

We want to return rehabilitated offenders to society as healthy, and responsible, community members. The yellow ribbon we wear is a symbol urging communities to support reintegration and rehabilitation.

Government has stepped up its efforts to fight tuberculosis (TB) in correctional centres. On 24th March (World TB Day), we, together with Minister Motsoaledi, accompanied Deputy President Kgalema Motlanthe to Pollsmoor where six GeneXpert machines were handed to us to test inmates.

As at April, 98,4% of the 65,931 offenders under community corrections, complied with all their parole conditions and did not re-offend. Parolees, who obtained skills in correctional centres, are being provided with work tools, and

start up kits, to start their own businesses. These include welding machines, sewing machines, car wash machines and vacuum cleaners to create entrepreneurs and employment for parolees.

Through the Working on Fire project, female parolees are being trained and graduate to structural fire fighting. The training is not only confined to fire fighting, but includes administration and carpentry.

The Department has also engaged the National House of Traditional Leaders (NHTL) in rehabilitation, and reintegration, of offenders. This project is aimed at going back to the basics of rehabilitation and reintegration, and a MoU is expected to be signed next month.

Other initiatives include parolees employed by the City of Jo'burg in the Gateway Project, the Clean Sweep Jo'burg Project, painting the Glenanda Clinic as well as a garden project at Helen Joseph Hospital which supplies the hospital with fresh vegetables. Similar projects are being undertaken in other provinces.

#### Victim-offender dialogues

Since the launch of the Victim-Offender Dialogue (VOD) programme on 28th November 2012, more than 85 VOD sessions were hosted, and 1,342 DCS officials trained, across the country on the VOD implementation guidelines. One such session was when we welcomed victims of the 1996 Worcester bombing, who arrived in Tshwane by train from Worcester on 30 January 2013, to meet the youngest bomber, Stefaans Coetzee, at the Pretoria Central Correctional Centre. VODs are based on a theory of justice that considers crime, and wrongdoing, to be an offence against an individual or community, rather than the state. Restorative justice, that fosters dialogue between victim and offender, shows the highest rates of victim satisfaction and offender accountability.

Ultimately, every correctional centre will have a Victim Offender Dialogue Representative Forum. The Head of Centre is the Convenor of the Forum. It is expected that, among others, social workers, psychologists, educators, religious leaders and communities will be actively involved in the VODs. This programme must form part of the sentence plan of offenders. High value must also be placed on ensuring that victims of crime are empowered. We, therefore, request our business community, and other stakeholders, to join hands with us in empowering, especially women and children, victims. The Victim-Offender Dialogues provide an opportunity for offenders to meet with victims and account for their crimes, thereby re-building our nation. Through the VODs, Parole Boards and other structures, we are working towards democratization and creating more opportunities for people to join the fight against crime.

## New generation correctional centres

We have 243 correctional centres which were built over the past 100 years or so, when corrections and rehabilitation were unheard of. With the policy shift from historical custodial warehousing to rehabilitation, a review, and redesign, of some facilities is required to enable unit management as well as enhance public involvement, offender development and social reintegration. As we review old-generation facilities, we are mindful of the increasing costs for maintenance of old facilities, overcrowding and limited fiscal capacity. Over the mediumterm, there is no budget for building new facilities. An innovative model of facilities acquisition is required to respond to public interest on location, operational needs of rehabilitation, public security and integration with the criminal justice system. Various proposals have been received offering creative, and innovative, solutions. A task team, of senior officials, is currently considering various options including: suitability of current location of facilities and design models offering solutions for rehabilitation; flexibility in custody management based on security requirements, gender, physical and mental incapacity of inmates; and addressing special needs based on development and care approaches. The task team is expected to complete its work soon, and a call for expressions of interest will be advertised.

#### Year of the Correctional Official

To promote good governance, ethical administration and effective human resource management, we declared 2013 as "The Year of the Correctional Official." When society breaks down, Correctional Services picks up the pieces and deals with the entirety of the human experience. However, Correctional Officials must first, through their own conduct, earn respect to give this profession the respect it deserves. The balance between internal security and order, as well as rehabilitation, is paramount. We want to re-iterate that unlawful attacks by officials on inmates, as well as riots instigated by inmates in correctional centres, and attacks on officials, will not be tolerated. A National Gang Management Task Team has been established to implement a multi-dimensional gang management strategy. However, gangs in correctional centres are not unique to South Africa.

On 27 January, Venezuelan prison minister, Iris Varela, announced the closure of the Uribana prison, near the city of Barquisimeto, where more than 60 inmates died in a riot.

We have renewed our efforts at ensuring a healthy organised labour-management relationship. On 11 February, we convened a Ministerial Consultative Forum with recognised trade union partners such as PSA and POPCRU. At this forum, parties resolved to establish a Ministerial Task Team comprising representatives from organised labour and management. The task team has since been meeting regularly to tackle a number of employee-related issues, including employment equity. Due to the nature of the issues, the team has requested a postponement, from March to June, to submit a comprehensive report. We call upon all stakeholders to utilize this forum.

We will continue to ensure that the departmental structure fundamentally transforms the manner in which DCS delivers services. The organizational culture must ensure effective, and sustainable, rehabilitation. The Department will roll out a new Human Resource Strategy, focusing on, among others, the development of a staffing plan; the enhancement of relationships with employees, and recognized trade unions, to reduce labour disputes; rolling out an integrated Employee Health, and Wellness, Programme; and channelling more resources towards staff development.

### Turn-around strategy

We have instructed management to implement a turn-around strategy, to ensure improved financial controls. We must all fight fraud and corruption with vigour. During 2012/13, 19 officials were dismissed, two were demoted, 15 were issued with final written warnings and 14 were suspended without pay. We are currently conducting a major investigation into allegations of blatant anarchy at certain correctional centres, including collusion by officials. Due to sensitivity, further information cannot be provided at this stage. We are also working with the Office of the Inspecting Judge, Judge Vuka Tshabalala, on these matters. We will ensure that officials, and offenders, found guilty of any offence face the consequences of their actions.

# **Budget for 2013/14**

The period post-1994 has seen the review of policies, the introduction of new legislation, the development of the White Paper on Corrections and many other improvements.

During the current term of government, bold strides have been taken in providing better services to inmates including taking care of their physical needs and their need for correction and rehabilitation.

The overall budget for 2013/14 for the Department of Correctional Services is R18,748 billion. Last year it was R17,7 billion.

Finally, we thank this House, and members of Portfolio Committee in particular, for your on-going support and oversight. Once more, I would like to thank the Deputy Minister, National Commissioner, senior management and all officials for their work in support of our policy objectives.

Thank you.

Issued by: <u>Department of Correctional Services</u>

 $29~\mathrm{May}~2013$ 

#### Budget Vote speech for the Deputy Minister of Correctional Services Adv Ngoako Ramatlhodi

29 May 2013

Honourable Speaker

Honourable Minister of Correctional Services

Honourable Chairperson and Members of the Correctional Services Portfolio Committee

Honourable Members of the Extended Public Committee

Honourable Judge Tshabalala: Inspecting Judge of Correctional Services

Honourable Judge Desai: Chairperson and Member of the National Council on Correctional Services

Mr Tom Moyane: National Commissioner: Department of Correctional Services

Distinguished guests

Esteemed Members of the media

Cadres and friends.

As we approach two decades of democracy in our country it is important that we must be clear and accurate in sharing with this house what we as a national department has achieved and where we are going to.

The change of guard in the Ministry on 12 June 2012, which saw the arrival of the Honourable Minister Ndebele from Transport and the departure of Honourable Ms Mapisa-Nqakula to Defence, allows me the opportunity to say to this house that I relished the period I served as Deputy-Minister to her. When I was appointed to this portfolio she assigned me specific focus areas of operation and I enjoyed her leadership while attending to them.

Minister Ndebele requested me to continue focusing on the same areas of performance and this allowed me to seamlessly continue with the work done over the past few years.

The three main streams of core business of the department are vested in the budget programmes: Remand Detention, Incarceration and Corrections and Social Reintegration. My focus areas mainly find presence in Remand Detention and Social Reintegration.

Honourable members, I am pleased to share with you the considerable progress that the department has made in terms of Remand Detention. The Remand Detention Branch was established on 1 April 2012 and the Branch Head was subsequently appointed on 1 June 2012. She is Ms Britta Rotmann. The vacancies in the Branch Structure on National level were filled and a draft Regional and Management Area Organisational Structure was developed and submitted for approval. We are hoping to fill positions at those levels soon.

#### White Paper on Remand Detention

One of the first and key responsibilities of this new branch was to develop a White Paper on Remand Detention that is aligned to the Correctional Services legislation and specifically to the Correctional Matters Amendment Act. This was done.

The White Paper was consulted with our key role players in Government namely the South African Police Services, the Department of Social Development and the Department of Justice and Constitutional Development and relevant Justice Crime Prevention and Security Cluster structures such as the Management of Awaiting Trial Detainee Task Team, Criminal Justice Review Committee, National Integrated Court and Case-flow Management Task Team and the National Development Committee of the Justice Crime Prevention and Security Cluster.

The White Paper was also consulted with several other key stakeholders and interest groups. Amendments were effected after each phase of consultation. The document has now been submitted to the National Development Committee for further consultation processes with the Directors-General's Committee, Ministers' Committee; Cabinet Committee and eventually to Parliament for approval.

#### Cooperation within the Justice Crime Prevention and Security Cluster on remand detention issues

The department works closely with partners in the Justice Crime Prevention and Security Cluster and enjoys excellent support from them. Case-flow Management Meetings, Criminal Justice Review Meetings as well as Justice Crime Prevention and Security Cluster Development Committee Meetings are attended and the refinement of the Remand Detention System feature prominently on their agendas.

The protocols on Section 49G (Maximum Incarceration Periods for Remand Detainees) and Section 49E (Referral

of Terminally ill Remand or Severely Incapacitated Remand Detainees to Court) were endorsed and approved by the relevant Justice Crime Prevention and Security Cluster of Directors-General of: Department of Correctional Services; Department of Justice and Constitutional Development; National Prosecuting Authority and South African Police Services at a meeting held on 3 July 2012. The protocols were further unpacked into operational policies and relevant forms required for implementation were developed.

Standardised presentations were also developed and circulated to the National Integrated Court and Case-flow Management Secretariat for further distribution to all the Provincial and Local Case-Flow Structures that are Chaired; by the Judiciary.

The official implementation date for the Section 49E protocol was on 1 December 2012 and referrals are being monitored at National level. The official implementation date set for the Section 49G protocols is 1 July 2013 and the preparatory processes for the promulgation are in place.

IT solutions for implementation and accurate data capturing were developed in 2012 and implemented on 1 April 2013. The solution will assist in determining which remand detainees qualify for referral to court at certain intervals in line with Section 49G provisions. The first three months (April to June 2013) is the pilot phase during which testing of the accurateness of information is done, as well as referral of cases, which would constitute "backlog cases" once the Section is implemented. A strategy in this regard was developed with key strategic partners Department of Justice and Constitutional Development; National Prosecution Authority; Legal Aid South Africa and the Judiciary.

A tool for calculating the length of detention was also developed and implemented on 1 April 2013 with a three month testing period. In addition, a monitoring tool was developed for completion by all the Regions that will make it easier for the calculation of a National average length of Detention.

# Security Risk Classification System for Remand Detainees

The department's inability to accurately determine the Security Risks that Individual Remand Detainees pose has long been an Achilles Heel for the Managers of Remand Detention Facilities. A Security Risk Classification System for Remand Detainees has been developed in conjunction with South African Police Services during 2011/12. A Testing Phase of the System and Tools started on 1 December 2012 and will continue during 2013/14. Once the system's effectiveness and reliability are guaranteed, it will be rolled out to all Remand Detention Facilities.

#### **Remand Detention Facilities**

Twenty six dedicated Remand Detention Facilities were established across the country and a further 109 Centres have been authorised to establish Remand Detention Sections with effect from 1 March 2012. The department is currently looking at disaggregating the number of bed spaces made available to Remand Detainees versus Sentenced Offenders in order to, in future, have Split Overcrowding Figures, which will ensure better planning.

#### Video Arraignment

Twenty two Video Arraignment Courts in Correctional Centres serving 47 Magistrate Courtrooms have been established although the site at Mthatha is still being refurbished under the Management of the Department of Public Works. Challenges relating to the connectivity of lines (both Telkom and ISDN) and theft of equipment have prevented the system from functioning optimally.

#### Remand Detention Uniform

Bright yellow uniforms are being manufactured by offenders in the department's Textile Workshops. Thus far 8400 one-piece overalls, 11307 shirts and 6049 pairs of trousers have been manufactured utilising 50% of the capacity of the Workshops. The rest of the capacity is utilised to manufacture uniforms for Sentenced Offenders. Production will carry on through 2013/14.

According to projections, the wearing of Uniform by all Remand Detainees will start during the second half of 2014. This will contribute to better Security Management in Remand Detention Facilities and Improve Hygiene Issues.

## Remand Detainee Children

Although we do not want to accommodate Children in Remand Detention, there are unfortunately Cases where a Court has no alternative but to refer Children for Remand Detention to our Centres. The Department works in close collaboration with Justice to ensure that we adhere to the stipulations of the Child Justice Act. In line with Section 30(4) of the Child Justice Act, Children appear every 14 days before the Presiding Officer to allow Reconsideration of their Detention Orders.

I am pleased to report that the total number of Children in Remand Detention has decreased considerably over the past three years. It decreased from 305 children at the end of March 2011 to 218 on 31 March 2012 and a further reduction to only 135 on 31 March 2013.

#### Repeat Offending

The Department of Correctional Services adopted a Cluster approach to developing a framework for measuring repeat offending. As the honourable members may know we do not have reliable figures on repeat offending which is a crucial performance indicator to determine the success of Rehabilitation Programmes and Correctional Interventions.

A Cluster Committee has completed the framework and it has been consulted with various Cluster Committees. It will be implemented once finally approved.

#### Parole Boards

The R22.8 million allocation; to the Department of Correctional Services; by Cabinet from the Criminal Asset Recovery Committee Fund for the installation of an Audio-Visual System in the Parole Boards Offices will come to fruition soon. Final bid evaluation documents and recommendations were submitted to the procurement division for submission to the National Bid Adjudication committee. The committee met during May 2013 to consider recommendations of the Bid Evaluation Committee. Final awarding of this tender is expected to happen by the end of May 2013. Once the system is installed, it will give victims access to any of the 52 Parole Boards across the country to make presentations without having to travel.

In 2007, the department developed a Policy on Restorative Interventions. This included the Victim-Offender Mediation Model which outlines the process of identifying offenders who are genuinely ready to take part in Victim-Offender Mediation.

In addition, the department signed a Memorandum of Understanding with the Foundation of Victims of Crime to assist with tracing Victims of Crimes for their possible participation during Parole Placement considerations of Offenders who committed Crimes against them. During the year 2012/2013 the Foundation of Victims traced 1037 Victims of Crime. Of these Victims; 46 have participated in Parole Boards Hearings. Another 52 Victims prepared by the Foundation of Victims of Crime have participated in the Victim-Offender Mediation Programmes whilst 875 Victims are ready to participate in either the Victim-Offender Mediation Programmes or Parole Board Hearings.

### Parole and Parole Violations numbers

The parole system that is used in the country is based on international best practices. It allows for independent decision making by Correctional Supervision and Parole Boards and it allows for the participation of Victims as well as other role players such as representatives from the South African Police Services and Justice.

The average number of Offenders on Parole has grown from 44 941 in 2010/11 to 46 259 in 2012/13. The average number of Offenders subjected to Correctional Supervision however; has in the past three years; decreased from 22 458; to 17 183.

During 2012/13; 78% of all Offenders placed on Parole underwent Pre-release Programmes.

Of those placed on Parole during 2012/13; 15.19% violated their Parole conditions compared to 23.9% during the previous year. It represents a decrease of almost 9%, which is a good achievement.

# **Judicial Inspectorate**

The department cannot overemphasise the significance of the role of the Judicial Inspectorate in assisting the department to ensure Compliance with Legislation and Policies within Correctional Centres. The presence of the Independent Correctional Centre Visitors and the regular oversight reports that are received from the Inspecting

Judge's Office enable the department to deal with cases and areas of underperformance.

I want to thank Judge Vuka Tshabalala; the Inspecting Judge for the Inspectorate's contribution in ensuring that the department in compliance with the prescripts of Chapter 2 of our Bill of Rights; delivers in its obligation to provide conditions of detention that are appropriate for our constitutional dispensation.

## **Legal Services**

The department's Legal Services Component has been bolstered by the appointment of a Chief Director; Mr Mxolisi Zulu. It is believed that his leadership will provide the impetus for improved delivery in respect of Litigation and other Legal Advisory Services. The department is faced with extensive Legal Risks that emanate not only from Offenders and Remand Detainees but also from our officials and their respective labour organisations.

## Conclusion

Honourable members; the Budget of Correctional Services has been submitted to you. I trust that the Budget will be approved so that we can continue to contribute towards making South Africa a place in which all people are; and feel safe.

I thank you.

Issued by: <u>Department of Correctional Services</u>

29 May 2013

## Vote 22: Defence and Military Veterans

Introduction to National Assembly debate on Budget Vote 22: Defence and Military Veterans by Hon Nosiviwe Mapisa-Nqakula South Africa's Minister of Defence and Military Veterans at the Old Assembly Chamber, Parliament in Cape Town

23 May 2013

Chairperson
Deputy Minister, Thabang Makwetla
Fellow Cabinet Colleagues
Chairpersons of Committees
Honourable Members
Secretary of Defence
Chief of the SANDF and the Military Command
Our soldiers watching from the bases
Our honoured guests.

We welcome the opportunity to introduce the first budget vote debate since my appointment as Minister of Defence and Military Veterans.

We dedicate this occasion of our budget vote to the women and men, members of our armed forces who lost their lives in the service of our country during the previous year. May their souls rest in peace, while the memory of their love for their country, should never be lost to us.

Chairperson,

The Budget Vote debate of the department takes place against a backdrop of this on-going public discourse on various matters within the defence and security environment.

Whatever the differences in public opinion on these matters, the discourse has created a rare opportunity for our country, the Ministry and the South African National Defence Force (SANDF), to pay urgent attention to some of the weaknesses that gave rise to such challenges.

I must say, however that given the rapid nature of developments in our environment in the past two months, the country, including all of us here, has had very little time, to give due appreciation to the sterling work done on a daily basis by members of the SANDF, in ensuring the security and sovereignty of our country.

That despite the recent incidences, that are in the public domain, our men and women in uniform, continue to display selfless and loyal determination in executing the various tasks in service of this great nation.

While some of us have resigned to the despondence and gloom of the moment, the continued selfless dedication and sacrifice of our soldiers should be celebrated and, on an occasion such as this, we should not miss the opportunity to let them know the extent of our indebtedness to them.

The Department of Defence is a unique organisation populated by a special calibre of South Africans, soldiers and civilians alike, who have elected to put their lives on the line, so that we and future generations, can live in conditions of peace. Each one of them is an everyday hero. The country should not be ashamed to associate itself, and show pride in their heroism, even during times of challenges and despondency.

Honourable Members,

Ms Sussete Gates sits in the public gallery as our invited guest. She, herself is not a soldier, but a civilian who works in our Finance Management Division.

She is in her mid-forties, she is a white South African, she was deployed as the financial officer of our Mission to the C.A.R.

When she and the other contingent of civilians became aware of the imminent attack by the rebels they vacated their accommodation and were relocated to a safer place. During this rush, she had to leave behind the cash contingency supporting the mission amounting to millions of Rands. She knew that should the money be

discovered it would fall in the wrong hands and be used to fund rebel activity. At the height of the battle she returned to the base to fetch the money and accounting documents at great risk to her life.

She was confronted by the rebels who wanted to take the bags in which she hid the money. She managed to convince them that she was carrying clothes and hitch hiked with French troops to the airport. She brought back into South Africa the total amount of 3 million rand in foreign currency.

Another of her colleagues, Corporal Nkoana, who is also here showed bravery that goes beyond the call of duty in Bangui.

During the heat of battle, she volunteered to go out and assist with casualties sustained in the field. Whilst returning to the base the convoy was ambushed by Seleka rebels. Without vehicles and maps to guide them to base, 16 members were cut off from their company and realised that their hiding place was surrounded by rebels. They were behind enemy lines. Corporal Nkoana, a medic, took the lead and decided on the best way out of a potential ambush situation. For two long days and nights, they moved under her command and guidance, carrying casualties of war. She kept the commanders informed of their position and situation at all times. Her actions saved all 16 of our soldiers including two who were shot.

She has earned the nickname of "human navigator" for her role in guiding her colleagues during the escape.

Ms Gates and Corporal Nkoana represent all the finest qualities of the new SANDF, they are heroines and true patriots, who displayed loyalty to their country and fellow servicemen and women, three of whom are also in this House with us today.

Chairperson,

The challenges that we have debated in public and in this House regarding our defence and security environment have brought forth many lessons and pointed to key interventions that need to be made.

In particular, these challenges were starkly exposed following our mission to Bangui, the accidents in our aviation environment and the recent unauthorised use of the Waterkloof Airforce Base for private purposes.

In the aftermath of these events, the department has had to conduct deep introspection and review, the result of which will have serious implications for the work and organisation of our armed forces, particularly during this financial year.

The finalisation of the Defence Review has already taken into account some of the weaknesses in our design, tactical planning, legislation and operational requirements that led to these challenges.

The CSANDF and the Military Command Council have also conducted an assessment of some of these weaknesses and determined the interventions that need to be made in the immediate, short term and long term planning.

The lessons drawn, in particular in relation to the CAR, are already assisting us in the planning, force preparation, and deployment to current and future operations.

Following the report of the Directors-General on the investigation of the use of the Waterkloof Airforce Base for private purpose, the SANDF is conducting a review aimed at strengthening weaknesses identified in command and control, policy and delegations, as well as the standard operating procedure governing the use and access to all our facilities.

Although the public has, and will continue to have access to various of our facilities, including Military Bases, these need to be regulated in accordance with the required level of sensitivity and security.

Chairperson and Honourable Members,

The DOD and the SANDF will continue to do their work in pursuance of constitutionally mandated obligations.

Given the current gaps that exist in relation to funding, structures, human resources and capability, the SANDF is developing a fully integrated approach to the defence of the RSA, our international obligations and its ordered tasks.

This process, informed and aligned to the current defence review process, involves a zero based approach to the needs of the SANDF, against its current resourcing gaps.

South Africa's national interest is always central to the fulfilment of the defence mandate.

Our continent has enough resources that can be shared for common prosperity, security and human development. The biggest threat to the ability of the continent to harness this potential, is instability, poor governance and war. The situation of war has made it possible for our resources to be plundered for the benefit of other economies outside the continent. The continued plundering of these resources is a direct threat to our future food security and survival. It is for this reason, that we will continue our engagements in support of peace and stability in the continent.

South Africa has consistently adhered to its pledges to MONUSCO with the deployment of its various capabilities in support of the mission in the Eastern DRC. We have also pledged to contribute a battalion to the envisaged intervention force that is being established.

As part of our support to the region's maritime security, we have also renewed our mandate for Operation Copper in the Mozambican Channel to deter piracy activities, and ensure the security of our exclusive economic zone.

These operations will continue in this financial year with an amount of R585 million allocated for the SADC Maritime Security Strategy.

Fellow Honourable members,

The Defence Review has been completed and submitted for Cabinet's approval. Although I do not wish to pre-empt the final outlook of the Defence Review Report after its consideration by Cabinet, I need to indicate that we are preparing to align our planning activities to accommodate the implementation of its recommendations. This may require that some reprioritisation and adjustment be made to both our plans and financial projections for this year.

We need more frequent reviews to respond to the pace of technological advances within the military sphere and ever changing geo-political environments going forward.

I wish to thanks members of the Defence Review Committee who were ably led by the Chairman Roelf Meyer on their sterling work.

Honourable Members,

An important part of ensuring the sustainability of the SANDF and its capabilities is the need for us to take care of the defence force's most important asset, our soldiers.

Key in this effort, is the need to ensure that the conditions of service for our soldiers are improved in recognition of the special nature of service they provide.

In this regard, I am pleased to announce that the remuneration structure for the members of the permanent Defence Force Service Commission has been finalised and submitted to Cabinet. Once approved, the appointment of permanent members can proceed in June 2013.

I would like to thank the members of the Interim Commission, some of whom are members of Parliament, for their service over the past four years.

Chairperson,

Given the strategic impact of defence on national security, it has become important that an effective grievance procedure, which enjoys the confidence of soldiers, is developed and implemented.

In May 2012, the first Military Ombud was appointed to establish a mechanism to investigate and resolve complaints of members.

I recently instructed the Military Ombud, in terms of the Act, to conduct an investigation into the allegations of abuse and assault of recruits at the Oudtshoorn Infantry School. I have since received the initial report and directed the CSANDF to implement its recommendations.

Honourable Members I want to emphasise, that the pursuit for a well-balanced and disciplined force is absolute and essential for the success of the defence force.

The military is expected to develop capable leaders with a high level of discipline and sense of duty.

The defence force actively recruits young people through the Military Skills Development System (MSDS) and University Reserve Training Programme.

We seek to increase partnerships with tertiary institutions to train defence force members and recruit talented students, especially in technical fields. Recently we have concluded a training contract for our members with the Russian Federation, as part of our efforts to expand our international training partnership. This will cover some of the essential skills, particularly the training of our pilots.

After consultation with the Department of Public Works, the DOD has now established a Works Formation responsible for the execution of planned departmental maintenance projects.

#### Chairperson,

The SANDF has so far deployed its members in four provinces as part of its border security operations. The deployment along the border has contributed significantly to Government's efforts of combating crime.

I am concerned that despite expressed commitment to improve the landward defence capability, and despite funds being allocated in the past, very little progress has been made. This year, we have ensured that decisions on key projects are finalised and we are currently at contracting stages for the acquisition of various landward defence capabilities.

Members must remember that, just before the dawn of democracy many of our capabilities were sold off into private hands, resulting in some of the capability gaps we have today. The current government has now inherited the responsibility to correct this gap, while those responsible for it shout from the sidelines.

We are confident, however that during this financial year, the process of consolidation of the needs of the services, as led by the CSANDF will address the sustainability of our capability.

In November 2011, Cabinet approved the acquisition of VVIP aircraft. We have since consulted with National Treasury and funding has now been approved for the acquisition of this capability in this financial year.

## Chairperson,

The Defence Budget Vote for the 2013/14 financial year amounts to R40,243 billion. This is equal to 1,1% of Gross Domestic Product (GDP) and 3,8% of total government expenditure.

Honourable members and colleagues,

The support for a viable and competitive defence industry is an integral part of our mandate. It is a matter of concern that over the years South Africa is gradually losing its influential position as one of the industry leaders in defence innovation. It is for this reason that the department must play a direct role in the restructuring of the defence industry to ensure that it focuses primarily on the requirements of the SANDF.

We will continue to give attention to Government's commitment to improve the lives of our military veterans. As part of this, I have decided to appoint an intervention support team to assist the DMV in creating the systems required to effectively roll out the socio-economic benefits for our veterans. These systems are urgently required given the fact that an amount of R300 million has been provided for socio-economic benefits for this financial year. The Deputy Minister will elaborate further on matters affecting military veterans.

Let me assure Honourable Members and fellow South Africans that despite the challenges of the moment, we will never allow our defence capabilities so essential to the protection of our country to be eroded. In order to achieve this we need the support of all South Africans including those sitting in this House.

We do so informed by the conviction which we all share that the defence force is our national asset and should be protected.

I thank you.

Issued by: Department of Defence

23 May 2013

# Vote 24: Justice and Constitutional Development

Address by Jeff Radebe, MP, Minister of Justice and Constitutional Development, on the occasion of the Justice Budget Vote (Vote 24) Debate, Wednesday 29 May 2013, National Assembly, and Parliament

Mr Speaker
Honourable Members
Distinguished Members of the Judiciary
Heads of Constitutional and statutory bodies
Comrades and Friends
Ladies and Gentlemen

It is almost 20 years since South Africa chose the path of democracy in contrast to that of self-destruction to take up its rightful place amongst the international family of nations. In less than a year South Africans will be heading to the polls to elect the fifth government to continue the journey that we started in 1994. Not only has this new nation freed itself from the shackles of more than three hundred years of colonialism and 4 decades of apartheid misrule, but have also embarked on journey of laying down a legal framework for a just order as underlined by our Constitution.

Just four days ago, on 25 May 2013, South Africa and the rest of the Continent celebrated the 50th anniversary of the establishment of the Organisation of African Unity (OAU), the predecessor to the African Union. The commemoration is of significance to South Africa in particular as the de-colonisation of Africa and the demise of apartheid rule in South Africa was part of its primary focus. Half a century later, the Continent has been decolonised. As we forge ahead with the African Renaissance, we are reminded of the wise words by one of the continent's iconic freedom fighters, Dr Kwame Nkrumah, when addressing the OAU in 1964, he stated: (and I quote)

"....the struggle against colonialism does not end with the attainment of national independence. Independence is only the prelude to a new and more involved struggle for the right to conduct our own economic and social affairs; to construct our society according to our aspirations, unhampered by crushing and humiliating neo-colonialist controls and interference."

Today, I, as a proud South African and an African, am greatly honoured and privileged to present before this Honourable House and all South Africans the budget of our extended Justice Family. I do so, on behalf of the Department of Justice and Constitutional Development, the Office of the Chief Justice and the entire Justice Family. I also renew our pledge, as servants of the people - to endeavour to protect and promote the right to freedom and security of all persons, to uphold and defend the rule of law in our quest to ensure that All in South Africa are and feel safe. We reaffirm our commitment to building a safer South Africa during Child Protection Week. Children are our future and like our fledgling constitutional democracy, they deserve to be treated with the utmost care.

Our Constitution is an embodiment of the values and ideals of the Freedom Charter which were shaped and championed by the African National Congress during its 100 years of selfless struggle for freedom and justice. Our country's transition from a bleak past to a bright future has been phenomenal. During this transition spanning over 19 years, Parliament has enacted 1 294 laws (Acts of Parliament) while the magnitude of policies adopted and implemented by the Executive is beyond imagination. These laws and policies have been translated into strategies, programmes and plans that give effect to the transformative goals in our Constitution. It is through these programmes of the ANC-led Government that today millions of our people are able to enjoy the rights in the Bill of Rights, including the right to equal protection and benefit of the law; housing, basic education, health care, water and social security. At this time of the budget debates this House is inundated

with statistics and figures showing the strides that we as a country have made, changing the lives of our people. The facts are there for everyone to see.

We continue to put measures to enhance the capacity of Government to deliver on its constitutional mandate. I am pleased that that Government, through the Ministry of Performance Monitoring and Evaluation, has initiated a research to assess both the gains we have made and challenges we have encountered in the past 19 years of democratic rule. The assessment on the impact of the decisions of the Constitutional Court and Supreme Court of Appeal will complement the initiative of Government to give South Africans a holistic picture of how far we have progressed as a country. I am pleased to announce that the process relating to the appointment of a suitable research institution to conduct this important exercise is nearing completion. It is anticipated that a preliminary report of the assessment will be completed by 31 March 2014.

As the ANC-led Government, and indeed as a democratic State, we are not basking in the glory of our successes, but we continue to tackle challenges of unemployment, inequality and poverty which still persist. Our icon President Nelson Mandela warned us, when addressing the Campaign to Make Poverty History in London's Trafalgar Square in 2005, that, and I quote:

"Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the action of human beings. And overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and decent life. While poverty persists, there is no true freedom" (Close quote).

In advancing its progressive agenda, the ANC at its 53rd conference in Mangaung adopted a fundamental and radical shift towards economic transformation. Our Government, anchored by the Legislature, the Executive and the Judiciary as its three equal branches, is solid and unshakable. The autonomy and territory of each Branch is safeguarded by the separation of powers and the rule of law entrenched in our Constitution. The proclamation, by our President, of the Office of the Chief Justice as a separate entity from the Department of Justice and Constitutional Development in 2010, affirms the ANC commitment to the independence of the Judiciary.

This year we shall be commemorating the legacy of injustice as caused by the draconian Land Act of 1913. The Constitution provides a framework for individuals and communities dispossessed of their land to be restored to their land or to equitable redress. We look to our courts to develop jurisprudence to guide us regarding the interpretation and implementation of the provisions of the property clause in our Bill of Rights. It is for this reason that we have, through the Department of Rural Development and Land Reform, proposed legislative amendments that will enable the Judicial Service Commission to recruit judges who possess appropriate skills and the required judicial philosophy to redress the devastating effects of land dispossession. I am pleased that my colleague in the Ministry of Rural Development and Land Reform is pursuing these amendments.

Of the 1 294 Acts passed by Parliament since 1994, 148 are attributed to the Justice sector. These Acts focus mainly on the following pillars of the Justice system, namely:

- Building and strengthening state institutions that support our constitutional democracy;
- Transforming the judiciary and the justice sector broadly;
- Fighting crime and corruption; and
- Broadening/Widening access to justice.

I will now reflect briefly reflect on these four pillars before outlining the budget allocation to our different programmes.

#### Institutional reforms

Democratising the State and its institutions is one of the hallmarks and imperatives of our constitutional democracy. In our Justice environment, the amalgamation of the 11 erstwhile separate and fragmented administrations of Justice are the highlights of our successful transition to democracy, which laid down the foundation for further institutional reform. A strong and legitimate body of state machinery was created to promote and advance access to justice. These include the Office of the Public Protector, the South African Human Rights Commission and the Legal Aid South Africa. Through these bodies, many of our people are able to enjoy the rights enshrined in our Constitution. These constitutional bodies, together with the courts of our land, all embrace our common adage that permeates the entire justice sector, namely that "Justice delayed is Justice denied".

#### Honourable Members

The ANC-led Government has introduced radical reforms which are aimed at strengthening the Judiciary as a separate Branch of Government. The Constitution Seventeenth Amendment Act which the President assented into law in February this year has broken new ground in our judicial landscape. These amendments confer, on the Chief Justice, the authority to lead and guide the performance of judicial functions by all judicial officers. The Constitution now enjoins the Chief Justice to develop standards for the performance of all judicial functions. These standards, which will be made public, will address challenges caused by long postponements and delayed judgments which clog court rolls at our courts. With the implementation of these amendments, the Judiciary will have the necessary armoury to drive case flow management.

These amendments also put beyond any doubt, the position of the Constitutional Court as the Apex court in the Republic. It can now hear any matter under any law that raises an arguable point of law of general public interest. When these amendments were initiated, it was argued by some who sought to sow confusion and mistrust amongst South Africans that Government introduced these amendments in order to curtail the powers of our Constitutional Court. On the contrary, the amendments put the Constitutional Court firmly on the driving seat of our jurisprudence across all facets of the law. It is at the level of the Constitutional Court that the delicate power of judicial review, embodied in our Constitution, ultimately resides. Honourable Members will be interested to know that since 1994, the Constitutional Court has declared only 17 provisions of different Acts of Parliament unconstitutional. This translates to less than 1, 6 % of all legislation passed by this Government since 1994. This is a drop in the ocean and affirms that under the ANC-led Government our democracy is in safe hands.

#### Honourable Members

## Transformation of the Judiciary

We have made significant strides in our quest to transform the judiciary. Today 61% of judges (generic) are black compared to only one black in 1994. Similar progress has been made in addressing race and gender imbalances in the magistracy. Of the 1661 magistrates, 974 are black and 687 are white, 647 are women and 1014 are men.

We still face challenges regarding the appointment of women judges. Out of 239 judges only 76 are women. This is a matter of grave concern to Government and the Judicial Service Commission in particular, which plays a significant role in the appointment of judges. It is also disturbing to observe that the debate regarding the slow pace in appointing women judges is raised alongside that of White male judges. Let me put the record straight: Out of a total of 311 judges appointed since 1994, 113 are White males compared to 76 women judges. This shows that White males outnumber women in the appointment stakes thus far. Drastic steps are needed to replenish and nourish the pool from which female judges can be appointed. The challenge does not lie with the dispensation of silk or Senior Counsel as some argue, but with the transformation of the legal profession broadly

speaking and also the general gender transformation in society at large. Of the 5708 enrolled advocates only 1841 are women, whilst there are 7 477 female attorneys from a total number of 21 463.

It is also important to remember that prior to 1994, it was policy to appoint judges from silks (Senior Counsel). This explains the reason why the bench remained predominately White and male. We still have appalling statistics regarding silks today. Of the 473 silks, 402 are White (382 White males and 20 White females) while 78 are Black (generic) (namely 69 Black males and 9 Black females). Only 58 of the 311 judges appointed since 1994 were drawn from the ranks of senior counsel. If the emphasis was on Senior Counsel we would still be lagging far behind. The requirement of "fit and proper person" in our Constitution has opened opportunities to people of color to pursue a career on the bench. Therefore the Constitution is an indispensable weapon to remove barriers and prejudices that disqualify women from being appointed to judicial office.

From the department's side we have taken bold steps by increasing the allocation of briefs to legal practitioners from Previously Disadvantaged Individuals from 65% which we set for ourselves last year to 70% this current financial year. We are optimistic that our target will benefit more women, despite the underrepresentation of women in the legal profession broadly which as I have said, owes its origin partly on the general untransformed patriarchal society. There is no doubt therefore, that as we ensure equitable women representation in the judiciary, we will be enormously contributing towards transforming the patriarchal society which remains oppressive to women.

I am pleased that, as we debate this issue, there is an on-going debate taking place at the OR Tambo Southern Sun Hotel on the transformation of the curriculum of the LLB degree. I hope that this workshop, which I had planned to address had it not been for today's occasion, will come up with tangible proposals to fast track the transformation of the profession. We also anticipate that Parliament will finalise the Legal Practice Bill as soon as possible. This Bill, amongst others, seeks to overhaul the current structure of the legal profession which is inherently prejudicial to any woman who wishes to pursue a career as lawyer.

## Strengthening the Criminal Justice System

Compatriots and Friends;

We have, in the Justice Crime Prevention and Security Cluster, changed the ways in which we approach the fight against crime and corruption by working as a formidable team. We have also forged strong partnerships with our social partners and civil society. As Cluster Departments and security agencies, we have achieved more than what each of us would have achieved individually. This is evidenced by the realisation of the 7 outputs of the Cluster, namely:

- The significant reduction of serious crime;
- the Criminal Justice System (CJS) is functioning more efficiently,
- corruption is being dealt with severely in a focused manner,
- the perceptions of the public about the work of the Cluster is improving,
- border management has been prioritized,
- the population registration system has been improved, and
- a safe cyber space has been made a focus area.

The concerted efforts of the Special Investigating Unit (SIU), the Anti-Corruption Task Team (ACTT), the Asset Forfeiture Unit and the Hawks, have made notable progress in our quest to combat corruption in the public sector. The work of these agencies complements efforts of the Department of Public Administration of South Africa (DPSA) and other entities outside the public sector such as Corruption Watch which aim to rid the country of corruption. Not only does corruption erode the fruits of our hard-earned democracy, but it also tarnishes our

good name locally and internationally and discourages foreign investment. The SIU currently has 25 active proclamations - 10 arising from national government incidents, seven from provincial government incidents, six from local government incidents and two from state-owned enterprises. Investigations in relation to seven proclamations were finalised in the 2012/13 financial year. Another 15 are envisaged for finalisation in the 2013/14 financial year and 10 in the 2014/15 financial year. These include the investigation of 481 incidents of serious corruption which were recorded in the 2012/13 financial year and more than 758 persons are currently under criminal, financial and/or forensic investigation. The Asset Forfeiture Unit (AFU) completed 302 forfeiture cases in the past financial year, with a value of R118, 4 m. The success rate of the AFU in this period was 94.1% (289 cases). In addition 276 new freezing orders were obtained for the past financial year to the value of R518 m.

The President is giving due considerations regarding the filling of the positions of the NDPP and the Head of the SIU. I will discourage against speculations until appointments have been made by the President.

## Honourable members and fellow compatriots;

I had undertaken to release the names of persons who were convicted of serious acts of corruption. We believe that the naming and shaming of those who in turn shame the good name and integrity of our beloved country will have a deterrent effect. The names of 33 convicts will be released on 9 June 2013.

Let me also highlight some of the rigorous steps that we, as the JCPS cluster, are taking to root out gender-based violence. We have adopted a zero-tolerance towards rape, violation of the rights of Lesbian Gay Bisexual Transgender Intersex (LGBTI) and other forms of violence targeted against our mothers and daughters. We have, after engaging with Regional Court Presidents, identified 57 regional courts across the country that are dedicated as sexual offices courts. These courts most of which are already operational, will be announced by the middle of June 2013. We have allocated a separate budget in our 2013 MTEF to increase the capacity of these courts. The earmarked budget will be used in particular for the following:

- the creation of posts of additional regional magistrates' posts to increase the capacity of these courts
- appointment of additional personnel including intermediaries
- skills development programmes and social context training for regional magistrates and personnel of these courts
- enhancing services of the Thuthuzela Care Centres (TCC's) which are essential in addressing secondary victimisation. We will also mobilise more funds to increase the current number of 51 TCC's across the country
- the installation and maintenance of the technological equipment fitted in the designated courts, such as
   CCTV cameras to ensure the integrity of the judicial process

We are also considering amendments to the sexual offences legislation to strengthen these courts.

#### Speaker

Magistrates' Courts form an important cog of our judicial system as it is where ordinary people come into contact with the justice system daily. It is for this reason that this is where the bulk of our budget and resources are concentrated. Jointly with the Chief Justice we implement programmes that are aimed at supporting these courts. One of such intervention is backlog courts. In total the Regional and District backlog criminal courts have dealt with 82 271 cases since their inception in 1996. Of these, 57 668 cases have been finalised, 21 932 withdrawn and 2 671 transferred to the High Courts.

Significant progress is being made to improve our civil justice system. As part of the Civil Justice Reform Programme, we have just published, for public comments, Court-connected Mediation Rules. These rules introduce

into our legal system a dispensation through which disputes can be resolved by mediation within the precinct of our courts. Mediation has proven to be a successful form of dispute resolution in many jurisdictions. The rules will also make it possible to resolve many of the civil claims brought against government. Early resolution of these disputes to avoid the costly litigation will save Government and other litigants millions of rands. These rules will be promulgated sometime in July this year after the Rules Board has considered comments that we have received in respect of these rules. We also intend to increase the civil jurisdiction of Magistrates Courts and Regional Courts beyond their current R100 000 and R300 000 thresholds, respectively. This is with a view to widening access to justice as more people will be able to access the Magistrate's Courts where it is cheaper and faster to obtain a legal recourse compared to the High Courts. I am also pleased to announce that the date for submission of comments in this regard has been extended to 30 June 2013.

#### Mr Speaker

I can report that the recent protest action orchestrated by the Judicial Officers Association of South Africa (JOASA) did not have any significant impact on the performance of our Magistrates' Courts. Through the assistance of the Magistrates Commission, necessary measures were put in place to minimise the impact of the protest action or strike called by JOASA. We are pleased that the majority of our magistrates remained loyal to their oath of office and continued dispensing justice at their courts. We also welcome the decision of the Constitutional Court which overturned the judgment of the North Gauteng High Court which had earlier set aside the 5% salary determination made by President Zuma. The Constitutional Court found that process followed by President in determining the remuneration was rational and consistent with the law.

## Honourable Speaker,

Before I conclude, let me now highlight some of our service delivery projects which form part of our Access to Justice Programme. Deputy Minister Nel will elaborate on the remainder of these programmes.

### Construction of new courts

Yesterday, we officially opened the Ntuzuma Magistrates Court, which is the 43rd new court to be built since 1994. This magnificent court symbolises a complete break with the past. I, with the assistance of my Deputy, uncovered for our archives the reasons for the poor quality of many of the courts inherited in 1994. It is disheartening to read how specifications for courts built in rural and Black townships excluded amenities such as cloak rooms, consultation rooms and waiting rooms for witnesses on the basis that black people were perceived as sub-humans. This shows how infrastructure was used as a tool to perpetuate the segregation policies of the erstwhile colonial and apartheid regimes.

We have started to turnaround this deplorable situation. Besides the 43 new courts, we have revamped and equipped a further 24 Branch Courts and elevated them into proper courts. The outstanding 65 Branch Courts and 230 Periodical Courts have been lined-up for rehabilitation consistent with the National Development Plan. The Limpopo High Court will be completed by June 2014 and the construction of the Mpumalanga High Court is expected to commence in July this year. There are also 6 new courts planned for construction in our next three year MTEF cycle.

#### Maintenance and Deceased estates

From the 369 maintenance courts nationwide, the Department registers about 200 000 new maintenance complaints per annum. To reduce the maintenance queues at our courts we have installed technology to process payments through Electronic Financial Transfers (EFT) to replace the card-based manual system. The courts are also increasingly making orders for payments to be deposited directly into the accounts of beneficiaries.

Similarly, through the Guardian's Fund, the Department contributes substantially to poverty alleviation. In 2012/13 the Department made 37 000 payments totalling R1,006 billion to Guardian's Fund beneficiaries. In

November 2010 the department introduced an electronic payment system reaching 92,88% of beneficiaries, reducing the turnaround time of payments and thereby limiting cheque payments with the associated risks the money not ultimately reaching its beneficiaries.

#### **Truth and Reconciliation Commission**

The total number of beneficiaries who have been paid reparations is 16 721. The number of outstanding beneficiaries still to receive payment is 111. This is an improvement, compared to 28 March 2013, when the total number of beneficiaries remaining to be paid, totaled 133.

## **Budget allocation**

Honourable Members,

Allow me to provide you with the budget allocations relative to the Programmes and commitments I have outlined in my address. A total budget of R16, 7 billion has been allocated to the Department for the 2013/14 financial year. Of this budget allocation R5, 8 billion has been allocated to the Court Services programme, R3 billion is for the NPA and R1, 84 billion for Public Entities and Chapter 9 Institutions. Growth in 2013/14 is driven by the following:

- The carry through cost of salary increases;
- Investment in Thuthuzela care centres;
- Major investments in IT upgrades and systems development as part of the CJS (Criminal Justice System);
   and
- Additional capacity for Legal Aid, the Office of the Public Protector and the South African Human Rights Commission over the MTEF period.

Savings, totalling R230 million in the MTEF period financial year, have been identified in selected goods and services items, by reducing spending in advertising, communication, catering and entertainment, stationery and printing, travel and subsistence, venues and facilities, which have funded the following policy priorities:

- Commissions of Enquiries: Strategic Defence Procurement Package and the cost of finalising the Marikana Commission in 2013/14.
- Assessment of the impact of the decisions of the Constitutional Court and the Supreme Court of Appeal on South African law and jurisprudence.
- Transformation of State Legal Services.

The 2013 Budget sets out the following:-

- Additional allocations of R300 million in the 2013/14 financial year, R400 million in 2014/15 and R450 million in 2015/16 for investments in IT upgrades and systems development as part of the CJS revamp;
- funding improvement on conditions of service in the Department, the National Prosecuting Authority; Chapter Nine Constitutional Institutions and the public entities (SIU and Legal Aid South Africa);
- additional funding over the MTEF period to increase capacity in legal aid (R45 million), the Public Protector (R24 million) and South African Human Rights Commission (R24 million).

Over the next 3 years, the Department will spend R3,1 billion on the construction of courts and other infrastructure projects. A further R96 million will be spent on day to day maintenance and R291 million on the rehabilitation of court facilities.

An amount of R249 million has been earmarked in 2013/14 for DOJ&CD, NPA and Legal Aid South Africa for the reduction in criminal case backlogs in regional and district courts.

In 2013/14, the Department envisages spending R1,9 billion on Public Prosecutions, R159 million on witness protection, R116 million on Asset Forfeiture, R305 million on the Special Investigating Unit and R1, 36 billion on Legal Aid. In support of the constitutional institutions, the Department will transfer R116 million to the South African Human Rights Commission and R199 million to the Public Protector.

Honourable members, this Budget that is presented here today reflects our firm commitment towards achieving the various goals that we have set for ourselves. It is the blue print against which we will be assessed as to the strides we are making in ensuring access to justice for all our people and that all our people are and feel safe.

Let me convey our profound gratitude to the Chairperson of the Portfolio Committee and his entire committee for their continued and support and guidance.

Please allow me to thank my Deputy Minister, Mr Andries Nel, for his continued sterling support, my colleagues in the JCPS Cluster, Heads of Court and distinguished members of the judiciary, Heads and Chairpersons of statutory bodies for their endurance in making sure that justice continues to be dispensed to all our people who increasingly flock to the courts daily.

A special word of thanks goes to the Director-General, Ms Nonkululeko Sindane, the Secretary-General, Ms Memme Sejosengwe and their respective managements and the entire staff in the justice family for their tireless efforts.

Lastly and most importantly, I would like to thank my wife, Bridgette, and my family who are my power of strength through the many challenges I encounter in the execution of my responsibilities.

I thank you.

## Speech by Mr Andries Nel, MP, Deputy Minister of Justice and Constitutional Development during the Debate on Budget Vote 24: Justice and Constitutional Development in the National Assembly

29 May 2013

Chairperson,
Honourable Minister,
Honourable Cluster Colleagues,
Honourable Members of the Judiciary,
Honourable Members,
Distringuished guests,
Ladies and gentlemen,
Comrades and friends.

This year marks the centenary of the 1913 Land Act, one of the foundations of apartheid colonialism, the legacy of which we are today still grappling with.

It is interesting then to read what the Annual Report of the Department of Justice for 1912 says about land and labour.

The Magistrate of Lydenburg was of the view that: "The native was naturally a person of indolence and was pleasure-loving and until such time as kaffir farming was discontinued it would not be possible to instill into them the desire for progress and advance in civilization. A few months work on the mines was sufficient to keep a kraal going for some time and as long as women were there to till the ground and brew the beer the kaffir had attained his ideal. This evil of kaffir farming had in the Magistrate's opinion to be expelled by legislation."

The Magistrate for Heidelberg, on the other hand, observed that, "The cause for the scarcity, however, was undoubtedly the growing independence of the natives. This was brought about by so many of them working on the farms not as labourers, but on a share of the crops. Others paid rent for land and farmed entirely for themselves. The Rev. Muller of the Berliner Missions Gesellschaft was of the opinion that when natives were allowed to cultivate a limed number of acres in return for their services they showed a great care in the cultivation of the land, and where they worked for a certain portion of the harvest as their wages or where they hired land they often outstripped the white owner, as they spared neither care nor pains to gain the greatest possible harvest and procured the most modern agricultural machinery for the purpose."

These quotes are not merely of academic interest. The legacy they speak of still impacts on how we live, where we live, with whom we live, where we go to school, and in the context of this debate - which court we use and what quality of justice we access.

Much of our Reconstruction and Development Plan, and now our National Development Plan are aimed at addressing this legacy in a manner outlined in the Freedom Charter and our Constitution.

After almost two decades of democracy it would be appropriate ask whether we are succeeding in doing so.

#### FW DE KLERK

In last year's debate I quoted some unfortunate remarks by former Deputy President de Klerk, this time around he has made more fortunate ones, it would only be just and fair quote him again.

Mr. de Klerk says:

"Unfortunately, a tendency has developed to be skeptical and often pessimistic about both South Africa - and Africa. I should like to address these Prophets of Doom and Afro-Pessimists in a balanced way.
[...] I believe that it is important to retain balance in one's assessment of our complex society. In fact, South Africa has, on the whole, done pretty well since 1994.

After decades of isolation and criticism, the new South Africa has emerged as a respected member of the international community:

- We are regarded as an international model for democracy, constitutionalism, human rights and the rule of law:
- We have set an example for national reconciliation and multiculturalism;
- We have played a commendable role in promoting peace throughout our continent;
- We have become a member of BRICSA the most dynamic group of global emerging economies;
- We play a leading role in international forums in the UN Security Council and in the African Union."

#### He goes on to say that:

"We have also made remarkable social progress in many areas:

- The percentage of the population living in absolute poverty has declined from 31% in 1995 to 23% in 2008 largely because of social grants.
- 94% of households now have access to drinkable water:
- more than 3 million housing units have been built enough to house almost a quarter of the population with another million units in the pipeline;
- three quarters of the population now has access to electricity and sanitation compared with only half in 1994:"

## He says that:

"I also remain an optimist about South Africa's future because of the excellent foundation that our non-racial Constitution has created for present and long-term stability.

South Africa will succeed - provided that we can work together as South Africans to support our constitution; to demand the rights that it guarantees; and to achieve the vision of human dignity, equality and enjoyment of human rights and freedoms that it articulates. In the same manner I am increasingly confident about the future of Africa."

I would like to share some stories that would suggest that this optimism is well-founded.

Legal aid South Africa

One such story is that of Legal Aid South Africa.

Twenty years ago, in 1993/4, the Legal Aid Board, as it was then known, was an organization on the precipice of disaster – a legal Titanic on a collision course with a constitutional, administrative and budgetary iceberg.

The Board handled only 79, 501 matters by paying private lawyers to represent indigent people, mainly in criminal matters.

It was an organization with a budget of R62, 467 million, a staff of 42 based in a national office and 58 based in 8 branch offices located mainly in white, urban areas.

The Board was unable to cope with the explosion in the demand for legal representation that followed the adoption of the interim Constitution. Its affairs were in chaos. Budget deficits and qualified audits were the order of the day.

The dedicated efforts of the parliamentary committee, academics, law clinics and a board under the leadership of Judge Mohammed Navsa, led to a dramatic turn-around with the implementation of a public defender model and sound organizational governance practices.

Eighteen years later, for the financial year 2012/13 Legal Aid SA, provided assistance in 736, 679 matters. This includes legal representation in 438, 844 criminal and civil matters and advice in a further 297, 835 matters, including through a national legal aid call-centre.

This sterling work is done by a dedicated, motivated and representative team of 183 staff at national office and 2 395 staff based at 128 justice centres nationally - comprising 64 main and 64 satellite offices. South Africa's legal aid budget has increased to R1, 259 billion - at a time when a number of other countries are scaling back their legal aid budgets.

Indeed, Legal Aid SA has made a valuable contribution to the formulation of the recently adopted UN Guidelines for Legal Aid.

There are still many challenges but we know what needs to change, we know how to change it – and we are doing it faster than ever, including amendments to the Legal Aid Act of 1969 that will soon be brought to Parliament.

We thank the Chairperson, Judge President Dunstan Mlambo, and CEO Ms Vidu Videlankar for leading a team that continues to show that South Africa is a remarkable nation, with remarkable people - for whom no challenge is too great, especially when they unite and work together.

#### **Public Protector**

Another such story is that of the Public Protector.

The 1994 Election Manifesto of the ANC said that, "Government administration exists to serve the people. It must be answerable to them. The ANC will encourage private citizens to use the independent Public Protector to investigate corruption, dishonesty or violation of rules of conduct on the part of government officials - those found guilty will be dealt with."

This is exactly what has happened.

When Adv Selby Baqwa, SC, as he then was, was appointed as the first Public Protector in 1995, the office had a budget of R1 630 000 and dealt with a total of 1989 new cases for the period October 1995 to September 1996.

By 2012/13 the third Public Protector, Adv Thuli Madonsela, was investigating 33 533 complaints per year, assisted by a staff of whom 160 are based at a national office and 238 at nine provincial and satellite offices through out the country. The budget of the Public Protector stood at R183,1 million (plus R15m for additional capacity). For 2013/14 an amount of R199 million has been budgeted.

Surveys have shown that 77% of the population is aware of the Office of the Public Protector.

The recently reported interaction between the Public Protector and the Portfolio Committee on Justice and Constitutional Development has, regrettably, been reported and commented upon as widely as it has been understood narrowly.

In our view the Constitution is clear about both the powers and the independence of the Public Protector as well as the powers and the oversight role of Parliament.

Interactions such as these are necessary catalysts for evolution of a deeper and stronger culture of constitutionalism.

We thank Public Protector Adv Thuli Madonsela, Deputy Public Protector Kevin Malunga and CEO Themba Mthethwa for leading another team of remarkable people dedicated to realizing the vision of our Constitution and creating a life better for all in South Africa.

#### South African Human Rights Commission

The story of South African Human Rights Commission is yet another.

Starting off in 1995 as a small organization with a staff of 60 and a budget of R6 million, the Commission has grown into an institution with a staff establishment of 165 and a national footprint through nine provincial offices. Its budget for 2012/13 was R100,74 million. An amount of R116m has been budgeted for 2013/14.

The Commission deals with a wide range of human rights complaints. For the 21012/13 financial year it finalized 7 033 out of 8 924 cases brought to it.

One of these cases was the referral by the Department of Justice and Constitutional Development of the case involving a training institute that excludes LGBTI persons.

Recognition for this work has taken the form an award from the African Commission on Human and Peoples' Rights in October 2012 as well as the election of the Commission's Chairperson, Adv. Lawrence Mushwana, as the Chair of the Network of African National Human Rights Institutions (NANHRI) in November 2011, and also as the Chairperson of the International Coordinating Committee of National Institutions for the Promotion and Protection of Human Rights (ICC) in May 2013. Adv. Mushwana is the first African to hold this position.

The amendment of the outdated Human Rights Act, is currently before Parliament.

#### **Equality Courts**

A story that is starting to be told but which must be elaborated it that of Equality Courts and the struggle to deal with out painful legacy of racism, sexism, xenophobia and related intolerances.

The Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000), gives effect to our Constitution's provisions against unfair discrimination.

By 2009 each and every High Court and Magistrates Court had been designated as an Equality Court.

Cases enrolled at these courts have increased substantially as these Courts become more accessible and public awareness of the remedies they offer increases. We commend the excellent work done by the Foundation for Human Rights as part of the Access to Justice and Constitutional Rights Programme conducted by the Department with the support of the European Union.

For the 2012/13 financial year, 619 matters were enrolled before equality courts.

Most of the complaints dealt with include hate speech, unfair discrimination and harassment.

The Department is preparing legislation that will criminalise hate speech.

#### **Small Claims Courts**

One of my favourite stories is the Small Claims Courts story.

These courts eliminate time-consuming adversarial procedures before and during the trial thereby providing speedy and cost effective justice, especially for the poor.

We are more than half-fast approaching our goal of having a functioning Small Claims Court in each of South Africa's now 393 magisterial districts.

In 1994 there were 120 Small Claims Courts, mostly in white and urban areas.

In 2013, as we speak, there are 268. A further 9 courts will be established during the first week of June when the necessary proclamations appear in the Government Gazette.

The vast majority of the new courts and places of sitting are in rural areas and former black group areas.

The goal of having a Small Claims Court in every magisterial district is in sight. Gauteng and Mpumalanga have already achieved this goal and we are working hard to ensure that others join them.

The number of people enjoying the benefits of access to justice through Small Claims Courts has increased steadily.

During 2008/9,  $95\,569$  new cases were registered,  $47\,168$  summons were issued resulting in  $38\,257$  trials and  $22\,397$  judgments and  $9\,405$  out of court settlements.

Whilst the number of new cases for 2012/13 only increased by 5305 cases to  $100\,874$ , the number of summons issued increased by more than  $21\,137$  to  $68\,305$ . The number of trials also increased by more than  $11\,788$  to  $50\,100$ 

045. But most significantly, the number of judgments jumped by  $13\,971\,(62,3\%)$  to  $36\,368$  and the number of out of court settlements by  $9\,682\,(102,9\%)$  to  $19\,087$ .

Establishing these courts is partly dependent on the number of dedicated women and men who volunteer their services as Commissioners or as Advisory Board members.

The number of Commissioners who preside over Small Claims Court has almost doubled in the past four years, from 811 in 2009 to 1 546 currently - comprising of 1314 men and 232 women. Serious attention is being given to address this gender imbalance.

We thank all those who have volunteered and encourage others to following their commendable example. We also thank member of the Small Claims Court Steering Committee and the Swiss Government their partnership in this project.

#### **Sheriffs Profession**

One of the most dramatic stories of transformation comes from the sheriff's profession.

Before 1994 this was an overwhelmingly white male profession with a "skiet, skop en donner" reputation, one that was not always undeserved.

Sheriffs had the power to arrest and imprison people, often the poorest of the poor, for their inability to settle civil debt.

In 1994 there were 475 sheriffs. The overwhelming majority, 399, were white men. There were also 40 African men, 4 coloured men, 15 white women, 4 African women, 1 coloured and 2 Indian women.

Furthermore, these few black sheriffs were located mainly in the so-called homelands and in economically non-viable offices.

By 2012 this picture had started to change significantly with the appointment of 124 new sheriffs. Of these appointees: 64 are African, 44 white, 12 coloured and 7 Indian. Women represents 40 (or 31,49%) of the new appointees and men 87(or 68,50%).

Significantly, many black and women sheriffs have been appointed to some of the most economically viable and lucrative areas. There is, however, still a long way to go. But the pace of change is accelerating.

A further 120 vacant sheriffs posts will be filled by the end of June. We are confident that by the end of this administration the Sheriff's profession would have made a decisive break with the past.

We thank the South African Board for Sheriffs (SABFS) under the leadership of Mrs Charmaine Mabuza, for their good work.

The Sheriffs Amendment Act of 2012 (Act 14 of 2012) was assented to by the President on 11 December 2012, and will contribute to better governance of the profession.

#### SAJEI

The work of the South African Judicial Education Institute (SAJEI) under the leadership of Chief Justice Mogoeng is another such story in the making.

After initial delays the Institute is now functioning. During the 2012/13 financial year, a total of 2187 Judges and Magistrates attended 56 seminars/workshops on a wide range of topical matters including sexual and gender based violence. The Aspirant Judges Training Course was attended by 71 participants.

#### Conclusion

These stories demonstrate that we are a remarkable nation with remarkable people who day by day prove that no challenge is too great to overcome, especially when we unite and work together.

Regrettably, honourable members, your chances of reading about these stories are negligible – the news is either simply too good to be profitable or too fundamentally at odds with the preconceived notions of the prophets of doom.

Those in the media who want to tell these stories, and they are there, are afraid to do so for fear of being branded as stooges of government who are not truly independent.

#### **Thanks**

My appreciation goes to the Minister for his leadership, guidance and support, and to the Director-General, Ms Nonkululeko Sindane, the leadership and staff of our departments and justice family institutions for their ongoing commitment and hard work to ensure access to justice for all. Members of the Portfolio Committee

Last but not least my special thanks to a special lawyer who is exempt from the Legal Practice Bill, my in-house counsel Ms Kim Robinson, who is a New Yorker by birth and proudly South African by marriage.

#### Conclusion

And in conclusion, Annual Report of the Department of Justice for 1912, contains this interesting observation by the Magistrate of Johannesburg -

Under the heading, Fortunetelling penalty too severe, it says: "Section 34 of Act No 26 of 1904 prescribed imprisonment only as a penalty for this offence. There were many cases, which would be met by a fine, and, as Magistrates are naturally loth in such cases to send the accused to prison, the effect was that he – or, more probably, she – got off with a warning."

At the risk of being sent to prison, I want to do some fortunetelling and predict that Parliament will support Vote 24: Justice and Constitutional Development and I want to ask your support to make this prediction a reality.

I thank you.

Issued by: <u>Department of Justice and Constitutional Development</u> 29 May 2013

Address by Jeff Radebe, MP, Minister of Justice and Constitutional Development, on the occasion of the Justice Budget Vote (Vote 24) debate, National Council of Provinces, Parliament

4 Jun 2013

Chairperson
Minister Ndebele
Deputy Ministers
Honourable Members
Distinguished guests
Comrades and friends
Ladies and gentlemen.

I feel deeply honoured and privileged to present to this august house the Vote of the extended Justice Family for the 2013/14 financial year.

As we begin the month of June, our National Youth Month, we honour and salute gallant freedom fighters such as Anton Lembede, AP Mda, Solomon Mahlangu, Peter Mokaba, Walter Sisulu, OR Tambo and countless others who in their youth, planted the seed of a fearless struggle that ensured that we today enjoy the fruits of our hard-earned democracy.

Anton Lembede, who was a great philosopher, lawyer and leader, had this to say about the selfless sacrifice of our youth of yesterday: (and I quote): We are not called to peace, comfort and enjoyment, but to hard work, struggle and sweat. We need young men and women of high moral stamina and integrity, of courage and vision. In short, we need warriors.

The country need more warriors from our youth of today to preserve our constitutional democracy and advance the transformation goals envisioned in our supreme Constitution.

In this month, we also commemorate the centennial legacy of the notorious Land Act of 1913. As the Justice sector we seek to implement measures that are geared at strengthening the development and advancement of our jurisprudence on land adjudication. To this end, we have proposed certain legislative measures which aim to strengthen the Land Claims Court which my counterpart in the Department of Rural Development and Land Reform is considering.

As we approach the 20th year of our democracy we are inspired and bound by the pledge that our iconic leader former President Nelson Mandela made during his inauguration as first President of a democratic South Africa in May 1994, and I quote: We have, at last, achieved our political emancipation. We pledge ourselves to liberate all our people from the continuing bondage of poverty, deprivation, suffering gender and other discrimination.

This pledge is as relevant to our debate today as it is to the Government's quest to address challenges of inequality, poverty and unemployment that still persists.

Twenty years signifies a turning point in the life of any institution or government. As every parent would know, 20 years in the upbringing of a child symbolises a bridge from childhood to adulthood. At this transition a child strives to develop one's self-identity as he or she prepares for the adventurous stage of maturity. Similarly, 20 years of our democracy has been a period of self-discovery during which we occupied our rightful space amongst the nations of the world. Through this period of self-discovery we have taken titanic breath strokes in promoting and advancing democracy and the rule of law at home, in the region and the Continent. Our Constitutional and legislative transformation is our bedrock from which has sprout the programmes that promises a South Africa different and qualitatively better than the one we inherited from the apartheid regime.

During this illustrious journey, our Parliament, through its impeccable law-making prowess has passed over 1294 statutes; the Executive, characterised by its industry and foresight, has designed and implemented a maze of policies, legislation and court decisions; and in its wisdom the independent Judiciary continue to deliver judgments which shape the course of our destiny as a young nation into the future. These three distinct, equal and mutually reinforcing branches of Government, together they form an axis on which our constitutional democracy evolves.

Our supreme Constitution envisages a clear vision of a non-racial, non-sexist, democratic, equal and prosperous society that we all aspire for. Consistent with this vision, the ANC-led Government has made significant progress

in consolidating our democracy and building a strong government founded on the supremacy of the Constitution, the rule of law and human rights.

#### Chairperson,

Allow me at the point to briefly highlight some of our programmes through which we seek to advance equal justice, human rights and the rule of law.

## Creating a safer South Africa

The National Development Plan envisages a South Africa "where everyone feel safe at their homes, school and work, women walk freely in the streets and children play safely outside." This is an inspirational vision that propels everyone in the Justice Crime Prevention and Security cluster to do more. As a result of this inspiration, the concerted and integrated efforts of the cluster and law enforcement agencies are bearing fruits. This is evident from the Victims of Crime survey conducted by Statistics South Africa between January and March 2012. The following outcomes of this survey which targeted a sample of households across all provinces of our Republic, are worth noting:

- Most households (66,4%) travel less than 30 minutes to the nearest police station
- 90% of households know where the nearest magistrates courts are situated
- 53% expressed satisfaction with how the courts dealt with perpetrators of crime and listed conviction rates and appropriate sentences as reasons for their positive attitudes towards the courts
- 35% felt that the courts were lenient in dealing with perpetrators of crime while a further 25% felt that the cases dragged for too long due to long postponements

As the Justice Crime Prevention and Security cluster and law enforcement agencies, we commit to do more to exceed the targets that we have set ourselves.

It is in this context that we note, with regret, the attack on the National Prosecuting Authority and the sentiments by some that this important constitutional institution is in deep crisis. These sentiments are far from the truth. May I reassure this Honourable House and South Africans that the National Prosecuting Authority is in a healthy state and continues to carry its constitutional mandate without any fear, favour or prejudice. We will be tabling the Annual Report of the NPA in the very near future which will show some of the important strides that this institution and the Justice sector as a whole has made in advancing the course of justice. It is from the concerted efforts of the prosecutors, the judiciary, legal professionals and support staff that we are able to report the following:

- Of the 916 917 new cases registered for the 2012/13 financial year, 942 792 have been disposed of by 31 March 2013. This shows a higher disposal rate against new cases registered
- offenders sentenced to life imprisonment increased from 400 in 1994 to 11 000 by March 2013
- conviction rates across all levels of the courts show an overall increase 89,9 increase for all courts which is broken down as follows: District Courts recorded an 90,5% from the 88,1% they obtained in 2012; the Regional Courts recorded a 91,9% in 2013 an increase on the 74,3% attained in 2012; and High Courts recorded a 87,5% in 2013 an increase on the 84% in 2012
- sexual offences recorded a conviction rate of 65,8% up from 65,1% in 2012
- commercial crimes recorded a 92,9% conviction rate, up from the 91,6% attained in 2012

Backlog courts continue to play a significant role in reducing our case load. These courts have finalised 57 668 cases since their establishment in November 2006. We have taken a conscious decision to create permanent posts of magistrate and supporting staff in instances where these courts have been sitting for lengthy periods of time continuously.

#### Honourable Members,

It is important to stress that our courts sit every day and in those courts, each and at any given time every one of the more than 3100 prosecutors countrywide, put his or her best foot forward in search of a conviction. That is their job which they do under the supervision of their line managers, who in turn function under the watchful eye the Director of Public Prosecutions in each province.

The productivity of our courts is further enhanced by the efforts of the Judiciary who, under the able leadership of Chief Justice Mogoeng. Case flow management structures at both the High Courts and Magistrates' Courts are in place to monitor each stage of the trial. A National Efficiency Enhancement Committee comprising the Heads of Courts, Directors-General of Justice and Constitutional Development and Public Works, Heads of the NPA and Legal Aid SA which was mooted by our Chief Justice, has been established and meets regularly to address blockages across the criminal justice value chain.

I also have structured meetings with Heads of Courts where challenges that remain resolved are escalated at this level of engagement. We continue to leverage mutual benefits and draw strength from the Government's motto that "Working together we can do more". My colleagues the Police and Correctional Services who are here with us today will attest to that.

We are grateful that Parliament has finalised the Judicial Code of Conduct which is come into effect. We are optimistic that the Regulations on Judges Registrable Interests which I am advised that this House is still considering will be finalised soon. Both the Code and the Regulations will go a long way in strengthening measures that are geared to promote and enhance judicial independence and accountability.

We have also stepped-up our efforts to combat corruption. The close interaction between the Special Investigating Unit, Anti-Corruption Task Team (ACTT), the Hawks and the Asset Forfeiture Unit is yielding notable results. We are forging ahead with the naming and shaming of 33 persons convicted of serious acts of corruption. As I indicated in our pre-media before the debate of our budget in the National Assembly last Wednesday, the names will be released this coming Sunday, 9 June 2013. We believe that by naming and shaming those who shame the good name and integrity of our beloved country will dissuade the would-be corrupters from pursuing criminal and corruptive behaviour that will compromise their integrity and self-worth.

Let me warn the perpetrators of sexual and gender-based violence: We are ready to deal with you!

The Sexual Offenses Unit in the NPA and their counterparts in the Family Violence, Child Protection and Sexual Offences Units in the SAPS are ready to meet you in our 57 dedicated Sexual Offences Courts – where you will face the full might of the law.

Last year these units secured over 363 life sentences in sexual offences cases. Our political commitment to this objective is matched by the allocation of additional financial, human and technological resources. This will ensure that we create conditions in which the dignity of victims is respected and the maximum convictions can be secured.

Additional intermediaries are being appointed, CCTVs are being installed and additional Magistrates will also be appointed.

## Transformation of the Judiciary

Honoured Members,

We are pleased that this Honourable House has approved the Constitution Seventeenth Amendment Act, the Superior Courts Bill and the Sheriffs Amendment Act. These pieces of legislation are geared to further advance the transformation of our Judicial System. The Superior Courts Bill in particular, provides for a legislative mechanism for the rationalisation of the 13 High Courts. These courts will be rationalised into nine Divisions of a single High Courts, with one Division in each province. After a long wait, the people of Limpopo and Mpumalanga provinces will, for the first time, have their own High Courts. They will thus be spared the pain and cost of travelling to Pretoria to access the High Court which they have endured for so long.

I am pleased to report that the South African Judicial Education Institute, which is assigned the responsibility for the training of aspirant and serving judicial officers, is in full swing. Since it commenced with judicial education programmes in January 2012, the Institute has trained 2187 judicial officers (Judges and magistrates) in 56 seminars/educational workshops, the seminars focused on various areas of judicial work.

## Chairperson,

The finalisation of the Traditional Courts Bill which is before this Honourable House, will not only repeal the remnants of the Black Administration Act, of 1927, but also will also bring the quasi-judicial functions of traditional leaders in conformity with our Constitution. In the absence of a regulatory framework, it becomes

difficult for traditional leaders to be held accountable for the exercise of their quasi-judicial functions which relate to dispute resolution. The complaints and alleged acts of abuse of public power by certain traditional leaders, including the gender prejudices and biases against women, are not the consequences of the Bill but the absence of a regulatory framework to regulate their quasi-judicial mandate.

Honourable Members,

The department will soon be commencing with the review of the powers and functions of Justices of the Peace, who similar to traditional leaders, have an important quasi-judicial function in the administration of justice.

Chairperson,

## Transformation of the legal profession

The transformation of the legal profession is another important area we are focusing on. The Legal Practice Bill which is before Parliament, seeks to change the systemic make-up of the profession. It establishes a democratically elected governance structures that will regulate the admission and conduct of legal practitioners, amongst others. The Bill also set out a framework for the complete overhaul of the admission requirements and vocational training which have become barriers to access to the profession for the Previously Disadvantaged Individuals. Receiving special attention will also be the enrolment of women into the profession.

We are moving steadfast with our reform of the State Legal Services. I will soon introduce into Parliament, a Bill that will replace the State Attorney Act of 1957. This Bill seeks to establish a dispensation of Solicitor-General who will represent the state in civil litigation. Furthermore, we have increased the allocation of legal work and briefs to Previously Disadvantaged Individuals from the 65% we set in May last year to 70% this current financial year. We are confident that the target we have set will benefit more women, and thereby enhance their opportunity to nurture their legal skills which is indispensable for appointment to the bench.

Chairperson,

#### Capital Works Programme

Since 1994 we have built 43 new courts most of which are in rural villages and areas that were previously marginalised. We have also upgraded 24 Branch Courts and converted them into full services courts.

The current major capital projects are the construction of the Limpopo High Court which is scheduled for completion by June 2014. The construction of the Mpumalanga High Court is expected to commence in July this year with an anticipated completion date of October/November 2015. A further eight new Magistrates Courts will be constructed within the next 5 years. These courts are: Dimbaza and Bityi in Eastern Cape province; Mamelodi in the Gauteng province; Port Shepstone in KwaZulu-Natal; Springbok and Garies in the Northern Cape province; and Plettenberg Bay and Goodwood in Western Cape province.

Over the next three years, the department will spend R3,1 billion on the construction of courts and other infrastructure projects. A further R96 million will be spent on day to day maintenance and R291 million on rehabilitation of court facilities over the next three years.

## Maintenance and services of the Master of the High Court

The increasing demand of maintenance services has challenged the department to find innovative ways to facilitate maintenance cases and make speedier payments to maintenance beneficiaries. We introduced the Electronic Funds Transfer (EFT) system to improve the efficiency of our courts. We are rolling out EFT system to all courts and Master's offices.

This year we have also increased the centres for payment of Guardian Fund benefits from 10 in our previous financial year to 29. This Fund, the value of currently stands at R9billion, contributes to the improvement of the quality of life of thousands of our orphaned children.

## Small Claims Courts (SCCs)

Through Small Claims Courts we ensure that the most vulnerable and poor members of society, in disputes of a lesser value, are able to obtain legal remedies without having to fork out a cent to obtain services of a lawyer.

We are on course to reach our target of establishing at least one functioning and active Small Claims Court for each and every one of South Africa's 387 magisterial districts.

## **Budget Allocation**

Honourable Members,

A total budget of R16,7 billion has been allocated to the department for the 2013/14 financial year. Of this budget allocation R5,8 billion is allocated to the Court Services programme, R3 billion is for the NPA and R1,84 billion for Public Entities and Chapter 9 Institutions.

Growth in 2013/14 is driven by the following:

- carry through cost of salary increases;
- Investment in Thuthuzela care centres;
- Major investments in IT upgrades and systems development as part of the CJS (Criminal Justice System); and
- Additional capacity for the Legal Aid, the Office of the Public Protector and the South African Human Rights commission over the MTEF period.

In 2013/14 financial year the department envisages to spend R1,9 billion on Public Prosecutions, R159 million on witness protection, R116 million on Asset Forfeiture, R305 million on the Special Investigating Unit and R1, 36 billion on Legal Aid . In support for constitutional institutions, the department will transfer R116 million to the Human Rights Commission and R199 million to the Public Protector.

In conclusion, let me thank my Deputy Minister, Mr Andries Nel for his unwavering support, the Director-General, Ms Nonkululeko Sindane, the Secretary-General, Ms Memme Sejosengwe, Heads and Chairpersons of statutory bodies and their respective management and the entire staff in the justice family for their tireless efforts.

A special word of thanks goes to the Chairperson of the Select Committee on Security and Constitutional Development and members of the Committee for their leadership and guidance.

I thank you.

Issued by: <u>Department of Justice and Constitutional Development</u> 4 Jun 2013

# Vote 25+23: Police (Including IPID)

## Speech by the Minister of Police, EN Mthethwa, MP, on the ocassion of the SAPS and IPID Budget Vote, Parliament, Cape Town

30 May 2013

Honourable Speaker;

Deputy President of the Republic, Honourable KP Motlanthe;

Ministers and Deputy Ministers present;

Deputy Minister of Police, Ms MM Sotyu;

Honourable Members of Parliament;

Acting Chairperson of the Portfolio Committee on Police, Ms A van Wyk;

MECs responsible for policing present;

National Commissioner of the Police, General MV Phivega;

All DGs of the Justice Crime Prevention and Security Cluster present;

SAPS Senior Management present;

Heads of entities: Civilian Secretariat for Police, IPID and PSIRA;

Comrades and Friends:

All strategic partners of SAPS in the fight against crime;

Fellow South Africans.

In 2009 the African National Congress (ANC) unveiled a manifesto which resonated well with the aspirations of the multitudes of South Africans. In this manifesto the movement prioritised five key areas for the term of office of its administration.

For the purpose of this debate we will concentrate on one of them: the fight against crime and corruption under Outcome 3: People of South Africa are and feel safe. We must hasten to say that this stance is by no means new in the life of the ANC and dates back to the adoption of the Freedom Charter in the 1950s.

This policy lodestar of the ANC proclaimed 'there shall be peace, security and comfort.' Our commitment in the fight against crime and corruption focuses among others on:

- Combating violent crimes against women, children and the elderly.
- Fighting the root causes of crime.
- Overhauling the criminal justice system to enable it to fight crime and corruption.
- Actively combating serious and violent crimes by being tougher on criminals and organized syndicates.
- Being true to our community policing philosophy by organizing all sections of society to be our partners in the fight against crime.

Today, we stand before this august House to share with Parliament and with millions of law-abiding citizens on the progress of our crime-fighting programmes. We are presenting the South African Police Service (SAPS) and IPID Budget Vote for the 2013/14 financial year, which we have aptly themed: 2013 is the Year of the Police Station: Improving Frontline Services.

#### Honourable Members,

South Africa's transition from apartheid to democracy has been underpinned by the recognition that safety is a fundamental human right. Safety is regarded as a precondition for human development and enhancing productivity. Where citizens do not feel safe and live in fear, their ability to contribute to the country's overall development is greatly compromised.

The National Development Plan (NDP): Vision 2030 must be realized in a safe SA

The NDP, which plots the desired developmental trajectory for the country thus recognizes the importance of creating an environment that is conducive to citizens pursuing their personal goals, and to take part in social and economic activity. This places a direct mandate on the SAPS to ensure that we intensify our efforts in pursuit of public safety.

The levels of crime continue to drop and contrary to the current discourse, more people are beginning to feel safe. As we reflect on the progress over a 3-year period of our achievements, we stand before this house encouraged by our collective efforts. The National Crime Statistics indicate amongst others, that:

- Murder This crime decreased by 17.2% during the past three years.
- Attempted Murder remarkably decreased by 21.8% during the past three years.
- Bank robberies we made tremendous progress with a 64.2% decrease over the past three years.
- Cash-in-transit we have seen significant decreases of 53.6% over the past three years
- Robbery at Residential Premises (House) decreased by 12.5% during the past three years.
- Sexual Offenses Over the past three years, overall sexual offences decreased by 11.9%. Rape in particular decreased by 2.9% during the same period.
- Carjacking remarkably decreased during the past three financial years by 38.9%
- Stock-theft This category of crime showed a marginal decrease of 0.8% during the past three years.

Furthermore, according to the Victims of Crime Survey (VOCS) 2012 there is an increase of 8% in the public appreciation of how government is doing in reducing crime levels when compared to five years ago (32% in November 2007 to 40% in November 2012).

The VOCS shows that 38% believed that the level of violent crime had decreased in their area of residence compared to 33% who said that crime had increased, 29% believed that crime had stayed the same during the period 2009 to 2011.

Crimes against Women, Children and the Elderly remain a priority for the SAPS

Gender-based violence and domestic violence not only affect the most vulnerable in society but can also contribute to a mentality that violence is an acceptable and valid means of self-assertion. Protection of communities must also be central to strategies aimed at reducing incidences of gender-based violence.

A victim-oriented police service is thus an important part of the overall criminal justice response to crimes against vulnerable groups in society. This approach will also encourage victims to report incidents of crime and ultimately contribute to building confidence and trust in the police, which is in line with our theme of 2013 is the Year of the Police Station: Improving Frontline Services. It is against this background that in 2009, I directed that police management re-introduce the Family Violence Child Protection and Sexual Offences (FCS) units.

## Honourable Members,

I am pleased to report before this august house, the following successes: since the reintroduction of the FCS units, based on capacity building and investment in the environment, remarkable increases in life sentences continue to be experienced. There were 1 194 life sentences secured during the past three years, that is, 306 in 2010/2011; 389 in 2011/2012 and 499 in 2012/2013.

Nationally, we now have 176 established FCS units attached to all police clusters within SAPS. In support of the investigation of such crimes, 2 139 Forensic Social Workers were appointed. These include 79 Forensic Social Workers appointed to assist in cases of child sexual abuse by means of conducting assessments, compiling court reports and providing expert testimony in court as a means to strengthen our cases towards increasing conviction rates.

Since the re-establishment of the FCS units there were a combined 36 225 years imprisonments. We are joined at this Budget Vote by the top 7 best investigators for the 2012/13 financial year; please join me in congratulating the following officers:

- 1. Lieutenant LT Monene (Limpopo) who secured 11 life sentences.
- 2. Constable AE Mathevula (Limpopo) who secured 5 life sentences
- 3. Warrant Officer ND Ligege (Limpopo) who secured 5 life sentences.
- 4. Constable C Mokone (North West) who secured 4 life sentences.
- 5. Constable NR Bokolo (Eastern Cape) who secured 4 life sentences
- 6. Warrant Officer OE Monnamme (North West) who secured 2 life sentences.
- 7. Constable RR Visagie (Northern Cape) who secured 2 life sentences.

When we refer to life sentences secured by these officers, amongst these we include instances where some perpetrators are serving jail terms for committing multiple sentences as individuals, more especially those who are serial rapists or have committed more than one crime.

We currently have 919 Victim Friendly Facilities rendering victim support services and intend to establish these rooms in all stations during 2013/2014. However, the main focus is on the establishment of a dedicated capacity and the requisite soft skills to enhance victim friendly services in all facilities.

Directorate for Priority Crime Investigations (The Hawks) successes

Following the Glenister court case, we have fast-tracked the implementation of the decision through the approval of the South African Police Service Amendment Act. In March 2013, I tabled policy guidelines in this Parliament

and we have revised the mandate of the DPCI as well as the types of crime that will be investigated by this important entity.

#### • Drug-related operations

During the last two years 669 arrests were effected (335 in 2011/12 and 334 in 2012/13). About 298 804.847 kg of drugs were confiscated with a monetary value of R95 million. We also commend the Hawks for closing a total of 41 laboratories during the year under review.

#### Precious Metals and Diamond

During the 2012/13 financial year the number of arrested individuals for the illegal purchase, theft and possession of uncut diamonds and unwrought precious metals was 198, additional to 314 arrests in 2011/12. From the number of arrested persons 71 were convicted.

#### • Endangered species and rhino poaching

During the reporting period under review, 104 persons were arrested and 49 successfully convicted for crimes related to species such as abalone and rhino poaching.

## • Organized Violent Crimes

The number of arrested individuals for the reporting year, was 523 and 297 convictions were successfully secured. These successes were not achieved by the Hawks operating alone but through an integrated approach involving the Crime Intelligence and Detective Services. This working-together approach is vital because organized crime itself is becoming sophisticated and varies widely from country to country.

Strengthening Crime Intelligence and Detective capacity

Last year when we reported on the Budget Vote, we reported about the instability of the Crime Intelligence division with the suspension of its head and other senior managers.

We have now begun with stabilizing this unit through capacitating gatherers in provinces at cluster level, increasing vetting personnel by employing more investigators as well as prioritizing the vetting of procurement personnel in SAPS – in line with JCPS Cluster resolutions to reduce corruption.

We are pleased to report that Crime Intelligence conducted over 37 000 network operations which led to the arrest of 10 607 individuals, and the recovery of goods to a value of R633 million for the past financial year.

## Continuous improvement in our Forensic Science Laboratories

It is common knowledge that we experienced serious backlogs within our Forensic Services and that is why through intervention, including change in management, we began to realize some improvements and a positive turnaround.

The reduction of backlogs in the Forensic Science Laboratories (FSL) is placed high on the strategic agenda of the department. To this end, during the 2012/13 financial year, Forensic Services reduced backlogs in the various disciplines to ensure the processing of cases through the criminal justice system.

The number of exhibits received by the laboratories increased by 19%, from 320 729 in 2011/12 to 381 699 in 2012/13. More than ever before, our Forensic Services are accessible and responsive to the investigative needs and the criminal justice system requirements. In this regard, the further decentralization of Forensic Services to the various provinces has been realized.

The deployment of advanced technology and additional 710 Forensic Analysts and Crime Scene experts will be realized by the end of this financial year. The department has in the absence of legislative obligations, resolved to embark on a process to accredit related laboratory processes for compliance with international standards.

On 18 January 2013, the President of the Republic signed into law the Criminal Law (Forensic Procedure) Amendment Act, Act 6 of 2010 which regulates the use of fingerprints in combating crime for implementation by the Department.

Two days ago, we presented to Parliament, the DNA Database Bill. This Bill was preceded by a study tour undertaken to capture best practices internationally which led to the development and finalization of a policy on the establishment and administration of a National DNA database.

Successes based on the declaration of 2012 as the Year of the Detective During our Budget Vote last year, we declared 2012 as the Year of the Detective. During the year under review we established 338 Detective Service Centers to improve reaction time, 24hour service, speedy apprehension of suspects, and screening of dockets.

Overall, our detectives secured 826 life sentences during 2012/2013 (264 for murder, 499 for rape and 63 for robbery aggravated). As an effort to enhance quality assurance, the current 142 Detective Court Case Officers that are placed at selected courts across the country are intended to improve quality of work to and from court, secure availability of dockets and liaise with detective commanders and prosecutors to unblock possible impediments.

Failure to provide feedback to complainants during the investigation process remains the highest generator of complaints against the police, particularly detectives. Written responses and SMS feedback to complainants are now being utilized in this regard and will be emphasized to ensure continuous communication.

#### Deepening partnership with various partners

From the time we were given the task of leading this portfolio, we have forged partnerships with various partners, some of whom are present at this Budget Vote. South African Banking Risk Information Centre (SABRIC) is one such important partner in the fight against crime, particularly when dealing with violent crime.

Through their industry expertise they have been able to deepen and share their skills and expertise within the banking sector by setting up initiatives to combat ATM crime, cheque fraud and crime in business. Business Against Crime South Africa (BACSA) is another vital partner because the business sector serves as an important role-player in government's goal of effectively dealing with crime. We appreciate BACSA's continued

support, particularly through their collaborative and effective crime fighting programmes.

We continue to work with Community Policing Forums (CPFs) and have been engaging them on a policy framework that looks at CPFs strengthening their oversight role, as well as ensuring greater participation by communities. We have also been working with provincial departments of Community Safety and Liaison, as well as other departments within the Criminal Justice System, on the implementation of Community Safety Forums.

Over the last two years we have on a consistent basis, been engaging with different role-players in the rural areas, including both trade unions and farmers. During this year we have also concentrated on engaging civic organizations, and this approach, coupled with regular engagements is helping us in entrenching our partnership approach.

Improving territorial integrity through effective Borderline Policing

Based on the 2009 Cabinet decision to return the functions of borderline control back to the SANDF, all borderline functions were handed over except for 2 borderline bases - Upper Tukela and Himeville. These bases patrol the RSA and Lesotho borderline.

From 1 April 2012 to 31 March 2013 a total number of 3 880 planned crime prevention and combating actions were conducted to enhance national security and territorial integrity.

Additionally, 3 578 roadblocks, 68 633 vehicle patrols, 285 air patrols, 109 454 foot patrols, 910 borderline patrols, 2 620 vessel patrols and 12 487 perimeter inspections were also conducted. Illicit drug cases at airports have decreased slightly due to integrated policing strategies and profiling of suspects.

Introducing and reviewing of various legislations to support policing

Policing in democratic societies operates in a space between their constitutional framework and the legal framework that defines how they must operate.

To ensure an effective service, the police must understand their role and function in society. Police action must always be motivated by sound knowledge of police purpose and involve constant application of the law.

It is for this reason that over the last financial year we introduced before Parliament the following legislations:

- $\bullet$  The South African Police Services Amendment Act of 2013 (which sought to enhance the role of the DPCI and to ensure its alignment with the Constitutional Court ruling)
- The Dangerous Weapons Bill
- The Criminal (Forensic Procedure) Amendment Bill which is currently before Parliament

In the coming year we are hoping to finalise the following legislations:

- The Private Security industry Regulatory Amendment Bill
- The South African Police Service Amendment Bill, will address changes in policing, align the existing SAPS Act with the Constitution and ensure adherence to the revised White Paper on Policing.

Last year we began work on a policy which is aimed at clarifying the role we expect the police to play when carrying out their duties. This policy will speak to all aspects of policing including supervision, training, and the appropriate equipment required to carry out effective policing.

Essentially, this calls for what I have emphasized on many occasions, that we need a continuous de-education of unwanted old practices and re-education of the kind of police officers we envisage.

Civilian Secretariat for Police now an effective oversight structure

In 2009, I instructed that the Civilian Secretariat for Police be restructured in order for it to be able to effectively perform its role and functions as referred to in Section 206 of the Constitution. During the 2011/12 financial year the Civilian Secretariat for Police Bill was passed into an Act. In December 2011 the Act was assented to by the President of the Republic.

Policies developed by the Civilian Secretariat for Police over the last year include:

- Green Paper on Policing
- Policy document on the establishment of Community Safety Forums
- Policy on Reservists
- Policy on the establishment of a DNA Database

#### National Key Points Act to be reviewed

In 2007 a draft National Key Points Bill was developed and progressed as far as the National Economic Development and Labour Council (NEDLAC) process. At this juncture certain issues prevented the processing of this Bill.

Earlier this year I requested my legal team to relook at this Bill, to begin the process of refining it and introducing it in Parliament. We are now re-aligning the National Key Points Act with the Constitution and other pieces of legislation.

In addition to this, in terms of Section 6 (1) of the National Key Points, I have appointed an Advisory Committee on National Key Points to assist me in evaluating, auditing and assessing the desirability of all National Key Points, to determine how these should be aligned to Constitutional prescripts.

This Committee will be led by Advocate Hamilton Maenetje (external legal Counsel), a representative from the Department of Justice and Constitutional Development, as well as the Civilian Secretariat for Police.

We expect the first part of their work to be completed by the end of July this year. The Bill will then be introduced to Parliament before the end of this financial year.

Policing public service delivery protests better

The adoption of the NDP as the key developmental policy framework requires policing to be particularly effective. However, recently we witnessed an increase in sporadic acts of lawlessness and violent protests, which have potential to interrupt our developmental plans.

The Constitution guarantees everyone a right to peaceful and unarmed demonstration. While we respect this Constitutional right, we will not hesitate to act against individuals whose conduct undermines the rights of others. It should also be noted that while the Constitution also provides for checks and balances on police powers and protection of the rights of citizens, it does not prevent the police from vigorously fighting crime.

As a result of the policy on public order policing which I introduced in 2011, we are now standardizing the training of our public order policing unit, as well as enhancing its human and physical resource capacities.

We are pleased to report to South Africans that during the 2012/13 financial year, 12 399 crowd-related incidents were responded to and successfully stabilised, including 10 517 peaceful incidents such as assemblies, gatherings and meetings. Unfortunately, of these incidents, 1 882 were violent incidents and we were effected 3 680 arrests.

We have now introduced a mandatory Public Order Policing training curriculum that is intended for new recruits as a means to develop a support base for the first line of response to public order incidents.

Challenges of the day facing the SAPS

The transformation of the SAPS remains paramount in our efforts to fight crime and criminality. In transforming the police, we had to strengthen our civilian oversight bodies, deepen our relationship with communities, build partnerships with civil society, labour and business, and contribute to the observance of the culture of human rights.

Honourable Members,

Over the past months some of our officers have made headlines, dominated discussions at homes, workplaces, taxi ranks and schools, including in this very august House of Parliament – for the wrong reasons.

We acknowledge the embarrassment such conduct has caused to the reputation of the SAPS. Such unwanted misconduct borders on brutality and for this reason we have emphasized to police management to press criminal charges against those individuals. This they have done. Our system of governance is based on human rights and we have no intention of diverting from this. IPID has also taken the lead in investigating such cases and to charge those responsible.

Our firm stance is that police are empowered with powers to arrest any person they suspect of wrongdoing. However if there are no checks-and-balances such powers are likely to be abused by some.

#### Training and Recruitment

In January this year, I convened the first SAPS Top 1500 meeting with all the Cluster and Station Commanders.

This will be an annual leadership engagement platform for deliberating on issues of policing nationally. This initiative is intended to ensure that station, cluster, provincial and national management collectively identify and address blockages to service delivery.

We are revisiting the current SAPS Recruitment Strategy to encapsulate the whole continuum from recruitment to retirement in order to determine and put more emphasis on career-pathing of members to ensure staff retention and to minimize attrition.

One of the ideas that emanated from this gathering was a need to ensure that recruitment for basic police training continues to be conducted in consultation with community structures. We are now also enhancing an initiative of publishing the names of potential intakes for public comment. Lastly, vetting and reference checking continues to be conducted for new intakes as a means to reduce the element of corruption and criminality.

Outcomes of a SAPS Criminal Audit to be announced in due course

Two years ago I tasked the police management working together with the Civilian Secretariat for Police to conduct an audit of all SAPS members, to get a sense precisely of who these members are. Part of the delay in completing this audit was mainly around certain legalities which we had to adhere to, but we are now determined to finalize this matter.

The audit is nearly finalized and I will be making a public pronouncement on the audit outcomes in due course. This is propelled by the conduct which suggests criminality from within the police.

Supporting and improving psychological services for SAPS

Policing is a difficult duty. Our officers operate under strenuous conditions, facing some of the most dangerous criminals on a daily basis, the nature of crime being unique and violent.

As part of our intervention, we have an Employee Health and Wellness (EHW) programme, which is freely-available for all members. Whilst some members have utilized such programmes, sadly, we still have some myopic perceptions that going for counseling is considered a sign of weakness. We dispel such misconceptions because they are destroying and negatively affecting our members.

- EHW comprises of qualified, experienced and registered Psychologists, Social Workers and Chaplains.
- There are clearly outlined referral processes between the different professionals, EHW and medical schemes, guided by the needs of employees and their immediate families.
- Members have access to a 24-hour call centre services where one-on-one telephone counselling and individual trauma debriefing is done.

I have already through a number of different forums emphasised the need to have a concerted focus on the psychological welfare of SAPS officials and we have begun engaging external role players with a view to assisting us in this regard. However, the violent nature of crime in South Africa and advanced criminal activities requires further research in addressing police psychological needs.

Firearm Administration and Controls

The Firearms Control Act is a crucial piece of legislation and it is important that we all understand the policy that underpins this legislation in a country that faces high levels of violent crime, much of which involves the use of firearms.

There have been people who have sought to challenge our policies and the basis of this legislation, and we remain resolute in our commitment to stand our ground on this matter. Where we are taken to court, as was shown in the Justice Alliance of South Africa matter, which went all the way to the Constitutional Court, we will coherently defend our policies.

But our commitment to the legislation must also translate into how we implement this legislation through the Central Firearms Registry. In this regard we believe that the registry has to a large extent dealt with the backlog in firearm applications. We however need to keep our focus not only on the backlogs but also improvements across all aspects of our firearms control systems.

Inquiry into the alleged unscrupulous firearms dealers

Honourable Members,

Over the past few months, concerns have been raised about the practices of certain unscrupulous firearms dealers, who are not complying with the provisions of the Firearms Control Act, 2000 (Act No. 60 of 2000).

Last week, I announced Ms Soraya Hassim, SC and Advocate Rams Ramashia, to head an inquiry that is currently investigating these allegations because if indeed they are proven true, these could negatively impact our crime-reduction efforts. We cannot allow this to happen.

Within the next six weeks they will complete their investigation and will provide me with a comprehensive report of their findings, including recommendations. I will then publicly announce the findings.

Effective implementation of the Rural Safety Strategy

Rural safety remains a priority of government. Focused interventions to reduce serious crimes in rural areas have been enhanced, particularly of stock-theft and border control.

The implementation of the Rural Safety Strategy, which incorporates amongst others, targeted planning and resourcing of policing interventions, will be completed by 2014.

We have also begun identifying and developing strategic partnerships with safety stakeholders in rural areas, as well as enhanced service delivery, by utilizing reservists to man our borders, and conduct intelligence-driven operations.

Strengthened oversight on those who police, the police

As we speak, the Independent Police Investigative Directorate (IPID) Act No. 1 of 2011 has been in operation for just over a year. During that time, we have seen a number of important milestones in the work of the IPID. We remain committed to cleaning up the police service through strong internal oversight, which police management must exercise. Equally, through strong external oversight in the form of the IPID, we have been able to arrest those whose actions shame our badges and uniforms. This was evident in the swift actions taken by the IPID and SAPS in recent incidents. This all demonstrates our resoluteness in dealing with matters of police criminality.

IPID has identified systemic corruption as one of its priorities for the short to medium term. We believe that the IPID will deal a deeper blow to police criminality by being proactive rather than being reactive. This will ensure that police officers, who commit the crimes identified in the IPID Act, are prosecuted effectively in the courts.

No direct linkage to number of deaths in custody to introduction of ranks

We have noted alleged reports around the number of deaths in custody or as a result of police action and the linkage to the introduction of military ranks in 2009.

Let us utilize this occasion to highlight that the number of deaths in police custody does not necessarily mean that police were directly responsible of these deaths. In some cases the deaths could have been as a result of a shootout during cash-in-transit robberies. Furthermore, in some instances it includes natural deaths whilst suspects are in police custody.

We have looked at IPID figures and cannot correlate the figures to the introduction of military ranks. In 2008/09, before the rank structure was introduced, the number of incidents recorded by IPID increased by 15% but the following three years saw a decrease of 21.1%. Therefore whilst we remain concerned about any loss of life irrespective of whatever circumstances, there is no evidence to link this to the introduction of military ranks.

Private Security must be better and effectively regulated Honourable Members,

The number of private security guards registered is 1, 250 000. It is also estimated that of the guards registered 353 000 are active within the industry. This means the number of private security guards operating outstrips the combined number of both the SAPS and SANDF.

According to PSIRA it is further estimated that between 15 000 and 20 000 new members join the private security industry each month. However not all companies and private security guards register with PSIRA as required by law. Many companies and security guards attempt to operate under the radar and unlawfully.

The growth of the private security industry is not unique to South Africa. Internationally, the private security industry has grown significantly over the last two decades. However the growth of the South African private security industry has out stripped other countries and as a percentage of our GDP South Africa, has the largest private security industry in the world.

Historically the private security industry was broken down into specific areas or categories of security services (such as guarding, armed response, private investigations etc). However over the last decade the industry has diversified and many companies are now providing a wide range of services cutting across the different categories. The result of this diversification has also been that the lines between private security, private intelligence and private military have become vague and blurred.

The South African private security industry is increasingly performing functions which used to be the sole preserve of the police. This has, and will continue to have a serious influence on the functioning of the criminal justice system as a whole.

The above has resulted in most countries around the world focusing more attention on the regulation of this industry, and even the United Nations Commission on Crime Prevention and Criminal Justice has begun to place more focus on this area and encouraged member states to review, evaluate and revise existing regulation of the industry.

It is against this background that we have set ourselves a goal of an effective regulation of this industry.

#### Conclusion

Honourable Members,

Scholars across the spectrum recognize that social systems are founded on definite historical origins. If the saying 'out of nothing, nothing comes' is true, then it must follow that the future is formed and derive its first impulse in the womb of the present.

The world is beginning to look at us and our continent, not so much for our lack of capacity, but for our capacity to do things in a way that makes everyone proud. Conditions have emerged where the world wants to do business with us.

Policing for the future must be guided by the understanding that the crime landscape will continuously evolve. This will require the SAPS to remain innovative and adapt its policing approaches to respond to this changing environment.

The unity of citizens on the question of crime should act as a source of great strength to us. Today there can be no doubt about the determination of the overwhelming majority of the citizens of this country to take concerted action to help us reduce crime.

I thank you.

Issued by: South African Police Service

30 May 2013

## The occasion of the Budget Vote No 25 and 23: Speech by the Deputy Minister of Police, Makhotso Maggie Sotyu (MP), Parliament, Cape Town

30 May 2013

Speaker,

Honourable Deputy President, Mr KP Motlanthe,

Minister of Police, Mr EN Mthethwa,

All Ministers and Deputy Ministers present,

Acting Chairperson of the Portfolio Committee on Police, Ms A Van Wyk,

Honourable Members of Parliament,

All MECs present,

National Commissioner of Police, General Phiyega,

All SAPS Top Management,

Acting Executive Director of the IPID, Ms Kuki Mbeki,

Chairperson of PSIRA, Mr. Bopela,

All SAPS Officers present,

Traditional leadership and Civil Society present here,

Distinguished guests,

Ladies and gentlemen.

We are almost at the end of a very remarkable yet consuming second decade of post-apartheid, both as country and as the South African Police Service (SAPS). And, it is time for this ANC-led Government to take stock of how far we have gone in achieving the national agenda of improving the quality of life for all South Africans, especially the historically disadvantaged communities of South Africa.

#### Speaker,

It is not only about taking stock of progress; we are equally identifying our challenges and shortcomings as the Department of Police, collectively. Most probably, the blatant challenge of all that we are facing as the South African nation, is the high level of substance and alcohol abuse, rape, sexual abuse, violent crime against the most vulnerable of our society: children, women, the elderly and the disabled.

And, indeed that challenge informs our shortcomings as a nation.

## Speaker,

Contrary to the saying that, when all has failed, government becomes a last-line of defence for any societal challenge including that fighting and preventing crime; we are saying as the Police Leadership, the community must become the alpha and omega of this defence line for the most vulnerable.

For, particularly, the people closest to them commit this crime against our most vulnerable people, and it is difficult to detect and detain the perpetrators as long as the community is distant from the police.

#### Speaker,

That is why as far back as in 2001, His Excellency, President Jacob Zuma, in his then capacity as the Deputy President, observed that:

"The apartheid history of this country left behind a legacy of a serious breakdown of the moral infrastructure of our society. And, the lack of respect for the sanctity of human life, for the next person, private property, disregard of the law of the land, lack of parental control over children, and the general blurring of the lines between right and wrong are continuing to plague our communities. Moral regeneration is not something, which can be left to either Government or religious community alone. We require the participation of all sectors in this campaign against child rape and sexual violence in South Africa".

### Speaker,

The reality then, is that, most of crimes committed in South Africa, are crimes arising out of factors over which the police have little or no control of whatsoever. Factors, which stimulate crime, such as poverty, unemployment;

gender-inequality, and decline in the standards of morality or moral fibre, have nothing to do with the core mandate of police per se.

This means, a broader notion of safety and security must be sought: a security that is not solely defined in policing terms; but a security of the most vulnerable that is defined in human terms.

#### Speaker,

Indeed, all our departmental initiatives and programmes to combat and prevent crime point to this direction of humanizing crime combating and prevention. And this approach is not far-fetched from the founding policy document of the ruling party, "Ready to Govern".

From the onset, the first democratic elected Government founded its policy of safety and security on one basic principle: a national security that acknowledges political, economic, social and environmental dimensions. It resolved:

"Underdevelopment, poverty, lack of democratic participation and the abuse of human rights are regarded as grave threats to the security of the people".

#### Speaker,

Our departmental programmes as the SAPS, are thus geared to national security that is building a nation, and that is coherent, cohesive and coordinated towards a better life for all. The Department of Police is therefore, zealously active in all the relevant Inter-Ministerial Committees, especially the IMCs on Substance Abuse & Alcohol, and Causes of Gender-Based Violence, both led by the Department of Social Development.

#### Speaker,

In the IMC on Root Causes of Gender-Based Violence, the South African Police Service is providing specialized services in prevention, protection, response, care and support through the Family Violence, Child Protection and Sexual Offences Unit National Management.

The FCS Unit prioritizes rape cases, and already for the financial year 2012/2013, a total of 499 life sentences have been given to these heartless criminals. We must however emphasize that, as the Department of Police, we are no longer interested to satisfy quantity or volume-based arrests of child rapists, molesters, exploiters and murderers.

We are focused at efficient investigations, which include improved accurate statement taking of these cases; and impactful convictions, which involve prolonged sentences of these heinous criminals. Also, the SAPS is providing support to the Department of Social Department for the establishment of a National Command/Response Centre to allow for effective national monitoring, coordination and intervention in cases.

#### Speaker,

As the Department of Police, we are aware that, one of the most important spheres to work with to curb child abuse and any other youth-related crimes, is the school environment. Since educators spend a great deal of time with abused children who are their learners, it becomes important that educators know how to manage these children in the school yard and in the classroom.

In this instance, the Minister of Police and the Minister of Basic Education signed a Protocol Implementation Agreement last year April 2011, to partner for the promotion of safer schools and to prevent the involvement of young people in crime.

#### Speaker,

Already, out of 25 474 schools, 16810 have been linked to police stations with functional Safe School Committees since the protocol came into effect. The two Ministers, Minister of Police and Minister of Basic Education, have now delegated their respective Deputy Ministers to formally launch this Protocol.

The launch will sensitize parents and to inform schools, media and all other parties with a vested interest in school safety to know about the programmes. It will also highlight the responsibility of both SAPS and Basic Education in promoting an environment that is conducive to learning and teaching.

#### Speaker,

We are partnering and collaborating with the Department of Home Affairs and Film and Publication Board by facilitating the reporting of child pornography cases for investigation.

The SAPS is also actively collaborating with the Department of Social Development and the South African National Council on Alcoholism and Drug Dependence (SANCA) through the Safe Schools Programme to address drugs, crime and violence in primary and secondary schools. SAPS Schools Based Crime Prevention Coordinators visit schools and facilitate awareness raising on the negative impact of drugs and gangsterism.

In my own Constituency in Free State, under the leadership of the Premier, Mr. Ace Magashule, we have recently launched a Free State Provincial Crime Prevention Strategy that calls for a multi-agency approach in addressing crime.

During this launch, I had an opportunity to engage with youngsters who are addicted to drugs. It is sad to inform you though, that two of these youngsters are already dead, due to mob justice/vigilantism.

Our Festive Season Operations for the F/Y 2012/2013 have indicated a trend of high number of arrests against drug and alcohol related crimes, with the Western Cape registering the most affected at 3511 arrests.

#### Speaker,

It is clear then that the visit by the President to Eldorado Park, was spot on, drug related crimes are on the increase. The biggest increase on ready docket rate was recorded at 17.01% increase.

As the department, we are thus hopeful that these integrated programmes with the Department of Social Development and the South African National Council on Alcoholism and Drug Dependence (SANCA), will begin to educate parents on how to spot the signs of drug addiction and gang association, so that they are able to recognize if their child is involved in drugs and with gangs, and be able to seek appropriate intervention.

With these programmes, we are constantly reminding parents/family members and educators that they are unwittingly "front-line officers" in identifying children/youth who could potentially pose a risk to the peace and order of our communities. They are indeed the alpha and omega of the defence line.

#### Speaker,

Only three days ago, a 14 year-old youth who has since been suspected of being under a certain influence, almost wiped out his entire family. With the help of the community, this young suspect was immediately arrested, after killing his mother, grandmother and two siblings.

The SAPS Leadership indeed welcomes this working together with the police to apprehend the suspect of this shocking crime. We also hope that this partnership, will also conscientise the community of the extreme conditions the police work under.

#### Speaker,

Let us all imagine the psychological condition of those police officers that were the first ones to respond to the crime scene of a hacked family. Let us all take home a fact that, the work of a police officer is often traumatic, dangerous and exhausting, as a result of being part of, or witnessing a traumatic act such as murder, rape, brutal assault or remnants of a brutal and unspeakable violent murder.

It is with this reason that as SAPS Management, we are not only seeking to improve and provide the working environment and the general health and wellness of the police officer. The Department is busy reviewing a policy that will make trauma counseling, compulsory for all police officers. At the moment, it is voluntary.

#### Speaker,

In the meantime, we are continuing pleading and encouraging our police officers to demystify the myth that "men do not cry". We are pleading with you to use the resources that have been provided by SAPS Employee Health and

Wellness, which has Psychological Services, Spiritual Services, Social Work Services and Quality of Work Life Management.

There is a Pyscho-Social Network of external providers that offers psychosocial interventions to employees of SAPS and their immediate families. There is also a 24-hour call centre service (0860103055), providing a one-to-one telephone counselling and individual trauma debriefing. A call centre staff is also available to attend walk-in cases

We are also pleased to announce that, the promise made by the President way back on 5th September 2011 at the Police National Commemoration Day, that a SAPS Educational Trust Fund will be established to ensure that the families of those members who died on duty, especially their children's educational needs, is yielding good progress.

The SAPS Education Trust Operating Structure is now in place, and the verification of database of deserving beneficiaries has been done. The SAPS Education Trust will be officially launched on 25 July 2013 as part of the Mandela Month Activities. As the SAPS Leadership, we want to ensure that the dependents of these fallen heroes do no go destitute.

#### Speaker,

We have a duty as the Ministry of Police to ensure that the quality of life of all our members is improved equally: whether active, retired or deceased. In this case, we are still continuing with realizing the project that I announced at our last year's Budget Vote.

We are on course to establish a SAPS Non-Statutory Forces (NSF) Project Task Team with the support of the SANDF Integration Project Office, to fast track the implementation of promotion; full recognition of service; pension and privileges; leave days and skills development of these former NSF members integrated within the SAPS.

Coupled with this SAPS NSF Project, is the intake of 1586 SAPS Reservists who were trained during the last financial year 2012/2013, and permanently employed as security guards. A further 570 intake is planned for this Financial Year 2013/2014 to address the outstanding security needs of the SAPS.

#### Speaker,

There are high hopes to link the successful implementation of the above two programs with the SAPS Centenary Celebrations. Policing in South Africa has reached a milestone of 100 years of existence just last month. The SAPS Centenary celebrations will also serve as means to recognise contributions made by the police officers in the fight against criminality in our country within the democratic dispensation.

## Speaker,

One of the visible achievement made by SAPS since the advent of democracy is its recruitment, training methods, and development programmes targeting women. As a department, we made sure that we participate in the National Equity Component that was established in 1996, so as to ensure for the promotion of equal employment opportunities and ensuring optimal functioning of women in the SAPS.

In 1995, the SAPS had only 11 260 female police officers. In 2005, this number increased to 17 945. Currently, we have more than 20 000 female police officers. Gone are those days where women were only recruited to do administration work in charge offices and as radio operators. Today SAPS employs women in the same capacity as men.

### Speaker,

It is befitting then that the South African Police Service has won the bid with the full backing of our government, to host the 51st International Association of Women Police (IAWP) Conference to be held on 22nd – 26th September 2013 in Durban, a first of its kind for Africa.

Since becoming a member of IAWP in 2010, the SAPS have been actively taking part in IAWP programmes of uniting and raising the profile of Women in Criminal Justice and International Police Agencies.

At the 50th IAWP Conference last year, I led the SAPS delegation to sign the MoU for the Conference. Under the leadership of our National Commissioner of Police, preparations are in advance stages.

The Southern African Regional Police Chiefs Cooperation Organization (SARPCOO) has also committed its support and cooperation in this 51st IAWP Conference. All Members of Parliament, especially those are within the JCPS Cluster, are encouraged to take note of these dates and to attend.

Speaker,

In conclusion, we want to emphasize that, as the SAPS Leadership, our Department will continue to innovate for programmes that are integrated and coordinated with other Government Departments and core stakeholders in our communities.

We will continue to acknowledge that Police cannot be seen as operating within a vacuum as if there is no other structures that make up our society; structures that do have a major impact on how a person ends up: perpetrator of crime of a law-abiding citizen.

Thus, we will continue to innovate our approaches in fighting and preventing crime by always reviewing what is no longer working for our people's development and well-being.

I thank you all!

Issued by: South African Police Service 30 May 2013

# Vote 26: Agriculture, Forestry and Fisheries

## Budget Vote Speech by the Honourable Ms Tina Joemat-Pettersson, MP, Minister of Agriculture, Forestry and Fisheries

29 May 2013

Honourable Speaker;

Chairperson of the Portfolio Committee;

Honourable Deputy Minister of Agriculture, Forestry and Fisheries;

Members of Parliament;

MECs of Agriculture;

Members of the Diplomatic Corps

Captains of Industry;

Winners of our National Female Entrepreneur Awards;

Leaders of political parties, Unions, NGOs, Community

Organisations and Faith-based Organisations;

Farm workers, Fisherfolk and Community Forestry Organisations;

Students and leaders from our colleges of agriculture and other

training institutions;

Our special guests;

Ladies and gentlemen and comrades.

Honourable Speaker, this 2013 Budget Vote for Agriculture, Forestry and Fisheries is centred on the theme of "UNITY IN ACTION TOWARDS SOCIO-ECONOMIC FREEDOM." In pursing 'UNITY IN ACTION' we will focus on fighting poverty and unemployment with household food security as our primary success indicator.

Honourable Speaker, as we table this Budget of R6.178 billion, we are reminded that we stood before this Esteemed House on 1 May 2012, to account for our work over the previous year and to table our performance commitments for the year ahead.

Honourable Speaker, this 2013/14 Budget Vote will follow the same approach. We will reflect on the achievements of 2012/13, followed by our commitments for the 2013/14 Budget with which we have been entrusted.

Honourable Speaker, Food Security is a human right and a Constitutional mandate. The Bill of Rights states that "every citizen has a right to access to sufficient food and water" and that "the State must take reasonable legislative and other measures, within its available resources, to achieve the realisation of this right."

I am convinced Honourable Speaker, that 'Food Security For All' will be the one issue on which we will be able to garner consensus in this House. A recent report that 12 million (22.7 per cent) South Africans have insufficient access to food has shocked our nation. For the greater number of South Africans who are gainfully employed, it was unthinkable that such huge numbers of citizens were going to bed hungry. The uncomfortable truth is that while South Africa is a food secure country, an alarming number of people are not getting enough sufficient food.

I am pleased to report that after previous stop-start efforts, a Food Security and Nutrition Policy has been developed and is in the Cabinet process. The main objective of this policy is to ensure that there is food security and good nutrition at all levels and segments of our society. I will say more about this later, as the approval of the Food Security and Nutritional Policy is one of our priorities for the forthcoming year.

During the year under review, the Department, together with the Department of Rural Development and Land Reform, implemented an accelerated integrated agricultural production programme in seven provinces. This initiative, while being far from perfect, mobilised additional resources from different departments across all spheres of government such that we were able to place more than 35 000 additional hectares under production. While the fruits of this initiative will be evident in the forthcoming harvesting season, it has already positively impacted on job creation.

The fact that the latest jobs data from Statistics SA shows that agriculture is by far the largest contributor to job creation, and must count as one of our key successes. The sector has been able to sustain the growth recorded in the previous financial year. Nationally, the sector created 54 000 new jobs between January and March 2013, an increase of 7.9% (and 12.7% year-on-year). The sector now employs 739 000 people – up from 656 000 last year. Closer scrutiny of these figures shows that the job growth was experienced in the provinces where the food security intervention was implemented such as Eastern Cape, KwaZulu-Natal and Mpumalanga. If our modest

attempts yielded such measurable outcomes within such a short time, it demonstrates the potential impact of large-scale agricultural production could have on our economy.

We are proud of our successes in opening new markets for the sector. Firstly, our membership of BRICS enabled our participation in the Ministers of Agriculture and Agrarian Development Mechanism and where we immediately introduced trade as an area of cooperation among members. As a result the department has recently opened offices in India and Russia. In the current financial year, a new office will be opened in Brazil.

Asia's changing consumption patterns, population growth, structural reforms and improved market access have contributed to an increase in exports from South Africa to the Asian countries. China is one of the largest export destinations for South Africa's agriculture, forestry and fisheries products, followed by Indonesia, Japan and India. However, a number of problems are being experienced regarding non-tariff barriers put into place by some countries in Asia.

Honourable Speaker, in 2012/13, for the first time ever, communities who had leased their land to forestry commercial companies were compensated. The funds were being collected routinely from the commercial companies but not redistributed. Mindful of the impact of these funds on households, we are proud of this achievement.

The outbreak of the farm worker strikes in De Doorns towards the end of 2012 was disturbing, disruptive and significant for the industry. I must appreciate the response of my Cabinet colleagues who rallied around us to find solutions. They recognised that De Doorns was not merely manifesting a local or sectoral problem. Instead it was a national problem requiring an integrated national solution. The most significant outcome was the announcement of a revised sectoral determination of R105.00 per day minimum wage for the entire farming sector. Although not yet a decent wage, this is a major improvement in the employment conditions of farm workers.

The 2012 strikes reminded us of the unfortunate outbreak of xenophobia in De Doorns in 2008. What was different about the 2012 strike was the unity among farmworkers. 'Different others' spoke in one voice across the previous divisive barriers in their quest for a better life for all. Also significant was that De Doorns catapulted the farmers into a new coalition. While still retaining their existing structures, farmers have also responded as a collective, and recognise and want to be part of creating a new road map, for the sector.

While there is still much work to be done in resolving the pre-and post-strike issues, the 'Unity in Action' precipitated by conflict, augers well for charting a new path for the entire sector. Through a Dialogue facilitated by the Presidency, government is looking at the impact of the revised sectoral determination for both farmers and farm workers and at ways and means to offset this impact.

I am proud to announce that the department sustained its record of successive unqualified audit opinions on our financial performance information during my term in Office. In securing this external audit outcome, we have again demonstrated that the department is a compliant department standing tall among its peers in terms of the non-negotiable ethical business practices, controls and standards.

Regrettably, we did not fare as well in respect of the management of our non-financial performance information. Importantly though Honourable Speaker, we have interrogated our limitations and understand that we have to exercise greater diligence in respect of the oversight for the transfers and subsidies to provinces and entities. It accounts for a significant percentage of our Budget, 59.2%, which the House will agree, is significant. We will, going forward strengthen our contracting with provinces such that there is no ambiguity about the roles, responsibilities and the consequences if we fail to deliver what we had contracted to do.

The other area in which we have not fared well is our intent to support new smallholder producers while continuing to support the existing producers. Effective and sustainable land resettlement is an area of corrective action which will receive our attention and in which we will seek advice and support in the current financial year.

The Budget of R6.178 billion allocated to the department budget will go a long way in delivering the Electoral Mandate of the Administration, Creating a Better Life For All.

We have allocated this budget as follows:

• R663.9 million will be allocated for Administration;

• Agriculture: will be allocated R4.554 billion;

• Forestry R525.5 million; and,

• Fisheries: R434 million.

Honourable Speaker, our 2013/14 projects/programmes are guided by the National Development Plan (NDP), the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and the work of the Presidential Infrastructure Coordinating Commission (PICC), the PICC's Strategic Integrated Project (SIPs), in particular.

SIP 11 is one of the eighteen flagship infrastructure projects overseen by the PICC. It seeks to ensure enabling agro-logistics and rural infrastructure investments that would unlock the potential of rural areas to create jobs. SIP 11 will entail the expansion of facilities for storage, transport links to main networks, fencing of farms, irrigation schemes, improved research and development on rural issues (including expansion of colleges of agriculture), processing facilities, forestry and fisheries infrastructure.

The department will continue its campaign of recognising and empowering women as contributors to food security and agricultural development. Through its premier Female Entrepreneur of the Year Awards annual event, women entrepreneurs across the sector are encouraged to participate. This prestigious event is sponsored by Total SA.

The department will continue to participate in the various trade negotiations and forums to enhance the interests of the South African agricultural sector. One of our strategic objectives is to increase intra-African trade which is currently about 10% of trade. While increased trade in Africa is a challenging terrain, the growth of the African market for agricultural products will enable South Africa to increase diversification of its export market and reduce dependence upon our traditional export markets, such as the European Union.

The Food and Agriculture Organisation (FAO) Council of the United Nations has awarded a bid to South Africa to host the 14th World Forestry Congress in 2015. It is the first time that a congress of this magnitude will be hosted on African soil since its inception in 1923. This honour was bestowed on us because of SA's leading role in affore station. It will afford our Forestry colleagues to share with and learn from their peers from all corners of the globe.

In support of the government pro-poor forestry strategy, the department has been supporting small growers and communities in the Eastern Cape with environmental impact assessment. The results of this assessment will lead to the issuing of affore station licences. The area under consideration is approximately 13 000 ha. This will definitely lead to the empowerment of rural communities by making them owners of forest plantations.

In this financial year, an amount of R109 million has been allocated towards the LandCare Programme. This will contribute significantly to 30 000 ha of degraded land to be rehabilitated. Through leasing of state land farms, 60 farms have already been secured, thereby contributing to food security and better quality of life for all.

The NDP has identified fisheries as an important vehicle in achieving its vision for an integrated and inclusive rural economy. It acknowledges that marine fishing is important for coastal communities with regard to job creation. It further acknowledges that those historically involved in fishing have frequently been ignored, and that many fishing rights allocated have been of small value. The current fishing rights allocations process will ensure that rights allocated are more economically viable in future.

Fishing contributes approximately 0.5% to the GDP and it accounts for around 2% of the GDP in the Western Cape. South Africa is a net exporter of fish and fish products and 55% of the demersal catches are exported. The aquaculture production level is 3 543 tons worth R218 million and it provides 2 000 jobs. The department has, during the past financial year, supported three fish farms, and is presently supporting five fish farms, and the department plans to support more fish farms by the end of 2014. In addition, two smallholder aquaculture producer associations were established.

The Small-scale Fisheries Policy was approved by Cabinet in May 2012 and will be implemented during this financial year. A National Aquaculture Strategy and Action Plan were also developed. Recently, Cabinet approved the National Aquaculture Policy Framework (NAPF). This policy provides a unified framework for the establishment and development of an industry that contributes towards sustainable job creation and increased investment.

The implementation of the Small-Scale Fisheries Policy will finally give formal recognition and appropriate legal protection to a previously ignored sector by adopting a developmental approach and rights-based allocation system for small-scale fishers. The allocation of rights within the small-scale sector, together with the reallocation of long-term rights, will contribute to the further transformation of the entire fisheries sector.

As part of our endeavour to contribute towards youth employment and entrepreneurial development, within the spirit of the youth accord. The department intend to ring fence a certain percentage of fishing rights allocation quotas, towards youth owned companies.

We spearheaded a campaign to turn colleges of agriculture into centres of excellence through the National Treasury approved Colleges Revitalisation Plan. This plan focuses on improving infrastructure at colleges, curricula review and provision of ICT equipment. R380 million has been allocated over the Medium Term Expenditure Framework (MTEF) to revitalise colleges of agriculture. The Department is also in a process of pursuing the signing of a protocol with the Department of Higher Education and Training on issues relating to colleges of agriculture.

Honourable Members, we table the Budget of R 6.178 billion, which has been allocated to the Department of Agriculture, Forestry and Fisheries for the 2013/14 financial year.

We table the 2013/14 Agriculture, Forestry and Fisheries Budget to the House for endorsement.

We table this Budget confident that Honourable Members share the view that Agriculture, Forestry and Fisheries, is a Portfolio with enormous potential for growth and development.

We table this Budget with an appeal for 'Unity in Action' confident that this House will support the prioritisation and targets we have set for the year.

Honourable Speaker, I would like to conclude this Budget Vote with the following acknowledgements:

I am deeply grateful to the President for his support, his passion for the sector and his relentless advocacy for enabling communities to rekindle their indigenous knowledge in agricultural production so as to take charge of their own food security.

Similarly, I wish to express my gratitude to the Deputy President for his support particularly for walking ahead and alongside us in facilitating the series of Dialogues with communities.

I am indebted to all my Cabinet colleagues for their support, advice and collaboration. I especially wish to single out my colleagues leading Rural Development and Land Reform, Minister Nkwinti and Deputy Minster Tsenoli. I want to thank the Minister of Labour for her support and decisiveness in resolving the volatility in De Doorns. As well as the Minister of Trade and Industry. Our Portfolios are siblings to each other and their collegiality and passion for our terrain has enhanced the achievements we were able to report today.

My deep appreciation is also extended to:

- The Honourable Mlungisi Johnson, Chairperson of the Portfolio Committee on Agriculture, Forestry and Fisheries and all members of this committee for their oversight and guidance.
  - o The MECs of Agriculture.
  - o Sector representatives
  - o The Unions; and
  - o the Captains of Industry

I am most appreciative of and always learn so much from our communities who have been listening to this live broadcast on community radio stations.

Closer home, I would like it thank, o Our Deputy Minister, the Honourable Pieter Mulder; The Acting Director-General Mr Sipho Ntombela and the entire senior management team for making all this possible.

Lastly, I want to most sincerely thank my sons, Terrence and Austin, for their unconditional love, patience and for forgiving me for the times they needed me to be with them but my work required me to be elsewhere. I also want to acknowledge my family and the caretakers of my sons.

Thank you for sharing today with me.

I thank you.

Issued by:  $\underline{\text{Department of Agriculture, Forestry and Fisheries}}$  29 May 2013

#### Budget Vote Speech by Honourable Dr Pieter Mulder, Deputy Minister of Agriculture, Forestry and Fisheries.

Date: 29 May 2013

Honourable Chairperson, Honourable Minister, Honourable Members, Colleagues, Ladies and Gentlemen,

Voorsitter, die landbousektor is 'n primêre sektor van belang vir die ekonomie en het die potensiaal om nog meer werksgeleenthede te skep en sodoende landelike ontwikkeling te bevorder. Dit is egter 'n sektor wat blootgestel is aan 'n wye reeks risiko's en uitdagings.

The increase in the minimum farm workers' wage and the increases in input costs, such as fuel and electricity, pose huge threats to the sustainability of the sector. To thus protect farmers, farms, farm workers and ultimately food security, critical interventions by government via direct and indirect support mechanisms are needed.

Furthermore, the diverse South African sector, more than ever, requires a committed partnership between the private and all the public sector organs. The support of the State Owned Entities (SOEs) in the sector is a partnership that has evolved over decades.

Extensive empirical evidence demonstrates that agricultural research and development investments have greatly contributed to economic growth, agricultural development and poverty alleviation in developing regions over the past five decades.

Effectively disseminated new technologies and crop varieties resulting from research and development investments have enhanced the quantity and quality of agricultural produce, at the same time increasing sustainability, reducing consumer food prices and providing producers with access to markets.

Given the important challenges, such as population growth, climate change, increasing weather variability, water scarcity, and the volatility of food prices, we must recognize the value of greater investment in agricultural research and development as an essential element in increasing agricultural productivity.

Daarom mag die rol van die Landbou Navorsingsraad (LNR) nooit onderskat word nie.

Voorsitter, die kern mandaat van die LNR is om landbou se bydrae tot beter lewenskwaliteit te bevorder en om effektiewe natuurlike hulpbronbestuur te verseker.

To date, the ARC has successfully implemented the Animal Improvement Scheme that is aimed at improving the performance, competitiveness and efficiencies of smallholder farmers through the application of practical scientific approaches to breeding and management of livestock. Through this scheme we have seen an increase in the number of smallholder farmers participating from a mere 920 a year ago, to 4075 livestock producers by the end of March 2013. During the 2013/14 financial year, the ARC will increase the number of farmers participating in the scheme by an additional 2000; and this will include collaboration with other organizations such as the Industrial Development Corporation (IDC) and the Independent Development Trust (IDT). The ARC will also continue providing services such as Artificial Insemination and Embryo Transfer to smallholder farmers.

The ARC renders innovative and smart solutions, which help farmers eliminate pests and eradicate diseases such as foot and mouth and rabies. Vaccines are a highly specialised animal health area. With it, the ARC conducts clinical trials ensuring the efficacy and effectiveness of such remedies for the livestock sector.

The 2013/14 financial year marks the beginning of a new era for **Onderstepoort Biological Products (OBP)**. The much needed capital injection of R 492 million over the MTEF period from the National Treasury will be utilised to refurbish the aging plant, purchasing of new equipment and building a GMP facility which will place OBP into a new trajectory. The quality of OBP vaccines is a critical issue. The quality control system has been accredited and this must ensure that no substandard batch of vaccines leave the plant. OBP has also received research funding of R 39 million from the Technology Innovation Agency.

We are satisfied that OBP's strategic goals are crafted in response to government's priorities.

Chairperson, South Africa is currently a net exporter of agricultural, forestry and fisheries products. These sectors' exports contribute R61.7 billion to the Gross Domestic Product (GDP) with a R6.5 billion in positive trade balance.

It is however noteworthy that South Africa's agricultural exports decreased by 5% between 2011 and 2012. We need to acquire a positive investment climate and a high level of business confidence in order to enhance and maintain our competitiveness. Political stability and sound decision making is key with regards to the attribution of a positive climate and enhancing the level of trade and investment confidence.

The goal of creating a million jobs by 2030, according to the National Development Plan, is only possible through export growth, and export growth is only possible through investments in the growing export sectors. Our Department has been successful in establishing good trade relationships with new markets and will continue with this initiative during the next financial year.

The Department and the **Perishable Products Export Control Board (PPECB)** are working closely to assist South Africans – within the ambit of the laws – to export their products successfully in a highly competitive global arena.

As a result of some sacrifices and creative thinking, the PPECB has gone from a R16 million loss to a financial break-even situation in one year.

The PPECB has revised the 1983 PPEC Act. This was an intensive exercise that involved consultations with many people. It is hoped that, once the new Act is promulgated, it will enable the PPECB to modernize its business offerings to the public. It should certainly put the PPECB's business model on a more sustainable footing.

The National Agricultural Marketing Council (NAMC) continues to successfully implement development schemes in vine grapes, maize, sunflower and livestock. The objective of these schemes is to secure markets, which is of critical importance for the development of emerging farmers.

Chairperson, we cannot have farmers who are left in the emerging phase forever. These farmers should be enabled to successfully develop into commercial producers. It is however important that there will at such a stage still be a commercial sector subsisting for these farmers to join.

Die landbouprobleme word groter op pad na 2050. Ons durf dus nie toelaat dat Suid-Afrika vanweë ons kortsigtigheid of vanweë 'n gebrek aan fondse ten opsigte van navorsing en tegnologie agter raak nie.

Ek wil alle rolspelers, insluitend georganiseerde landbou bedank vir hul volgehoue goedgesindheid en bereidwilligheid om saam met die regering te werk.

This is going to be a productive year, where the department, my office and our SOEs will work with the Minister to ensure success!

I thank you.

#### NCOP Budget Vote Speech - Minister of Agriculture, Forestry and Fisheries, Ms Tina Joemat-Pettersson

11 Jun 2013

Chairperson of the National Council of Provinces
Chairperson and Honourable Members of the Select Committee on Land and Environment Affairs
The Honourable Deputy Minister of Agriculture, Forestry and Fisheries
Members of the National Council of Provinces
Members of the Executive Councils responsible for Agriculture in the Provinces
Distinguished guests
Ladies and gentlemen.

Honourable Chairperson, this year marks the 100th Anniversary of the promulgation of one of those heinous pieces of legislation which the Apartheid government used to strip our people of their dignity, namely the Natives Land Act of 1913. The triple challenges of poverty, unemployment and inequality that we constantly strive to overcome today are a direct consequence of the implementation of that legislation, amongst many of similar intent.

Hence, I urge Honourable Members to keep this background in mind as we debate this year's Budget Vote.

Mindful of the long-term impact of the Natives Land Act and complementary oppressive legislation which bolstered Apartheid, the African National Congress (ANC) dedicated this year to "Unity in Action towards Socio-Economic Freedom," which is also the theme for this 2013/14 Agriculture, Forestry and Fisheries Budget Vote.

Honourable Chairperson, Food Security is a human right and a Constitutional mandate. The Bill of Rights states that "every citizen has a right to access to sufficient food and water" and that "the State must take reasonable legislative and other measures, within its available resources, to achieve the realisation of this right."

I am pleased to report that the Department of Agriculture, Forestry and Fisheries has developed a Food Security and Nutrition Policy, which is currently in the Cabinet process. The main objective of this policy is to ensure that there is food security and good nutrition at all levels and segments of our society, and at household level.

Although South Africa has national food security through its own production and trade, at household-level food security is threatened by globalisation, international trade regimes, the poor storage, post-harvest process and distribution of food.

High food prices pose a serious threat to food security, at both household and country level. Lower-income South Africans are the biggest victims of upward trends in food prices and most of South Africa's poorest people spend about 60% of their income on food. Price hikes for cereals and other staples can force the poor to cut back on the quantity and quality of their meals. This may result in increased food insecurity and malnutrition, with tragic implications in the short and long term, particularly for children, the aged and other vulnerable members of our society. Price hikes also limit the ability of poor households to meet other important non-food expenses, such as education and health care.

A state of food security can be considered as achieved when all people have physical and economic access to sufficient, safe and nutritious food.

Regrettably, despite the significant decline in the numbers of households vulnerable to hunger in South Africa over the past decade, according to STATS-SA 12 million (22.7 per cent) South Africans have insufficient access to food.

The aim of the Food Security and and Nutrition Policy will be to reduce the incidence of acute and chronic hunger to zero by 2030 and thereby contribute towards poverty eradication, increased human dignity and improved quality of life for all citizens. Thus, the approval of the Food Security and Nutrition Policy is one of our priorities for the current financial year.

One of the interventions initiated by the department to combat high food prices and household food insecurity is the Integrated Food Security Production Intervention (IFSPI). This Initiative seeks to afford smallholder farmers, communities and households an ability to increase production of basic food and therefore increase access and availability of such to attain basic food security at household and local levels. Furthermore, the intervention is directed by the full participation of the communities, as guided by Section 27 of the Bill of Rights in the Constitution.

The Integrated Food Security Production Intervention advances the vision and recommendations of the National Development Plan (NDP). Though commercialisation will incrementally be included in the programme, the first four years will focus on the stabilisation of production and productivity of maize and beans. This will be attained through the provision of mechanisation, provision of production inputs and advisory services.

In this financial year, the Department, together with the Department of Rural Development and Land Reform (DRDLR), will implement an accelerated, integrated agricultural production programme in seven provinces, namely, Eastern Cape, Free State, KwaZulu-Natal, Northern Cape, Mpumalanga, Limpopo and North West as part of the Integrated Food Security and Nutrition Initiative. The initiative is aimed at supplementing the services rendered by provinces as a direct response to higher levels of household food insecurity in the country.

Through this initiative, implemented in 2012/13, additional resources were mobilised from different departments across all spheres of Government and as a result over 40 000 hectares of the underutilised agricultural land was put under production during the previous production season, with maize and beans being the main commodities. While the results of this initiative will be evident in the forthcoming harvesting season, it has already positively impacted on job creation.

According to the latest Labour Force Survey conducted by Statistics SA, the agriculture sector was the largest contributor to job creation over the period January to March 2013.

More interestingly is the provincial breakdown (year-on-year data) which reflected that:

- Eastern Cape created 45 000 jobs, a 95, 7% increase;
- Limpopo 26 000 jobs or 29, 5%; and,
- Free State 17 000 or 23, 6%.

This was achieved mainly as a result of programmes which formed part of the Integrated Food Security and Nutrition Initiative such as the Food Production Support Initiative and the Comprehensive Agriculture Support Programme (CASP) that were implemented in these provinces.

The Strategic Integrated Project (SIP) 11 is one of the 18 Flagship infrastructure projects overseen by the Presidential Infrastructure Coordinating Commission (PICC). In the current financial year, DAFF anticipates to develop policies in a number of important areas, including the SIP 11, to improve investment in infrastructure that supports the expansion of agricultural production and employment, small-scale farming and rural development. SIP 11 will be implemented in coordination with a number of other SIPs, especially those focused on rural areas and those addressing bulk transport infrastructure.

Honourable Members, provinces receive around 60% of the Agriculture, Forestry and Fisheries budget of R6,178 billion.

The Comprehensive Agriculture Support Programme (CASP) has received a total allocation of R1.6 billion in the 2013/14 financial year which will be transferred to provinces and has been ring-fenced as follows:

- R905. 746 million for Infrastructure and production input;
- R339. 927 million for Extension Recovery Plan;
- $\bullet \quad$  R55. 388 million for Agricultural Colleges' Infrastructure development and repair; and,
- R298. 959 million for Flood damaged infrastructure.

Ilima/Letsema programme has received a total allocation of R438.456 million to fight poverty through increased food production initiatives.

Together CASP and Ilima/Letsema programmes account for R2 billion (33%) of the R6.178 billion allocated to the Department. 70% of CASP and Ilima/Letsema will be focused towards food production in the 2013/14 financial year.

#### Honourable Chairperson,

- The Eastern Cape will be receiving a total CASP and Ilima/Letsema budget of R262. 900 million;
- Free State R198. 273 million;
- Gauteng R73. 418 million;
- KwaZulu-Natal R268. 290 million;
- Limpopo R249.390 million;
- Mpumalanga R174. 528 million;
- North West R213. 508 million;
- Northern Cape R178. 489 million; and,
- Western Cape will receive a total budget of R156, 596 million of which 70% will focus on food production initiatives with strong focus on addressing urban poverty.

Two hundred and sixty three (R263) million allocated for disaster repair and recovery will be withheld and redirected within the sector. It will be re-allocated to address disasters in North West and Langkloof, where it is most urgently needed. This redirection is part of the reprioritisation and efficient use within the sector of the limited resources available in the sector.

Honourable Chairperson, it is not sufficient to provide prospective farmers with land and capital alone. Instead, farmers must be empowered to manage their businesses effectively and profitably in a competitive and often hostile environment.

As such CASP addresses targeted Farmer Training and Capacity building, On-and-off farm Infrastructure support, Market and business development as well as strengthening Extension Support services. This support will be provided mainly to subsistence and smallholder farmers and approximately 38 000 hectares of grains (mainly maize and beans) will be cultivated in the 2013/14 financial year through CASP and Ilima/Letsema.

Infrastructure development for livestock, crop production and packaging facilities will also receive attention. In the Northern Cape province, R40 million will be allocated towards developing approximately 110 hectares of raisins in Eksteenskuil, Upington and Riemvasmaak, in partnership with National Agricultural Marketing Council (NAMC).

The Smallholder irrigation schemes have the potential to have a significant impact on local socio-economic development and to advance improved food security, poverty eradication and increased employment. Indeed, in many instances, irrigation schemes are the main economic activities in areas endowed with water resources. Unfortunately, a large number of smallholder irrigation schemes are dysfunctional while others are inefficient in their operations. Due to the importance of these irrigation schemes for accelerated agricultural production, their effective revitalisation is extremely important to realise higher yields.

The Vaalharts/Taung Irrigation Scheme is the largest irrigation scheme in South Africa extending to some 35 302 hectares with 31 732 hectares in the Northern Cape and 3 570 hectares in the North West province.

The other scheme is Makhathini Irrigation on the north-eastern part of KwaZulu-Natal where the unique climatic and biophysical resources of this area holds immense potential for agricultural production. The Makhathini Irrigation Scheme covers a range of 4 572 hectares and it has the potential of expansion to cover an area in excess of 15 000 hectares.

The department has been allocating funds for the revitalisation of the Vaalharts/Taung as well as the Makhathini irrigation schemes since 2008/09. Due to the vastness of these areas the revitalisation of these irrigation schemes has had to be undertaken over a number of successive years in phases.

To date, work undertaken in the Vaalharts/Taung Irrigation Schemes has improved irrigation efficiency and brought about 4 433 hectares of land back into production. In the Makhathini Irrigation Scheme, about 1 235 hectares has been brought back into production and 200km of infield road on the irrigation scheme was rebuilt and 119 km of fence was constructed.

LandCare is a community based, government driven programme aimed at the sustainable management and use of natural resources. The overall goal of LandCare is to optimise productivity and sustainability of natural resources so as to ensure food security, job creation and better quality of life for all.

The department will continue to partner with provincial departments in ensuring the protection of land against degradation, which we regard as the most important enabler for food security, job creation and equality. Thus we will approach the rehabilitation of land and our efforts to halt further land degradation in a systematic, sustainable and balanced manner.

In this financial year, the outputs of the LandCare programme will be:

- Hectares of Rangeland rehabilitated
- Hectares of cultivated land rehabilitated
- Number of Junior Care (youth) projects initiated;
- Hectares of alien species cleared;
- Number of capacity building sessions attended by beneficiaries; and
- Number of LandCare committees formed.

A total of 137 projects will be implemented in nine provinces and 6 113 jobs will be created with fulltime equivalents of 1 100 using an allocated total budget of R10. 8997 million.

In order to complement the LandCare Conditional Grant, the National Fencing Scheme was introduced to promote production and protection of sensitive areas. This Scheme is designed to address the infrastructure gap at a farm level in order to assist communities who are hampered by the lack of fencing to increase agricultural production for different farming systems.

The scheme will further accelerate the economic growth and will transform the economy by creating sustainable work opportunities as well as livelihoods but most importantly, it will result in effective and sustainable resource management and the use thereof.

The National Fencing Scheme will deliver:

- One thousand one hundred and two (1 102) km of fences to facilitate sustainable veld management practices;
- clear declared weeds and invasive plants on 9 469 hectares;
- rehabilitate 80 095 hectares through conservation structures; and,
- will continue to promote the sustainable use of agricultural land through promoting conservation agriculture.

Both Land Care and Fencing will create a total of 6113 jobs that collectively amount to 1100 full time equivalents. The budget allocated in this regard is R108. 997 million.

In addition, the department supports the African LandCare Network through the Consultative Group on International Agricultural Research (CGIAR). CGIAR encourages and capacitates African countries to upscale the LandCare movement. Thus, the department assists countries in developing their LandCare programmes as well as leveraging funding and technical support to address the Comprehensive Africa Agriculture Development Programme (CAADP) pillar of land management. Countries who South Africa have partnered with include Tanzania, Kenya, Uganda, Namibia, Malawi, Zambia, Zimbabwe, Ethiopia and Rwanda, to name a few.

The continued marginalisation of rural communities is evident in the maintenance of inappropriate animal breeds and the absence of sustainable good quality seed supply.

Over the past few years the Department has, together with Provincial Departments of Agriculture and the Agricultural Research Council (ARC), and with key partners such as traditional leaders and community members, completed surveys on the status of indigenous farm animals maintained by rural communities in Gauteng, North West and Free State provinces.

This information now enables us to monitor the trends of farm animal genetic resources in these areas. In the current financial year, we will continue our work on indigenous farm animals by focusing on indigenous Zulu sheep and Afrikaner cattle in Zululand and uMkhanyakude district municipalities in KZN and Dr. Ruth Segomotsi Mompati in North West province.

The ARC will be focusing their research on genetic diversity and the population structure of the Zulu sheep and Afrikaner cattle in the two provinces. This research is important as the determination of the genetic diversity of these breeds is a first step towards selecting appropriate breeds for the production systems of the small scale farmers and contributes to their resilience in the face of climate variability challenge.

We are aware that the selection of appropriate seeds is equally important to ensure sustainable plant production and that smallholder farmers do not necessarily have access to the latest adaptive varieties or seed of the required quality. Therefore, work has advanced, in partnership with ARC, South African National Seed Organisation (SANSOR) and the provinces towards ensuring seed security in selected areas of Limpopo and Mpumalanga through community seed production schemes on sorghum, maize and groundnuts. In these schemes, local communities are involved in plant variety evaluation and selection, a true example of participatory development of germplasm.

The department will continue its campaign of recognising and empowering women as contributors to food security and agricultural development. Through collaboration with Provinces and other role players, Female Entrepreneur Awards will no longer be implemented as an event, but as a programme with clear annual deliverables, targets and time frames.

To ensure improved productivity at the farm level and sustainability the department is spearheading the financing of scarce and critical skills needed by the sector. From 2004 to date a total of 1 199 young people have benefitted from the Department's comprehensive bursary scheme. The majority of these young people are registered for tertiary studies at local and international universities.

A total of 478 local students have already completed their studies at various graduate and post graduate levels. Of the students that started in 2011 at international universities, 11 will be graduating in August this year. Other post graduate students at Nanjing and Jillin Universities in China are set to graduate in 2014. Plans are underway for the Department to increase its annual budget for bursaries.

Currently statistics indicate that the sector is experiencing an aging farming population. As a result the department has decided to invest in succession planning. To ensure successful succession planning, Colleges of Agriculture will continue to focus their curricula in producing young farmers. The department is in talks with the Department of Rural Development and Land Reform to see how these young graduates may be assisted to become practicing farmers in the future.

During the past financial year, 1 343 jobs were created through the implementation of 11 projects under the Working for Fisheries Programme (WFFP) which is a sub-programme of the Expanded Public Works Programme.

The objectives of the Working for Fisheries Programme are directed at a strategic good namely, the management of both freshwater and marine fisheries. The Programme includes improved harbour management, enhanced management information and catch data statistics on the small-scale fisheries sector; strengthening the fight against poaching and illegal fishing, and the provision of key infrastructure such as cold storage facilities, Fish Processing Establishments (FPE), the development of aquaculture hatcheries and fish farms producing a number of fish species and FPEs.

The 11 multi-year projects, includes the Western Cape Marine Anti-poaching project; fishing harbor facilities management; three Catch Data Monitors projects in KZN, the Eastern Cape and Western Cape; the Doringbaai Fish Farm; the development of Fish Processing Facilities in Cederberg and other parts of the Western Cape and the development of harbour facilities in Port Nolloth and Hondeklip Bay.

Honourable Chairperson, we have determined targets for forestry projects in all provinces with the aim of increasing the number of small forestry growers and providing support with capacity-building interventions. In the past financial year a total of 1 219 Small Forestry Growers were supported and the department aims to assist 1 300 small-scale growers for this financial year at a cost of R8 million.

In addition, in the past financial year the department created 1 700 jobs through the refurbishment of Category B and C plantations. For the 2013/14 financial year the department aims to reduce the 64 000 hectares of Temporary Unplanted Areas (TUPs) by reforesting 1 680 hectares at a cost of R10, 9 million in the provinces with Commercial forests and that would result in the creation of 2 700 jobs in KwaZulu-Natal, Eastern Cape, Limpopo and Mpumalanga.

Subsequent to COP17, which identified planted forests as well as indigenous forests as the biggest carbon sink, the Department aims to spend R2, 5 million on greening projects throughout the country. As part of the Department's Food Security interventions within the forestry sector, the Department planted 14 177 fruit trees in the past financial year and we plan to plant 13 500 for this financial year at a cost of R975 800.

Honourable Members, I wish to formally table the Budget of R 6.178 billion, which has been allocated to the Department of Agriculture, Forestry and Fisheries for the 2013/14 financial year.

I table this Budget with an appeal for 'Unity in Action' confident that this House will support the prioritization and targets we have set for the year.

In conclusion, I would like to thank:

- Members of Parliament,
- Select Committee on Economic Development in particular, for their diligent oversight on the Department's performance;
- • The Deputy Minister, Honourable Pieter Mulder;
- • Members of Executive Councils responsible for Agriculture in the Provinces;
- • The Acting Director-General and Senior Management team in the Department;
- My family and my special guests; and

Ladies and gentlemen.

I thank you.

Issued by: <u>Department of Agriculture</u>, <u>Forestry and Fisheries</u> 11 Jun 2013

## Vote 27: Communications

## Address by the Honourable Minister of Communications, Ms Dina Pule on the occasion of the Budget Vote Speech, Connecting SA

21 May 2013

Honourable Chairperson,
Honourable Members of the House,
Honourable Deputy Minister, Ms Stella Ndabeni-Abrahams
Chairperson and Members of the Portfolio Committee on Communications
Chairperson and Members of the Select and Labour Committee,
Chairpersons and CEOs of our State-Owned Enterprises,
ICT industry leaders,
Ladies and gentlemen,
My fellow South Africans.

Good morning to everyone.

It would be amiss of me to begin without paying tribute to a great South African. Let us take a moment of silence to honour the memory of SABC presenter Vuyo Mbuli. There are few South Africans whose lives he has not touched with his positivity, professionalism and passion for his craft.

His untimely passing is a reminder that we have many wonderful gems within our state institutions whose presence we take for granted. Let us remember him and many others who make our country the truly great nation it is. Thank you.

Honourable Members,

Over 200 years ago the Industrial Revolution changed the way people lived and worked. Today we find ourselves in the midst of an ICT Revolution that is similarly changing the very fabric of our society. The way we work, communicate and live has radically changed in the last two decades.

This transformation of our society, our economy and even our political life requires that we rise to these new challenges. I am pleased to say that the Department of Communications is leading the way and is geared for the future.

Ladies and gentlemen,

It is opportune that we account to our citizens and outline our developmental plans in May, the same month that saw South Africa's first democratic leader, former President Nelson Mandela take office. We wish Tata Madiba well during this time.

During the month of May we also acknowledge the role the workers have played in the struggle to achieve a better life for all in our country. I am glad to note that our union representatives have joined us in the gallery today.

We celebrated this year's World Telecommunications Day in collaboration with the Department of Transport, at a successful event held in Richards Bay on 17 May 2013. This year's theme was "ICTs and improving road safety". My message to you is, "Don't text while driving."

In his State of the Nation Address President Jacob Zuma stated that "As South Africans, we should continue to have one primary goal - to make our country a truly great and prosperous nation."

Our vision of building a South Africa in which all South Africans have access and skills to ICT services is essential to this goal of building a prosperous nation.

The theme for this year's budget vote is "Connecting South Africans"

In line with this theme, we are focusing on improving the ICT skills base of South Africans, especially our youth.

Yesterday, I launched the combined new institution which brings together the Institute for Satellite and Software applications, the former eSkills Institute and Nemisa as one body. I am happy with the progress made towards the establishment of this new ICT training institution.

Our forward thinking government policy has created an environment in which both business and people in the ICT sector have been able to thrive. However, the 21st century brings new challenges and we are entrusted with ensuring that our people are able to prosper through ICTs in this modern and ever-changing era. Outcomes of policy interventions and the push for a review

Over the past 19 years, this government has worked very hard to reverse the triple challenges of poverty, unemployment, inequality.

Today, many South Africans have access to postal services within reasonable distances from their homes. In the 12 months to March 2013, the South African Post Office opened 50 new post offices.

Most of these are in rural areas such as Kayedwa in Bushbuckridge in Mpumalanga, Nywarha in Idutywa in the Eastern Cape, Emoyeni in Dannhauser in KwaZulu-Natal, Spoegsrivier in Kammiesberg in the Northern Cape, Vahlavi in the Greater Giyani region in Limpopo and Ruitersbos in Mossel Bay in the Western Cape.

These new postal branches have been complemented by rolling out mobile branches to ensure that many more South Africans have access to these key services.

Post offices have become key service delivery centres offering South Africans a convenient place to accept and deliver cash-on-delivery items, a very important service in rural communities where some people shop from catalogues. More than a million South Africans walk through the doors of post offices near where they live to access their social grants.

Post offices now also offer services that enable South Africans to renew their vehicle registration and pay their municipal accounts and television licences. In the last financial year the SA Post Office was responsible for allocating 1,2 million addresses, mainly to those in rural areas

Over the past four years, we have installed 104 low power transmitters which ensured that 1.5 million more people enjoy their basic human right of access to information, after many years of living on the margins of society. Of these transmitters, 18 were rolled out in the 2012/13 financial year. The SABC now reaches 94% of South Africans.

Honourable Members,

The Department's Strategic Plan prioritises the ICT Policy Review, broadband and digital migration.

In line with the National Development Plan, the department has embarked on a process to overhaul existing policies. We convened a successful policy colloquium that led to the establishment of the ICT Policy Review Panel. The composition of the ICT Policy Review Panel reflects the government's mantra of working together, we can do more.

Honourable Chairperson,

We plan to deliver the White Paper on ICT Policy next year. On 25 April 2013 we launched the ICT Policy Framing Paper.

In December 2012, we launched the Strategic Integrated Project (SIP) 15, which is focused on increasing access to ICT services through the rollout of broadband infrastructure and Digital Terrestrial Television. There has been commendable progress in the work of SIP 15.

As Chairperson of SIP 15, I am finalising a project action plan which indicates targets for the connectivity of public facilities such schools, health centres, government offices, libraries and police stations.

Whilst we acknowledge the investment of the private sector, we further urge the sector to continue working with us, within the SIP, in expanding broadband infrastructure throughout the country.

Telkom remains integral to the State's broadband ambitions of modernising and investing in its long distance backbone network.

#### Broadband

Earlier this month, we closed the public consultation phase on the New Broadband Policy. We are preparing to take this policy to Cabinet in June 2013. The finalisation of this policy will pave the way for ICASA to licence the much sought after 2.6 Gigahertz and 800 Megahertz, including the extended digital dividend.

By doing this, we will be increasing network capacity, improving coverage, promoting competition and facilitating black economic empowerment.

Let me remind the house that our Radio Frequency Spectrum policy, adopted in 2010, encourages the efficient use of spectrum resources by employing technologies that use spectrum more efficiently.

#### Legislative programme

In the course of the year, we shall be introducing four legislative amendments.

The Independent Communications Authority of South Africa (Icasa) Amendment Bill deals with the definition of broadband, empowers Icasa to enforce compliance and monitor radio frequency spectrum resources and postal regulation.

The Electronic Communications Amendment Bill seeks to enhance competition and private investment in the sector and ensure that there is effective regulation where market failure is apparent.

On postal regulation; we shall conclude the SA Post Office Amendment Bill this year. The Postbank Bill will also be introduced to align it to the Banks Act.

On DTT Honourable Chairperson,

We are happy to announce that the digital broadcasting network currently reaches more than 80 percent of the population. We have also finalised the subsidy plan for poor households supported by the qualifying criteria. We are ready to implement the Set-Top Box (STB) manufacturing strategy which requires 30 percent local content as part of the electronic industry development.

Icasa has finalised the broadcasting regulations. I will shortly be releasing a notice in the Government Gazette setting the performance period for digital migration switch on.

In June 2013, we shall launch the STB compliance lab in partnership with the Department of Trade and Industry and the SA Bureau of Standards.

We have taken a decision to review the policy on the STB control system as one way of fast tracking the rollout of Digital Terrestrial Television (DTT) to make this system non-mandatory.

In addition to the DTT transmission network roll out target of 84% population coverage via terrestrial transmitters by December 2013, Sentech will also launch a Direct-To-Home satellite broadcasting service.

This service will provide TV and radio coverage to the Square Kilometre Array and all other areas where there is no DTT signal.

With regards to DTT Awareness, we shall intensify the implementation of our communications campaigns to inform and educate the public about the need for DTT.

Honourable Chairperson

### Cost to communicate

We remain firm to our commitment of lowering the cost of communicate in pursuance of affordable prices for mobile, fixed and broadband services.

The lowering of the Mobile Termination Rates from R1.25 a minute in 2010 to R0.40 from March this year represents a significant milestone in reducing the cost to communicate.

I intend to issue a policy directive to ICASA on transparent pricing of services such as SMS, Voice, and Data, to ensure market pricing transparency for the benefit of our consumers. This policy measure will also ensure that competition is strengthened in the telecommunications market.

#### **Broadcasting** competition

As part of our efforts to increase competition in the broadcasting area, I intend issuing a policy directive in the second quarter of 2013/2014, to Icasa to issue a regulation on market definition for wholesale access to premium TV content to address market competition.

In the midst of redefining our broadcasting landscape, 2013 marks the 20th anniversary of community broadcasting. The department will embark on numerous activities to celebrate this milestone in bringing services to the people.

The Honourable Deputy Minister will give more details on what we plan to do to enhance and strengthen Community Broadcasting.

Honourable Chairperson,

Having a stable and capable leadership team that has integrity is crucial in our endeavour to improve the service delivery goals of our department and our portfolio of State-Owned Companies (SoCs). A stable leadership is crucial to achieving good corporate governance and accountability.

Guided by this desire to improve accountability, we have embarked on a partnership with the Auditor-General to achieve a clean audit by the department and its SoCs by 2014.

To strengthen the leadership capability within the department, we have appointed critical skills that will improve our ability to deliver quality services to our fellow South Africans.

Our efforts are evidenced by the halving of the vacancy rate from 24 percent in 2012 to 12.5 percent.

#### **SOCs**

Honourable Chairperson,

In 2013 we shall transfer R1.5 billion or 76 percent of our budget to SoCs in our portfolio. The social return on the State's investment has been largely positive.

The stability of executive leadership that we introduced in our SoCs has helped solidify the turnaround of these entities.

Our proudest achievement in the oversight of SoCs is being able to ensure greater alignment of SoCs' strategic goals to the department's priorities.

## SABC

The public broadcaster has accelerated the repayment of its government-guaranteed loan while continuing to bring events of national importance to the homes of all South Africans. The SABC plans to pay the outstanding balance of R222 million within four months.

The SABC can immediately migrate the three existing channels to the DTT platform and launch additional channels in due course.

We are concerned about governance arrangements at the SABC. In this regard I will be consulting with the Portfolio Committee on Communications to explore an urgent review and amendment to the Broadcasting Act.

#### Sentech

I am happy to report to this house that Sentech is in a healthy state, not only in terms of service delivery imperatives but also financially. This can be attributed to the turnaround efforts that we have put in place since 2009.

#### USAASA

The Universal Service and Access Agency of South Africa is back on its feet following a series of governance challenges that led to the appointment of a new board. We have brought about stability at the agency and it is now focused on delivering on its mandate.

In the previous financial year, USAASA connected 55 ICT centres and revamped another 80 centres.

#### **SA Post Office**

The illegal strike at the SA Post Office disrupted the lives of many South Africans. Many did not receive their letters and parcels for a long time. Others could not access their municipal bills, invoices and educational material. We take this opportunity to unreservedly apologise to all South Africans.

Let me hasten to assure South Africans that we have leant valuable lessons from this unfortunate experience. We are putting systems in place to ensure that we never go down this road again.

Over the course of the year, the SA Post Office finalised the installation coupon distribution system that will ensure that deserving South Africans receive the State-sponsored STBs.

This financial year the SA Post Office has committed to building 20 new branches, 25 retail postal agencies and deploying five mobile post offices to serve rural and remote locations.

## Icasa

We are closely monitoring Icasa to ensure that it is able to perform its key role as a regulator. Part of this exercise will include strengthening governance measures and making sure that the regulator is able to effectively collect and account for revenues due.

#### Job creation

We continue to monitor sector-wide job creation in line with the National Development Plan. The ICT sector has created more than 37 000 jobs since 2010.

Honourable Members,

The International branch of the department continues to be the primary vehicle through which we pursue Government's priority of contributing to a better South Africa and contributing to a better and safer Africa in a better world.

Our leadership role has been well recognised internationally. For the first time South Africa was elected to the Council of Administration of the Universal Postal Union (UPU) and now chairs its Future Strategy Committee.

We were also re-elected to the Postal Operations Council that deals with the operational, economic and commercial aspects of the postal business.

South Africa also made an important contribution to the Addressing the World Ministerial debate. This led to Ministers adopting the White Paper in support of the UPU's global declaration to prioritise the development of addressing infrastructure.

South Africa has contributed significantly to the work of the UPU on the development of National Address Systems. Our use of Global Positioning Systems (GPS) to allocate addresses to people in rural and undeveloped areas proved critical to this.

Honourable Chairperson,

The Department is fully focused on consolidating the transformation of the ICT sector while extending ICT services to all South Africans. We rely on the hard work of the Department's executive leadership and the entire Team DoC to deliver on our mandate.

#### Thanks and appreciation

Deputy Minister, my heartfelt appreciation goes to you my sister. Thank you for your support throughout the year.

To the Chairperson and Members of the Portfolio Committee on Communications, thank you for your guidance and input.

To the Chairpersons and CEOs of the public entities reporting to the Department and leaders of the ICT industry who have once again demonstrated their patriotism by tirelessly working with us, I thank you profusely for your time and efforts.

Allow me to thank Team DoC for the work they have done. As I encourage you to pat yourselves on the back, be reminded that our task is not complete. We need to achieve the goals and targets that we set for ourselves, some of which are outlined in this speech.

I invite Honourable Members to approve the Budget Vote No. 27 of the Department of Communications.

Thank you.

Issued by: <u>Department of Communications</u> 21 May 2013

## Budget vote of the Department of Communications delivered by the Honourable Deputy Minister of Communications, Ms Stella Tembisa Ndabeni-Abrahams, Parliament

21 May 2013

Empowering communities: 20 years later and the journey continues......

Honourable Chairperson
Honourable Members of the House and Members of Cabinet present,
Chairperson and Members of the Portfolio Committee on
Communications,
Chairperson and Members of the Select Committee
Minister of Communications, Honourable Dina Pule,
Distinguished guests from the ICT sector,
Ladies and gentlemen
Good morning.

Honourable Chairperson,

Timeless wisdom tells us that the past explains the present and the present determines the future. The essence of this colorful day therefore lies in the story of our past, and it was shaped by our past. The total disregard of democratic values as well as the suppression of popular participation of the black majority in areas of information & communication technology is the basis of our meeting today as we try to correct the past divide and find amicable solutions which will lead us to our vision of ensuring broadband access for all.

We have invited industry players and all ICT patriots to descend to the Cape of Good Hope today, not to revel in just another annual pastime, but to remind them that we don't take our freedom and democracy for granted. On the contrary, we demand of them to work with government as we foster this paradigm shift and make our country a friendlier nation to ICT.

Twenty years ago, the journey of empowering our communities through ICTs started. Although this journey may predate 1993, it was only 20 years ago that a firm roadmap was agreed and committed to by all South Africans in a participatory and transparent manner.

This commitment was premised on a firm understanding that the hard-long freedom of all South Africans cannot be realised without the right to information – a basic human right. As we have noted in the last 20 years, this fundamental human right cannot be fully exercised without Information and Communication Technologies (ICTs) that are secure, robust, reliable and universally accessible. ICTs are the medium through which information travels. In our submission to a 20 year review undertaken by government through the Presidency earlier this year, we have chronicled how as the Department of Communications have contributed to this journey.

I stand before you this morning to give a clear sypnosis, in addition to the Minister's input, wherein I will not only share with you our progress in respect to the commitments we made before this esteemed House during the previous Financial year and our plans for this Financial year.

Instead, I want to draw your attention and highlight our contribution to the 20 -year journey in:

- Empowering communities through community radio
- Supporting learning through school connectivity
- Ensuring Information security by vigorously combating the high spiraling scourge of cybercrime
- Continually re-skilling our youth for the knowledge economy and;
- Addressing the challenges for people with disabilities through ICTs.

#### **Empowering communities**

Fellow South Africans,

As Minister Pule has mentioned in her speech, the year 2013 is important for it marks the 20 years since the first:

- Independent regulator (the IBA and today ICASA) was established to regulate broadcasting in the public interest in line with the Constitution,
- First community radio station was licensed in South Africa.

The licensing of community radio in South Africa has been a long struggle waged in collaboration with the international world. Today there are over 133 community radio stations licensed in South Africa and over 75% of them have received support from the Department of Communications. We commend other departments and state-owned entities across the three spheres of government who continue to offer various kinds of support to the sector. This is a sector that is synonymous with our selfless struggle for democracy that people like Chris Hani sacrificed their lives for and it therefore needs to be supported.

Notwithstanding the perennial challenges that continue to bedevil the sector such as governance, this is a major achievement worth celebrating as a country for it has provided access to the means of communication by the communities, particularly those in rural and remote areas in their individual languages. As we celebrate these achievements, the critical question is how to sustain the sector for more years to come.

As a department, we have already committed ourselves to build a thriving community broadcasting sector of which radio is, but one part as evidenced by the following:

- We have invested over R400 million into the sector since 1998
- The implementation of the new signal distribution subsidy scheme, through the public signal distributor, Sentech which took effect on 1 September 2012. This new subsidy will see signal distribution costs for community radio located in rural and nodal areas being covered in full by the Department for the next four years. Urban based stations' costs, will only be covered up to 70%. Over R6 Million has been set aside for this scheme over the next 4 years.
- During 2012, we further ring-fenced 40 rural based stations for guided capacity building programme in content production through NEMISA to improve their programme offering. We hope that the dramas and documentaries to be produced through this special programme will be broadcast across all the community stations by October this year.

#### Information Society and Development

Honourable Chairperson!

On empowering communities I must say that we are making sure that rural communities are not marginalised. Together with our entities and some private companies we have established ICT centres throughout the country including some traditional authorities. My esteemed special guests The King of AmaXhosa, Zwelonke Sigcau and the Chairperson of National HTL Kgosi Maubane are here to bear witness to our progressive initiative of bringing ICTs to rural communities. This program will over time be rolled out to other traditional authorities throughout the country.

Working together with the Department of Correctional Services and Microsoft on youth e-literacy programme we have supported over 100 beneficiaries that obtained ICDL certificate in correctional service centers in Mpumalanga, Eastern Cape and Northern Cape and Western Cape.

Honourable Chairperson!

For this financial year, our major focus will be on the following:

- Rollout of broadcast equipment to 15 stations that are new, requiring upgrade and those with single studios.
- Finalisation of the new Community Broadcasting Support Policy that will not only outline how community broadcasting will be supported, but how to extend such support to community Television. Linked to this policy, we will further finalise a model for implementing community TV in South Africa. This model is important in consideration of the capital intensive nature of community TV. We therefore, have to implement it in such a way that is financially prudent and offer huge economic benefit to the country in terms of job creation and local content development. We see community TV as a major strategic window to showcase and promote provincial development.
- In consideration of the upcoming National elections in 2014, we will partner with the Independent Electoral Commission (IEC) to train Community radio stations on how to cover National elections. This

will be a sequel of a successful training programming that we did in preparation for the 2011 Local government elections. The strength of community radio in National election coverage lies in its accessibility and ability to speak the language of the communities.

### Supporting learning through school connectivity,

Honourable Members,

ICTs, particularly new technologies are critical vehicles to facilitate learning at our schools. It is on this basis that during the previous financial year we engaged aggressively in rolling out broadband to connecting schools and community centres in partnership with the Department of Basic Education (DBE).

During the past financial year, we committed to connecting 1650 schools to the Internet as part of the 2010 FIFA World Cup legacy project. I am pleased to inform this house that 854 schools have been connected to date. This number excludes those commendable initiatives by the private sector as part of their license conditions and their Community Social Investment (CSI) programmes. We will be connecting 2 000 schools this year and further engagements are taking place with various operators to increase this number.

We are going to establish a forum comprising the DOC, DBE, ICASA, SOEs and the private sector to develop a school connectivity model and implementation framework. The impact of this approach will ensure that school connectivity programme is coordinated seamlessly in the country, whilst optimally utilising resources. It is through this framework that we will be able to monitor and evaluate the impact of the school connectivity programme.

## Ensuring Information security and Combating Cybercrime,

Honourable Chairperson!

Cybercrime has become an inevitable reality that confronts all the online communities across the world. Identity fraud, stalking, online child pornography and terrorism have become daily occurrences that threaten our communities to enjoy the benefits of new technologies. As we expand access to the Internet, we also need a strong measure to ensure basic trust and security to the public as the users. This requires collaboration between departments, civil society and business to build institutional mechanisms to investigate cyber crimes and anticipate threats.

Following the approval of the Cybersecurity Policy in 2012, we will during this financial year prioritise the functionality of a Cybersecurity Hub to pool public and private sector threat information. The Hub will be responsible for processing and disseminating information to relevant stakeholders in the industry and civil society.

All computer users have a role in securing cyber space and ensuring that the digital environment is secure and utilised reasonably to profit the socio-economic well being of the nation.

## Address the challenges for people with disabilities through ICTs

Our journey of building an information society cannot be complete without addressing the challenges facing people with disabilities. This is a commitment that runs across our policy formulation. Our country is already a signatory to numerous international agreements that mainstream access to technology for people with disabilities. ICASA is playing a crucial role in helping the country to fulfill this commitment. A Code of practice on People with Disabilities in line with Section 70 of the amended Electronic and Communications Act (ECA) has been developed

## Continually re-skilling our youth for the knowledge economy,

Ladies and gentlemen,

The e-Skills institute continued on its progressive path to e-Skilling South Africa for equitable prosperity and global competitiveness.

The completion of the integration plan for e-Skills Institute, the Institute for Satellite and Software Applications and the National Electronic Media Institute of SA (NEMISA) was launched yesterday by the Minister. The new institute is positioning South Africa well to harness existing resources and develop new approaches to the

coordination of appropriate capacity development, using its multi-stakeholder platform to contribute to the massification of e-skills delivery at all levels.

This year the Institute increased its visibility at a provincial and national level and impacted more than 30 000 South Africans at various levels, from decision makers, consumers of technology, practitioners in the ICT and broadcasting sectors as well as communities.

#### ZA Domain Name Authority (ZADNA)

The ZA Domain Name Authority (ZADNA) is celebrating 10 years since it was established in 2003. A legal framework to support the establishment of the ZA Central Registry which is intended to uplift the operational standards in .ZA – is being finalised.

The ZA Central Registry, through ZADNA's guidance and the AU Commission, has made significant progress in its application for a right to establish and operate a .Africa Internet namespace for the benefit of Africa. ZADNA has also ensured that our cities of Cape Town, Durban and Johannesburg are not left behind in the Internet revolution which will see some of the leading world cities, such as London, Paris and Sydney, have their own exclusive Internet spaces. As a result ladies and gentlemen, expect to see in the near future, new website addresses such as hotels.capetown, tourism.durban and business.johannesburg."

Honourable Chairperson,

The successes we are presenting here this morning speak to the battles we have successfully won and the zeal displayed by both our officials and all role players in the ICT space. Once again, we give this house and the country at large, the assurance that we have what it takes to achieve universal access by ensuring that robust information and communication technologies are accessible, usable and affordable to all. We will continue to make strategic interventions in providing necessary support to this sector, working with our entities and the private sector. Despite the financial constraints which might have a direct bearing on the roll out of universal service and access for all, we will dare not renege from the commitment we have made to our people because we come from a glorious tradition of struggle and self- reliance, no price can be too much for us to pay.

Honourable Chairperson... Allow me, with all humility, to thank my caring and supportive husband Mr Abrahams and our beautiful children for their continued support and understanding that, in more instances than not, they have to share me with the nation.

To Minister Pule, thank you for the team effort that we continue to demonstrate as we lead into the future ICT South Africa.

Let me thank my cabinet colleagues as well as my hardworking staff and the entire DOC team for their commitment and dedication particularly during this time as we conclude our 5-year mandate of President Zuma's administration.

Special thanks to the portfolio committee on communications for their sound oversight over our work.

Honourable Chairperson, we dare not fail our people.

I thank you, Ndiyabulela!

Stella Ndabeni-Abrahams

Issued by: Department of Communications

21 May 2013

# Vote 28: Economic Development

#### Budget Vote by Minister of Economic Development Ebrahim Patel

7 May 2013

Speaker of the National Assembly Deputy President Honourable Members Invited guests

I have the honour to present the 4th budget of the Economic Development Department, known as EDD.

Given our responsibility to integrate efforts on economic development across government, the Department's success lies in its collaboration with other Ministries and spheres of government.

In these opening remarks to the debate, I will draw attention to the substantial progress made in the economy over 19 years of ANC governance.

I will point to the success of this administration in recovering from the recession we inherited in 2009 due to the global economic crisis.

I will share our progress to develop policy coherence in the past year, to improve infrastructure construction and use it to promote skills and local manufacturing, to expand industrial funding, to refocus competition and trade policy on jobs, to facilitate new investment in the economy and steps we are taking to improve small business and youth employment.

In short, I will make the point that we have solid achievements, whilst acknowledging the many challenges we still face

I will welcome a number of people in the public gallery who represent the human faces behind the economic achievements.

Honourable Members.

In 50 week's time we celebrate 20 years of democracy.

The economy we inherited in 1994 was broken, characterised by low growth and weak job creation. More fundamentally, it was structured to serve the needs of some rather than all; it focused on the needs of corporations rather than people.

In contrast, we have created a more inclusive economy, seeking to address the needs of all South Africans, 51 million people, not merely 4 million.

GDP growth is up: in the 19 years before 1994, annual growth was 1,6% compared to 3,2% annually in the 19 years since. This despite, a global economic recession.

The value of our GDP today is R3,2 trillion, 83% larger than in 1993.

This is stewardship under four ANC administrations.

This is how democracy has outperformed apartheid on the metric of growth.

But growth must create jobs and equitable development.

Prior to 1994, there were between 8 and 9 million employed South Africans.

Today, we have more than 13,6 million employed people. More than four million new jobs were created under democracy.

Under this administration, we developed stronger planning and policy cohesion.

The National Development Plan provides the country vision for overall economic and social development, integrating policies, demographic shifts, governance and state-capacity issues into a coherent framework.

It is complemented by government's economic strategy of the New Growth Path and the detailed plans set out in IPAP and the National Infrastructure Plan.

We are now in action-mode, as President Zuma remarked in January:

"Some of the key programmes of the National Development Plan are already being implemented. These include the New Growth Path framework with its major infrastructure development programme, as well as the state-led industrial policy."

Yesterday, Statistics SA released the latest employment data.

It shows that employment has begun to grow again, with the gain of 44 000 new jobs in the first quarter of 2013. Over the 12 months up to end of March this year, nearly 200 000 new jobs were created, in difficult domestic and global circumstances. The biggest job gains were in agriculture, followed by manufacturing and community services.

These figures show that our transformation policies are having some success despite the headwinds from the global slowdown. But unemployment levels are still stubbornly high. Our task is to consolidate these gains and accelerate job growth, for unemployment constitutes the biggest economic challenge for the country. We must begin to see a decline in the levels of joblessness. That is the task that we have taken on through the New Growth Path.

From October 2010 when the NGP was adopted, 646~000 new jobs were created. Of these, 366~000 new jobs were created for women, 57% of the new jobs.

As South Africans we need to bank these positive trends and commit to do more.

Our GDP recovered from the 2009 recession and is now R750bn higher in current rands, or 9,4% in real terms than at the low-point of the recession. The economic output of no less than 38 other countries - including the UK, Holland, Spain, Italy and Portugal are still lower than before their recession.

I wish to welcome one of our visitors today, Richard Matsomela, a worker at the BMW factory in Rosslyn. He was placed on special training financed through the Training Layoff Fund, one of the new tools created by government in 2009 to respond to the recession. Production recovered, the company expanded and Richard now works again on the assembly line for the new 3-series BMW made in SA.

This is active partnership with the private sector.

The New Growth Path mapped out a labour-absorbing economic trajectory.

Under the infrastructure jobs driver and through the leadership of the President, we developed a National Infrastructure Plan, coordinated by the PICC to which EDD provides technical support.

We made real progress to lay the physical platform for growth and development over the past year, working with Minister Nkwinti and other members of the Management Committee.

Construction levels are up.

Visitors in the public gallery illustrate what our programme is doing.

Ms Elakanyani Ndlovu, a 30-year old female electrical engineer, is part of a team building one of the world's largest coal-fired power-stations, Kusile, near Witbank in Mpumalanga.

Ms Kedisaletse Maseko is a welder employed on the new locomotive build programme in Koedoespoort.

Mr Thomas Solomon is a contractor who lays tar on roads in the Western Cape.

They are part of more than 150 000 workers currently on PICC monitored construction sites across the country, building roads, power stations and dams, deepening our ports, building schools, laying broadband cable, manufacturing components, changing the spatial patterns of the past.

The project-pipeline for new infrastructure projects has been developed into the 20-year R4 trillion plan, a blueprint for our generation.

Spending levels are up too.

Indeed, during this administration, we would have spent roughly R1 trillion on infrastructure, compared to half that sum in the previous five years, and substantially more than in the last five years of apartheid.

Even when adjusted for inflation, this is a remarkable achievement.

We now monitor every quarter how much is spent, what construction has actually taken place and how many people are employed in construction projects worth nearly R900 billion rands.

Working closely with Minister Gordhan through the PICC, R19bn of new money or reprioritised resources were identified for infrastructure projects over the next three years.

State capacity challenges identified in the NDP articulated by Minister Manuel, are being addressed, including improved environmental processes led by Minister Molewa and the new Infrastructure Development Bill, recently released for public comment.

Honourable Members

We need to bring the cost of the infrastructure build down.

Private sector collusion and price-fixing cost the state many billions of rands in previous infrastructure projects, including the 2010 World Cup stadia . The competition authorities identified 300 cases of irregular and illegal behaviour by the private sector in the construction industry, on projects valued at about R47 billion.

Eighteen construction companies, including the top six firms, have now confessed and are in discussions on settlements with the competition authorities.

We are determined to ensure that we develop an affordable infrastructure build programme and that our tax rands do not improperly find their way into private pockets.

The competition probes extend wider than infrastructure and include input costs across the economy, to improve competitiveness and reduce costs for consumers.

Following discussions with Minister Motsoaledi, I am pleased to announce that the Competition Commission will conduct a market enquiry into the private health-care sector. As ordinary working South Africans will know, private medical care is becoming unaffordable. The enquiry will use new powers under section 6 of the Competition Amendment Act of 2009 and will examine the pricing, costs and the state of competition in the sector. It is expected that the Enquiry will commence before the end of September this year.

The authorities are ensuring that public interest tests in our law are met when companies acquire existing operations.

I welcome Mr Emmanuel Motumi, one of a few hundred workers reinstated by the Competition Appeal Court at Walmart following its purchase of a local retailer. Government's efforts led to the Competition Appeal Court ordering the creation of a fund of up to R240 million for local supplier support by Walmart.

The judgement expanded competition jurisprudence and ensured that the central economic imperative of our time, namely jobs and local industrial capacity, is pivotal to competition policy.

It demonstrates our commitment to policy integration and coherence.

Trade policy is being harnessed to support infrastructure roll-out and to support agro-processing industries who are infrastructure users, ranging from poultry to tomatoes. More will however need to be done to support farming jobs and agro-processing as part of food security strategies.

The Port Regulator introduced a differentiated port tariff that encourages export of manufactured goods rather than raw minerals.

We are using the infrastructure programme to address skills and industrialisation challenges.

We now have a skills model for all major infrastructure projects over the next twenty years, developed through working closely with Ministers Nzimande and Nxesi, the engineering industry, the construction regulator and the private sector.

Honourable Members will be pleased to know that say for the Mzimvubu Dam in the Eastern Cape, we can quantify the number of bricklayers, carpenters and engineers we need per quarter over the five years of construction, to help universities and FET colleges plan their student intake and graduate output.

On industrialisation, EDD has worked with Ministers Davies and Gigaba on measures to provide a major boost to local manufacturers through the infrastructure rollout programme. State owned companies deepened their supplier development plans.

Complementing these efforts, the IDC set up a localisation unit and increased its 5-year plan for industrial funding available to R102 billion.

Over the past two years, the IDC increased actual funding approvals substantially to about R27 billion, 48% higher than the previous two years.

We have success stories out of these interventions.

In the past, we imported buses for the infrastructure rollout of inner city public transport.

Last year, to implement one of the Accords, new policies were introduced that led the cities of Johannesburg and Cape Town to order 240 locally-assembled buses. I welcome Ricardo Truby, a production line worker for the Cape Town buses where the IDC provided bridging finance.

The first locally-assembled bus for Johannesburg will come off the production line in June 2013 from a Germiston factory.

This is real progress with industrialisation.

When this administration came into office, all our minibus taxis were being imported. Today, two taxi assembly plants have been set up, by Toyota and BAW. I wish to recognise Ms Brenda Smith, a supervisor on Toyota's new taxi line who is here in the audience today. Honourable Members, by 2015, two out of every three new minibus taxis will come from local factories.

This is real progress with industrialisation.

The country will expand rail transport very significantly in the next twenty years. The IDC is working with companies in the sector to use the R198 billion procurement to build coaches, locomotives and wagons and create jobs locally. We have already landed one export contract for trains, from Mozambique.

These success stories in transport are replicated in other parts of the build programme, such as the new condenser unit commissioned from a local company for the Kusile power station.

Working with Minister Peters, we plan to improve the localisation impact of wind and solar energy, so that green energy creates local jobs.

The industrialisation drive is at the centre of our work.

Last year the IDC concluded a R3,4bn deal to take majority ownership of Scaw Metals, a large diversified manufacturer of steel products for the infrastructure sector and industry, that employs about 7 000 people.

It is the only producer of locomotive frames in southern Africa. When Anglo American Corporation decided to divest from the asset, we ensured that this critical national asset was placed in local hands rather than asset stripped and closed down.

I am pleased to have Ms Patricia Mashigo, an artisan and production team-leader at a Scaw Metals factory present today, with a Group manager, Mr Paul Zinn.

Scaw Metals operations in South Africa have a crude steel production capacity of about 600 000 tons per year. It has manufacturing operations in Canada, Australia, Italy, Namibia, Zimbabwe and Zambia, which also serve as important distribution channels for its products.

A sophisticated industrial strategy as outlined in the IPAP requires the injection of foreign and local capital, know-how and innovation. I offer a few examples of success.

Asia's largest commodities trading company, Noble Resources, is the main investor in one of two advanced soya crushing plants under construction. In the past 12 months, the company invested about R2,2 bn in the local economy. I acknowledge the presence of Mr Ronald Jettin, the local CEO. Later this week I will host the senior management of the company to consider additional investment in South Africa.

We attracted Turkish investment in manufacturing of stoves in East London, and to restart the Cape Town based steel mill CISCO, by August this year, with a R250m investment which points to a growing appetite by investors to manufacture goods in South Africa. I welcome Mr Turanli, the President of the new shareholding company of CISCO and Turkish Ambassador Kaan Esener who is with us today.

#### Honourable Members

These efforts are supported by greater beneficiation of our natural resources.

By July this year, the largest Manganese sinter plant in the world, backed by the IDC, will open in the town with the quaint name of Hotazel in the Northern Cape. I welcome the major shareholder, Ms Daphne Nkosi, whose company will produce 2,4m tons of manganese sinter for ferro-manganese smelters.

Honourable Members, following public consultation, I have decided to issue a trade policy directive in terms of section 5 of the International Trade Administration Act to limit the export of scrap metal so that this resource is used in South African foundries and steel factories, saving energy, creating local jobs and promoting infrastructure development.

To strengthen regional integration, manufactured exports to the rest of Africa rose by about R20 billion or 21% in this past year, now accounting for more than 90 000 jobs in South Africa.

Tomorrow, South Africa hosts the World Economic Forum Africa Summit here in Cape Town.

BRICS countries are now the fast-growing part of the global economy. Our membership is the result of successful economic diplomacy and opens up many opportunities if we work at it.

The BRICS Summit hosted by President Zuma six weeks ago announced the establishment of a BRICS-led development bank and we signed a number of partnership agreements with BRICS members and investors, including to set up a new television and fridge factory in South Africa.

Honourable Members, the New Growth Path calls for greater economic inclusion, through small business development and youth employment. Policies before 1994 largely excluded young black people and small businesses from the economic mainstream.

Today 1,6 million more young people under 35 are working than in 1995, and school and university enrolment is dramatically higher, as even critics of government concede. As University of Stellenbosch research released a few weeks ago show, in less than a generation we more than doubled the number of graduates in the labour market.

Three weeks ago we signed a Youth Employment Accord at Hector Pieterson Memorial in Soweto, in front of a 2000-strong crowd of young people, bringing together the efforts of the public and private sectors.

The Accord provides for a comprehensive approach, which include incentives, commitments and action to address the problem from its starting point: inadequate skills formation. It provides for work experience through internships and, most importantly, new jobs for young people.

I welcome the delegation of youth leaders - led by Thulani Tshefuta and Yershin Pillay – in Cape Town to attend a workshop on youth entrepreneurship and the Accord.

To support the Accord, the IDC announced a R1 billion Youth Fund to provide concessional lending to youth-owned enterprises that create jobs.

I am pleased to announce today that the new small enterprise funding agency, sefa will make R1,7 billion available over the next five years for youth enterprises, with a target of R220 million in this financial year.

This combined 'fighting fund' of R2,7 billion is mobilised so that young people are mainstreamed in economy.

My Small Business Advisory Panel has noted the substantial resources available to small businesses through various Budget Votes, but delivery is fragmented, costly, with little integration of funding and business support. We are beginning to address this, though our work is by no means done.

In April last year we launched sefa combining three small business programmes, bedded down the institution and expanded the lending rate.

Sefa approved loans worth R435m, up by 106% on what its predecessors did the previous year.

Through sefa we created the machinery to vastly increase access, impact and the level of small business support. By next year, sefa plans to approve annual funding of more than R1 billion to more than 20 000 SMMES.

I welcome Ms Magdalena Paledi, a female entrepreneur contracted by Anglo Platinum to build a school in Serafa Village in Sekhukhune. Her company is a beneficiary of sefa funding.

Over the next five years, sefa plans to provide R2,3bn for women-owned enterprises, with R295 million this year, so that women are more actively represented in the economy but also so that the economy can benefit from the energy and enterprise of women.

We financed a training programme for 100 young people, in partnership with the SA Institute of Chartered Accountants. One of the graduates with us today, Ms Thandeka Nyani, is now working in the sefa Business Hub as an Accounting Clerk supporting small business clients.

I am pleased to announce that a further 170 young people will be enrolled in the programme, to which we are committing R9m.

We will take the small business programmes to our people through 18 large community road-shows over the next ten months, with a special focus on youth and women.

To meet the numerical targets in the Youth Employment Accord, government entities will adjust regulations and tender conditions to bring more young people into infrastructure programmes, the green economy, call centres and other business process services.

Social dialogue has been stepped up.

Last year EDD provided support to the Presidency to conclude the October Social Accord that brought the strike wave in the mining sector to an end. Ministers Chabane, Shabangu and Oliphant are now driving the follow-up.

I have released a report today on progress with the Accords on skills, the green economy, local procurement and basic education.

I welcome learners from Litha Primary School – they are benefitting from one of the Social Accords through the adopt-a-school pledge.

Looking ahead, we need an Accord or social agreement to address industrial relations in infrastructure programmes.

Honourable Members

The budget allocation for this financial year amounts to R772 million, of which R231m goes for small business funding, R193,8m for the competition authorities, R79,8m for trade administration and R108m to the IDC for the agro-processing fund.

The Department's budget for operations and capital spending is R159 million.

The Budget Vote of EDD is a window across programmes in many different departments. I thank my colleagues in the Economic Cluster and the PICC, Deputy Minister Mkhize, the Director General Ms Jenny Schreiner and her predecessor, Saleem Mowzer, the agencies and DFIs and staff of EDD. Our work benefitted from the engagement with social partners: thanks to the shop stewards, managers and workers. Finally I thank my family for their support.

I now table the Economic Development Department Budget for consideration by this august House.

Issued by: Error! Hyperlink reference not valid. 7 May 2013

## Address by the Minister of Economic Development, Mr Ebrahim Patel, on the Economic Development Budget Vote in the National Council of Provinces

16 May 2013

Chairperson of the NCOP Minister Rob Davies Deputy Ministers Honourable members Distinguished guests

Thank you for the opportunity to introduce this Policy Debate on the Economic Development Budget Vote in this august house. It is appropriate that I do it with Minister Davies, whose department has been a great partner in the Economic Cluster.

In this past year, we have focussed on creating conditions for greater job creation, stronger long term growth and countercyclical economic interventions to address the less favourable global environment. Cabinet adopted the National Development Plan as the overall country vision that also integrates the various elements of policy with improving the capacity of the state; and the New Growth Path as government's economic strategy, with the Industrial Policy Action Plan (IPAP) as the manufacturing driver and the Infrastructure Plan as the infrastructure driver.

In March this year, government hosted the BRICS Summit of heads of state from China, Russia, India and Brazil, and we used it to strengthen our economic relations. Immediately after the Summit, under the leadership of the President, the BRICS leaders met with more than 15 other African heads of state to discuss ways of strengthening partnership, integration and industrialisation. The value of this relationship is demonstrated in the growing trade and investment links between ourselves, and between SA and the rest of the African continent.

We made significant progress with the rollout of the National Infrastructure Plan, with construction activities now taking place in all nine provinces. The best performing provinces on infrastructure spending for the first three quarters to December 2012 are KwaZulu-Natal and Gauteng, measured by size of spend and level of budget used.

We improved the level of industrial funding that the Industrial Development Corporation (IDC) is making available to support local factories, farms and mines.

The new small business finance agency - sefa - was launched and has bedded down its systems, with a large increase in the level of funding it has approved in this past year.

Competition policy has focussed on addressing the scandal of price fixing and collusion between construction companies in past infrastructure projects.

But above all, our focus has been on job creation.

Last week, StatsSA released its Quarterly Labour Force Survey which shows on aggregate that 44 000 net new jobs were created in South Africa over the first three months of this year, and 199 000 over the 12 months ending in March this year.

Honourable Members, the provincial breakdown of the job creation over the past 12 months show that employment was neutral in just one province, it grew in seven provinces and jobs were lost in one province.

The biggest jobs gains were in Mpumalanga and Limpopo, both of which grew by 57 000 jobs each. These two provinces are also the location of two big projects of the National Infrastructure Plan, namely the building of the Medupi and the Kusile coal-fired power stations.

The only province which lost jobs in the year ending March 2013 is the Western Cape, which lost 37 000 jobs.

If we take a longer view, namely the state of jobs since the adoption of the New Growth Path in 2010, the economy created about 650 000 new jobs, with growth in all provinces except Free State, which lost jobs over this period.

While we welcome the job creation over the 12 months and since 2010, we need to do even better in order to provide jobs to the large number of young people entering the labour market every year. Unemployment is the

most serious economic challenge of our time, with its twins - poverty and inequality.

To respond to this challenge, we are fast-tracking our efforts.

These include using the New Growth Path framework to strengthen the focus on the industrial sectors of the economy. The IDC has scaled up its levels of industrial funding, committing R27bn over the past two years, an increase of 48% compared to the previous two years. Sefa and the IDC will together make close to R3 billion available for youth employment and youth entrepreneurship over the next five years.

The IDC has been directed to expand its development impact, including by its focus on poorer provinces, on youth employment and above all on job creation.

The results are showing a positive trendline on investment, on jobs and on development. They are complemented by the rollout of the National Infrastructure Plan, our 20 year, R4 trillion initiative that is building the foundations for long term growth and development. In addition to this, we are developing partnerships with business, organised labour and community organisations, on skills, the green economy, basic education, localisation, and youth employment. I am tabling a Report with this august House, setting out the progress we are making with the Accords. The efforts draw on and support the Industrial Policy Action Plan that is overseen by my colleague, Minister Rob Davies.

Our initiatives cover all provinces and I can in the available time simply lift a few examples.

In the Eastern Cape, we are a partner in efforts to rebuild the foundations of its manufacturing and agro-processing base, including through infrastructure development. For example: the IDC is funding a number of green economy and manufacturing projects including the manufacturing of Solar PV panels that are able to generate 85MW of electricity per annum at the East London Industrial Development Zone (IDZ) and wind turbines in the Coega IDZ.

In the Northern Cape, we co-fund the construction of the world's largest manganese sinter plant and we financially support the expansion of a fruit production and exporting facility that will over time create 1100 new jobs.

In the Western Cape, national government's small business funding is being expanded, increasing by 174% in the last year to more than R68 million, and of course the new Film Studio is co-funded by the IDC, who has also been approached to fund the construction of a water tank facility and beach reservoir at the studio which would enable them to attract productions requiring ocean scenes.

In Mpumalanga the Economic Development Department (EDD) is working with a large foreign investor who is building a state of the art oilseed crushing facility in Standerton that can support black farmers to provide soya beans to the plant. Construction of the R118 billion Kusile Coal-Fired Power Station in Mpumalanga has been accelerated. The project is currently employing 12 700 people and is set to employ an additional 3000 people over the next two years.

KwaZulu-Natal is benefiting with the funding of a new factory in Durban for manufacturing plastic moulded components for motor vehicles and the support given to the local manufacturing of minibus taxis.

Limpopo is the site of large construction, in what we call SIP 1 of the National Infrastructure Plan, and it includes the De Hoop Dam and the Medupe Power Station. Sefa has provided funding, for example to a young entrepreneur who manufactures conveyor belt components for the mines.

In Gauteng, we launched the Youth Employment Accord on 18 April this year, to bring together efforts across the private and public sectors to provide better skills, work exposure and jobs to young people.

In Free State, Sefa has lent R20 million to a woman-owned and -run financial intermediary. This business in turn provides bridging finance, working capital and asset finance to small and micro businesses across the province, including farms buying new equipment, small construction firms building roads and entrepreneurs buying a guest house.

In North West, the Department supported the Presidency and worked closely with social partners last year to defuse the platinum strike, through a Social Accord that contained a commitment to return to work, to condemn violence in industrial relations and to address the challenges of human settlements and collective bargaining in the platinum sector.

In the next ten months, we will do 18 large roadshows to provinces, to showcase the new products available in government and to help communities to connect local entrepreneurship with national resources.

I wish to thank Members of the Select Committee as well as Economic Development MECs and the leadership of Salga, who are our partners in driving jobs, industrialisation and development.

I thank you.

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16 May 2013

# Vote 29: Energy

## Department of Energy 2013/14 Budget Vote speech by Minister of Energy, Ms Dipuo Peters, MP at the Old Assembly Chambers, Parliament, Cape Town

14 May 2013

Honourable Chairperson
Deputy Minister of Energy, Ms Barbara Thompson
Honourable Chairperson and Members of the Energy Portfolio Committee
Honourable Members
Diplomats
Director-General and the Senior Management of the Department of Energy
Chairpersons and CEO's of Public Entities
Guests and Stakeholders
Ladies and gentlemen.

Our first democratically elected President, Dr Nelson Mandela once said, "For to be free is not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others."

It is an instructive remark, enjoining us all to work hard to not only to cast of the chains – but to respect and enhance the freedom of others.

It is therefore fitting that, four years since President Jacob Zuma, through a stand-alone department assigned us the task of translating the African National Congress (ANC)'s policies on energy into implementable government programmes, we must reflect on the progress made and the road traversed thus far.

The ANC Policy on Energy is approached from the perspective of how energy resources can be effectively used to meet national development goals. It should also be implemented within an integrated energy plan, balancing the goals of economic efficiency, environmental sustainability and social equity. The Policy also aims at ensuring efficient use of energy and the substitution of more appropriate fuels.

Madiba further guided us when he said that, "freedom alone is not enough without lights to read books at night."

The ANC mandated the Department of Energy (DOE) to ensure the secure and sustainable provision of energy for socio-economic development. In essence, this enables us to enhance the freedom of others by making the light to read books are always available to all the people of the RSA.

Chairperson,

Tabling our Budget Vote in June 2009, we made various commitments on how we as Team Energy plan to transform the country's energy landscape to be the ANC-led governments vehicle for economic development and job creation.

I am pleased that today I can report on the progress we made:

- Pursuant to the ANC's Resolution of "ensuring security of supply of energy resources and pursuing an energy mix that includes clean and renewable sources", we delivered the country's first integrated energy mix plan for electricity, known as the Integrated Resource Plan. It has a deliberate bias towards cleaner energy and it is in line with the Long Term Mitigation Scenarios as espoused by President Jacob Zuma at COP15 in 2009.
- We created regulatory certainty in the energy sector which is bearing fruit through significant investments in energy infrastructure.
- We have made significant inroads into making electricity accessible to all South Africans. We have achieved over a million household connections over the past four years, increasing access to over 84% as per Census 2011.
- The Independent Systems and Market Operator Bill was approved by the Portfolio Committee on Energy and will soon be debated in the National Assembly. This will create the framework for the restructuring of the electricity supply industry and create the necessary space for the participation of the private sector power generation.

- Through the RE IPP Programme, 47 Bid Companies were contracted to produce 2450 MW of Mini Hydro, Wind, PV and CSP.
- To date we have installed over 350 000 solar water geysers, and through the Green Economy Accord, we have ensured that the Solar Water Heating (SWH) programme strictly enforces the inclusion of a minimum of 70% local content threshold, in an effort to optimise the benefits of localisation and create the much needed jobs. We have continued to improve on the challenges experienced with the roll out of Solar Water Heating programme. The biggest beneficiaries of the SWH program are the women who are relieved of the chores cooking water heating every morning.
- We have promulgated the bio-fuels blending specifications and regulations, and are working within the government system to finalise the outstanding matters to facilitate the emergence of this industry with its promising job creation potential.
- We set a course towards improving wages of retail and forecourt workers in the liquid fuels sector.
- Through our persistence on issues of transformation in the energy sector, we witnessed the achievement of an unencumbered 25% BEE stake in total, through a consortium led by Calulo Investments of Mr Mkhuseli Faku. Calulo's stake in Total South Africa and its leadership within the consortium is an excellent example of the strides that are being made in ownership transformation in the local petroleum industry.
- The EDIH has been closed down as per Cabinet's directive. Capacity is created in DOE to deal with the Approach to Distribution Asset Management.
- The National Radioactive Waste Disposal Institute has been established and will be operationalised during 2013/14. Seed capital to this effect has been secured and the Board of Directors are being recruited.

## Honourable Members,

You will recall that during COP17, the development of the energy resources from the mighty Congo River, popularly known as Grand Inga, was identified as one of the legacy projects. To fulfil this aspiration, you will also recall that the President of the Republic, President Jacob Zuma and the President of the Democratic Republic of Congo, President Kabila witnessed the signing of a Memorandum of Understanding, that sought to pave way for the development of the treaty.

I am pleased to announce that we have finalised the treaty that will guide the development of this project, and it has paved the way for bringing clean energy to South Africa.

It was Amilcar Cabral who once implored humankind to "Hide nothing from the masses of our people. Tell no lies. Expose lies whenever they are told. Mask no difficulties, mistakes, failures. Claim no easy victories."

It is therefore important that we admit that there are certain areas where progress has not been achieved as expected.

One of these is Energy Efficiency. As a country, we have not been able to get together and resolve our Energy Demand Side problems. Although we have initiatives such as 49m, Energy Conservation Scheme, Energy Efficiency Leadership Network, the distribution of CFL's and others, this is not enough, and we need to redouble efforts in this regard.

The Integrated Energy Plan was deferred for completion in the year to 2013/14, mainly to facilitate alignment to the National Development Plan (NDP).

## Honourable Members,

We are all aware of the negative developments within the national oil company, PetroSA. I wish to assure South Africa that I have taken these governance and procurement challenges seriously, which is why late in 2012, upon the alleged transgressions coming to my attention, I instructed the Chairperson of CEF to initiate an investigation immediately.

We have received the report and we are in the process of taking the investigation forward whilst implementing some of the recommendations made to clean up PetroSA. We need a credible National Oil Company; there will no compromise on this.

Honourable Members,

The report on the audit of refineries has revealed that our refineries are operating below nameplate capacity. This is an indication that investment by the private sector has not taken place to maintain maximum capacity, let alone improve capacity. This information has assisted us in improving management of the liquid supply situation.

The audit also indicates the need for investment in the refinery sector which is part of the responses to the call by the NDP and the Liquid Fuels Infrastructure Roadmap. The Roadmap will be presented to this House in the second quarter of the 2013/14 financial year.

The capacity constraints in the refining sector as well as the pending tightening of fuel specifications under the Clean Fuels II program, point to the need for the decisions to be made on the building of the new refinery.

The Liquid Fuels Infrastructure Roadmap also indicates the need for additional refining capacity and the expansion of the Petroleum Products import, transportation and storage facilities.

For the 2012/13 financial year, the DoE was appropriated R 6,7 billion and has spent 98.9% of the allocated budget.

The Integrated Energy Plan, a planning instrument to determine the most appropriate approach to meeting our energy needs up to 2050, is ready to be taken through a robust public stakeholder consultation process. The process will precede the consultation on the constituent parts of the IEP, including the IRP and Liquid Fuels and Gas Infrastructure Plans.

We targeted to electrify 150 000 households, and achieved 175 474 connections, which is 25 474 above the target.

The MYPD3 was concluded in March this year, with NERSA allowing tariff increases of 8% per annum over the next five years. This provides certainty about electricity pricing and facilitates relatively longer term planning for much needed investment by municipalities, Eskom, and industry.

Projects that are indicated in the IRP are expected to be largely funded from tariff increases. The Eskom build programme and other IRP programmes can now proceed to improve our energy security.

In December 2009, The President, His Excellency, Mr Jacob Zuma announced at the Copenhagen (COP 15) a target to reduce greenhouse gas emissions by 34% and 42% below 'business as usual' emissions levels by 2020 and 2025 respectively, subject to availability of resources.

In line with this the commitments made by President Zuma at COP15, our focus for last year has been on taking forward the clean energy initiatives. The positive outcome of our efforts in this area has been witnessed by more than R70 billion investments in new generation capacity, with a total of 2 450 MW of renewable energy capacity to come on stream from 2014, which forms part of the SIP 8 initiative of the PICC.

I am proud to say that today, amongst the G20 countries, we are now recognised as the ninth most attractive investment destination for the green economy, and our renewable energy programme was voted by the Global Leadership Infrastructure Programme in New York as the best green energy infrastructure programme in the world for 2012.

In addition to this, we have also received two additional awards from the Africa Investor CEO Infrastructure Investment Summit held recently in Cape Town, namely, the "Infrastructure Regulator of the Year" and "Power Deal of the Year" Awards.

Clearly, Honourable Members, we are contributing to the collective effort to implement the national climate change response strategy, the Green Economy Accord and the NDP's move to less carbon intensive electricity production through procurement of renewable energy sources.

Honourable Chairperson, we pride ourselves with milestones scored. We acknowledged areas that need improvement. Going forward, allow me point out to some of the key initiatives.

For 2013/14, the DoE has been allocated a budget of R 6.5 billion, which is 2% less than last year's allocation. 93% of the budget is earmarked for transfers to Municipalities and State Owned Entities. 7% is to be utilised for operational and capital expenses.

#### Honourable Members,

Despite the success of installing over 5.6 million new electricity connections since 1994, the Census 2011 shows us the glaring examples of areas with serious lack of access to Energy, s, such as, Mbizana, Matatiele, uMsinga, uMhlabuyalingana, uMkhanyakude and informal settlements in Tshwane, Johannesburg and Ekurhuleni Metros, amongst others.

We remain committed to increase access to modern energy in the fastest possible way. In support of the initiatives under SIPs 6 and 8 of the PICC, we intend to publish the National Household Electrification Strategy, incorporating grid and off-grid solutions.

In the medium term, we will roll out a comprehensive energy solution in both informal and new housing developments incorporating grid electricity, non-grid electricity, solar water heating and LP Gas for formal dwellings. For informal settlements, this will involve LP Gas for thermal needs, plus a PV-technology solution for lighting and small power.

This year we will finalise our position regarding the appropriate pricing approach for LP Gas. Our objectives in this regard are driven mainly by the need to increase the usage of LP Gas for domestic thermal needs. LP Gas can be a meaningful instrument for cushioning the poor from the impact of the rising electricity prices.

In the last 4 years, three Integrated Energy Centres were constructed in Qunu, Mbizana and Ulundi. We have three sites in the pipeline to be completed during the course of 2013/14.

The Integrated National Electrification Programme receives an allocation of R3.8 billion. Eskom and municipalities will receive R 2.1 billion and R1.6 billion respectively. W, and we are confident of delivering 220 000 new connections in this budget cycle.

Electrification by political affiliation created islands of darkness in KwaZulu-Natal and about 15 000 households were left un-electrified. To date 10 200 of these haves since been electrified. The Premier of KwaZulu-Natal and Treasurer General of the ANC has confirmed that elimination of these so called islands has affirmed that working together, we will be able to improve lives of all South Africans, irrespective of their political affiliation.

The challenges of lack of access to safe forms of energy lead to our communities using unsafe forms of heating, cooking and lighting. We will bring energy safety to the centre stage and will enter into collaborative agreements with the Household Energy Safety Association, the LP Gas Safety Association, local government and the Department of Social Development. The CEF will play a leading role in this regard.

## Honourable Chairperson,

The IRP remains the blueprint of our future energy mix and electricity capacity requirements, and forms part of the SIP 8 and 9 PICC programmes. Various determinations to implement the technology programmes under the IRP has been made and these include amongst others, 2 600MW gas to power, 2 200MW coal and 800MW cogeneration.

The procurement framework for these programmes will be completed this year to coincide with the third window of the Renewable Energy IPP programme.

We, as Team Energy, have decisively demonstrated that we are champions of the Green Economy and implementers of its Accord.

Apart from the Renewable Energy IPP Programme, we have more green economy programmes in the pipeline. This year, we will prioritise the following:

We will conclude negotiations with the sugar and timber industries to harness about 800MW of power by capturing the value that is currently lost due to dumping biomass from these industries as waste.

This is in line with the determination we made under the Electricity Regulation Act late last year. Mpumalanga, Eastern Cape and KwaZulu-Natal with their sugar cane and timber plantations have been identified as the hub for this initiative. We urge these industries to recognise the importance of using this programme to facilitate agrarian

reform. We expect them to empower communities that could form complementary supply chains through sugar cane farming, and ensure BEE partnerships, as an integral part of their project companies.

About 350 000, mostly low pressure systems, were installed to date with the overwhelming majority of the systems installed being imported. We have made the point that the continued importation of systems is untenable, particularly if the systems are procured using public funds.

In line with the undertaking made last year, we have intervened to ensure that we create local jobs by enforcing that solar water heaters funded under fiscal allocations have minim maximum local content.

We are aware of the quality problems afflicting some of the installed systems and we will soon be able to identify all the problematic installations from a central point, which will help blacklist those service providers who do shoddy work.

A new implementation model was developed and is in the process of being implemented. The transition to the new contracting model will happen during 2013, to allow for new factories to be put in place. The verification of local content of the manufactured systems will be in accordance with the standard promulgated by the South African Bureau of Standards ISO 1286.

Financing of Solar Water Heaters has until now been a challenge. In addressing the funding challenge, an additional R4.7 billion has been allocated to complete the installation of one (1) million solar water geysers.

Financing of Solar Water Heaters has until now been a challenge. However, Minister Gordhan has indicated that this is about to change when he announced during the 2012 Budget Vote that: "The levy on electricity generated from non-renewable sources will increase by 1c/kWh as from 1 July 2012 and will replace the current funding mechanism for energy efficiency initiatives such as the solar water geyser programme. An additional R 4.7 billion is allocated to complete the installation of one million solar water geysers."

There will also be a larger focus on high pressure systems, since higher energy efficiency gains can be achieved by replacing electric geysers in the high electricity consumption market. Members of Parliament must also start leading by example and install SWH at their residences.

#### Honourable Members,

The deteriorating state of the electricity distribution infrastructure is adversely affecting service delivery. High tariff increases drive inflation upwards, and our economy will slow down as input costs increase. Socio-political hardship will increase with the poor taking the biggest brunt. We therefore appeal to municipalities to collaborate with us as we define this retail tariff framework.

With regard to electricity distribution infrastructure, we will work with NERSA to provide a tight framework for using tariffs for infrastructure rehabilitation or the Approach to Distribution Asset Management (ADAM), as well as the energy efficiency or standard offer initiatives.

The ADAM project has been launched in line with SIPs 6 and 10 of the PICC National Infrastructure Plan. An initial amount of R 320 million has been allocated for 2013/14 to pilot the ADAM projects in seven municipalities and two metros.

The roll-out of these pilots will be overseen by a steering committee that will assist the respective local government entities in the planning and implementation of these projects. We believe this will be a solution to infrastructure maintenance problems as we have witnessed successes the department achieved with the "front loading" of severe backlog municipalities with infrastructure for electrification projects such as Mbizana, Matatiele, Thulamela to name a few.

In addition, the success of working in a holistic manner as part of the Presidential Revitalisation Intervention within the King Sabata Dalindyebo Local Municipality is also an example of how electricity network challenges will be addressed in the ADAM programme.

It is also envisaged that more local authorities will, in support of in support of SIP 6, 8 and 9, become involved in renewable energy generation initiatives through Waste to Energy and Roof Top PV systems. Such initiatives are already under consideration in various centres in Gauteng such as Johannesburg Metro and Mogale City.

In line with his commitment at COP15, President JG Zuma called on us to "prove to ourselves and the world that Renewable Energy especially Solar can be a base-load power generator".

After experiencing setbacks that delayed the Solar Park feasibility study, I am pleased to indicate that this is back on track. We will complete the feasibility study this year and then define the implementation scheme for the concept. In fact, it is exciting that the solar park corridor concept is taking shape with different areas along the corridor getting ready for implementation, for example Prieska in the Northern Cape, and this truly proves its corridor approach.

Honourable Members.

The IRP2010 also takes into consideration the retiring of the old base load coal-fired power stations.

The retirement of this base load capacity is inevitable, and therefore, its substitution is extremely time sensitive. It is incorrect to assume that the replacement of this coal base load source will be triggered by the demand projection alone. Irrespective of the demand, it is anticipated that the supply of power through these old coal plants will fall away around 2023, and replacements are critical if we are to ensure our energy security.

Nuclear power carries tremendous benefits for South Africa in terms of:

- Being the lowest clean base load levelised cost;,
- Broadens the energy mix;,
- Is in alignment with our beneficiation strategy.;,
- Contributes to industrialisation and localisation;
- Central to mitigation of CO2 emissions, and; importantly,
- To leap-frog South Africa into the knowledge economy as well as massive industrial development.

We also believe that the Youth Accord will be given expression through massive skills development and career opportunities in this programme.

The National Nuclear Energy Executive Coordination Committee (NNEECC) was established Cabinet in line with the Nuclear Energy Policy of 2008, as the Executive Structure to lead, monitor and ensure oversight of the implementation of the policy.

The NNEECC approved a Phased Decision Making Approach for implementing the nuclear programme and has designated Eskom as the Owner and Operator of Nuclear Power Plants, again, in South Africa in line with the Nuclear Policy.

We have set an international example after doing our own country assessment, by conducting the International Atomic Energy International Nuclear Infrastructure Review and we are the first country with operating nuclear power plant and reactors to conduct such a readiness assessment.

R 710 million has been allocated to the department and its nuclear State Owned Companies for amongst others;

- research and development,
- safety regulation;
- the control of source and special material in terms of international obligations, and;
- the development of nuclear policies and legislation to ensure the peaceful use of nuclear energy.

Over and above this, there is a stakeholder engagement process which we have already started as per ANC directives on transparency and openness, and public's right to know. Our approach is informed by the need to demystify nuclear energy.

The department will continue working towards the rollout of the nuclear programme, including reaching a final investment decision towards the procurement of nuclear power plants.

The Department of Energy participated in the BRICS summit held in South Africa in March, 2013. The Summit noted the importance of energy cooperation and mandated that the South African government through the Department of Energy explore the possibility of forming an energy cooperation forum of the BRICS member countries.

The cooperation will benefit from the complementary nature of the BRICS member countries reflected in the characteristics of the energy sector and the resource potential from each country. It is our intention to meet with the BRICS Energy Ministers during this financial year to establish the terms of reference for the Energy Cooperation Forum to be considered at the next BRICS Summit in Brazil in 2014.

Our dialogue with partners will continue in the continent to help Africa to strategise on how best to raise, mobilise and administer funding to deliver energy access to those in need. The UN SG's SE4ALL initiative demands of us to address the serious challenges of energy poverty.

We will continue to engage with our counterparts in the SADC to strengthen the Southern African Power Pool.

We will also continue to play a leading role in the organisations and platforms such as the Clean Energy Ministerial, the International Renewable Energy Agency and the International Energy Forum, the IAEA and IEA, as well as CEMA.

Honourable Chairperson,

The legislative programme this year involves the introduction of the Gas Amendment Bill, the Electricity Regulation Amendment Bill and the National Energy Regulator Amendment Bill.

Honourable Chairperson, in conclusion:

As the Department of Energy we have managed to maintain exceptional financial standing, achieved unqualified audits for the last two years and plans are well underway to improve and achieve a clean audit.

I would like to point out that the path towards sustainable energy resources has been long and sometimes difficult, but we believe our journey is not complete until all South Africans have access to reliable, cleaner, safer and affordable energy.

We have committed ourselves to this task, and we will continue to work hard to "enhance the freedom of others" and "ensure all have lights to read a book in the dark" through our interventions.

Let me take this opportunity to thank my family for their support and understanding, the Deputy Minister, Ms Barbara Thompson, Director General, Ms Nelisiwe Magubane, Senior management and entire Team Energy, the Chairpersons and Members of both the Portfolio and the Select Committees of Parliament, our State – Owned-Entities, as well as all other stakeholders who continue to take active interest in the development of the structure and mandate of the department.

Let me express gratitude to President Zuma for leading the charge at the frontline and the progressive forces that are championing the cause of energy. We continue to be encouraged by his leadership and support, and that of my colleagues in Cabinet.

Finally, no one must doubt our intention as a Department of Energy to work together and even better, to lead the charge in energy planning, modelling, forecasting and delivery in a bid to safeguard our country's security of supply.

We do so, as President Mandela has said – "not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others."

Honourable Members, I commend to this august House the 2013/14 Budget of the Department of Energy.

Thank you.

Issued by: <u>Department of Energy</u> 14 May 2013

## 2013 Budget Vote Speech by the Deputy Minister of Energy, Ms Barbara Thompson, MP, Old Assembly Chamber, Parliament, Cape Town

14 May 2013

Honourable Chairperson,
Honourable Minister of Energy, Ms Dipuo Peters,
Honourable Chairperson of the Energy Portfolio Committee, Mr Njikelana,
Honourable Members of Cabinet,
Honourable Members of Parliament,
Members of the Diplomatic Corp present,
Directors-General,
Representatives of State Owned Entities,
Invited Guests and Stakeholders,
Ladies and Gentlemen and,
Last but not least Team Energy.

Ugesi ubalulekile ezimpilweni zayinoma ibaphi abantu abaphilayo ezweni elithuthukayo. Ngaphandle kwawo, konke kungacishe kufikelele kwanqhiketshe. Amandla awumgogodla wawonke umnotho oqinile.

We are very proud of the fact that over 84% of our people have access to modern energy today. This is a far cry from the terrible situation in 1994 where approximately only 36% of the population had access to electricity.

There will be those that will try and deny our achievements, but the facts speak for themselves. Let me add that we are also coming to those 15% who do not yet have electricity.

Ngaphansi kobuholi obuqotho bukaNqgonqgoshe weZamandla, uNkosikazi Dipuo Peters, asiyi ezindaweni ezino gesi, kodwa siya lapho okungena gesi khona, sifike sishiye ukumamatheka kubantu bakithi abantulile. Sikwenzile lokhu entombini endala enamashumi ayisishiyagalombili ububudala, okuthe okokuqala nqa yahlomula ngokuba nogesi endlini yayo.

This is the impact which the Department of Energy and our ANC led government leaves on the lives of our people.

Honourable Members,

Allow me to elaborate on the number of initiatives that the department will embark upon to position itself to extend even further this positive impact on the lives of our people.

## Integrated electrification programme

Last year, we hosted the Electricity Indaba where shortcomings were identified in the current Electrification Programme. In addressing these challenges, we have introduced the Household Electrification Strategy.

The key focus areas of this Strategy include the Electrification Master Plan based on the least cost approach that combines grid and high-quality non-grid solutions to support high backlog, low-delivering municipalities.

The DoE together with the Development Bank of Southern Africa (DBSA) will continue with implementing the agreement to accelerate the Electrification Programme in our country. The so called "Front-End Loading" applies to municipalities with large electrification backlogs, which in turn will apply to the DBSA for funding. The Bank will conduct bank credit assessments and we will only support bank approved applications that are within the Integrated National Electrification Programme.

We must also acknowledge the support of our international partners in supporting our electrification programme. Assistance has been received from International Finance Corporation which is part of the World Bank group in the development of the new Household Electrification Strategy.

#### **Energy efficiency**

As we enter the winter period, we have to be more vigilant about the risk posed by increasing electricity demand to the extent beyond our supply capability. We have to revert back to the mechanisms that we relied upon in 2008, including non-Eskom generation, fuel switching through LP Gas and other appropriate customer behavioural

changes.

These are the things that we can do together, in the spirit espoused by the ANC of achieving more by working together:

- We have initiated a campaign urging communities to ensure that their cylinders are filled up. The LPG suppliers have assured the Department that they will produce adequate LPG and import the short fall where needed.
- We have kept the lights on for the past 7 years without any major disruptions and we remain committed to keeping the lights on. We need to remember to switch off the geysers, lights, heaters and all other electrical appliances not in use, particularly during the evening peak from 5pm to 9pm.
- We have affirmed our collaboration with the business sector, particularly the Chief Executives Officers as the captains of industry through National Business Initiative and Business Unity South Africa on the Energy Efficiency Leadership Network to ensure that we stick to our commitments on Renewable Energy and Energy Efficiency through the signed Accords with our social partners (i.e. Green Economy, Local Procurement and National Skills Development) are translated into tangible outputs through the whole value chain in order to realise our national objectives.
- We have embarked on a robust engagement on this Leadership Network with the Mayors, Councillors and Municipal Managers to make sure that we address the bottle necks for service delivery on these programmes. In this regard, we will be holding further workshops in the next two months.

#### State Owned Entities

Honourable Speaker, Honourable Members, the restructuring of CEF and its subsidiaries is a process will that ensure that each individual entity within the group is strengthened and able to operate to its maximum.

I am happy to announce that the re-organisation process has gone a long way towards integrating the mandate of energy security and we anticipate finalizing it by the end of this financial year. Governance and management challenges within the group have also been addressed, as we now have appointed CEOs for both CEF and Strategic Fuel Fund (or SFF).

We have sought to reposition the SFF as a dependable custodian of the strategic stocks policy to enhance and manage the petroleum reserves for the country. SFF is also working towards enhancing its capacity to deal with oil spills and protect our marine environment.

### **State Owned Companies**

Ladies and gentlemen, additional funding has been allocated to SANEDI, which will enable them to finalize the Solar Road Map, also complete the Carbon Capture Storage project, and implement the outcome of the Shale Gas Investigation Work Plan, amongst others.

I would also like to thank NERSA for the hard work done during the public consultation process and the completion of a very tough MYPD3. The 8% tariff increase has created much-needed certainty about electricity tariffs over the next 5 years.

## Energy sector as a tool for empowerment

Honourable Members, it is essential, as we pursue our energy policy objectives, that we maximize its return to historically disadvantaged sectors of our society such as women, youth and persons with disabilities. We need their contribution in the transition to clean energy solutions and overall developments in the Energy Sector.

Let me outline the programmes that we have initiated in respect of these designated groups:

## Clean Energy Education and Empowerment (C3E) initiative

Firstly, in support of women empowerment and building the Energy sector's skills base, particularly in women, the Department has commenced with the implementation of the international clean energy education and empowerment initiative, born out of the Clean Energy Ministerial.

The Clean Energy Ministerial is a body of Energy Ministers throughout the world that has formed a coalition in the drive towards clean and sustainable energy.

This initiative aims to attract and inspire women to pursue careers in Energy and support their advancement into leadership positions. It is designed to offer a complete empowerment package from high school level to employment level in the Energy sector and advancement into leadership positions.

The package includes recruitment of high achieving students in Science, Technology, Engineering, and Mathematics (or STEM) subjects. This initiative targets girls in Grade 10 -12, tertiary students and graduates in the area of STEM, women employed in the Energy sector; and women doing business in Energy.

I am pleased to announce that among others, on the business side of the Renewable Energy IPP programme bidders are committing approximately R1billion rand to be spent on women vendors. This is an opportunity for women located close to the targeted areas to position themselves in terms of the services that may be required. I must say, we remain concerned about the level of women participation in this programme and I hope it will improve over time.

#### Youth indaba and launch of youth in energy forum

Secondly, the young people of today will be tomorrow's leaders in the Energy Sector. It is important, therefore, that we equip our youth with knowledge about the sector and encourage them to acquire skills as they venture into business in the Energy Sector.

It is also imperative that we assist young entrepreneurs and the unemployed youth to gain access to comprehensive business development support services to grow and sustain their enterprises. The Youth Indaba and Youth in Energy Forum are among the initiatives we are planning to host this year in order to achieve our goal of creating a platform of growth for young entrepreneurs.

We will also continue to embrace the "Take a Girl Child to Work Day" Initiative as a means of enabling girl children, especially from disadvantaged communities, to acquire transformational experience in the workplace and ensuring continuous development of women and young people and their participation in the economy of the country. We will also host the annual Learners' Focus Week for Grades 9 and 10 as an introduction of the Energy Sector's work to the learners.

## HIV and AIDS forum for energy sector

Thirdly, through our Special Programmes and Outreach Projects, the combating of HIV and AIDS, particularly its impact on the Energy Sector, will continue to be an area of focus for the department. We will be working towards the establishment of an HIV and AIDS Forum within the Energy Sector to consolidate the work of individual role players in the Energy Sector and to augment the work of other government departments and civil society in dealing with this challenge.

The forum will assist us in monitoring, evaluating and reporting on HIV and AIDS in the Energy Sector.

Let me conclude by thanking Minister Peters, Chairpersons and members of the Portfolio Committee on Energy and the Select Committee on Economic Development for their leadership and support; our donor partners, Team Energy; the guidance of the Director General, Ms Nelisiwe Magubane, State Owned Companies and energy sector partners for their commitment to bettering the lives of ordinary South Africans.

Sengiphetha ngiyathemba ukuthi kubangani abango somabhizinisi bethu, nakwizinkampani zikahulumeni siyohlala njalo siyiphela endlebeni. Kwande lapho bethatha khona, ukwanda kwaliwa umthakathi yena ongafuni abantu bande ukuze basizane.

Ngiyabonga kakhulu ukungipha indlebe.

Issued by: Department of Energy

14 May 2013

#### 2013 Budget Vote Speech by Minister of Energy, Ms Dipuo Peters, MP, NCOP Chambers, Parliament, Cape Town

21 May 2013

Chairperson, Honourable Members,

Please do allow me to also share my condolences with the Mbuli family, friends, the SABC and South Africa at large for the loss of our beloved son, Vuyo Mbuli.

Chairperson, in addressing the Solidarity Conference in 1993, the former President of the ANC, Isithwalandwe, Comrade Oliver Tambo had this to say: "The challenge confronting all of us is to turn South Africa around - to make of her the opposite of what she has been."

He further said – "Our tasks will not end with the election of a democratic government" and that "what we believe is that we must stand together in creating the new South Africa."

Following the wisdom of President Tambo, we have a collective responsibility of changing South Africa by:

- building an economy that can respond to the challenges facing our communities,
- creating jobs for the jobless, and;
- provide affordable energy to our citizens.

#### Chairperson,

We believe that the task of changing the lives of all South Africans is attainable. Allow me to highlight the progress we made in 2012/12 and share with this house some aspects of our programme for 2013/14. We have rolled out the Renewable Energy IPP Programme, resulting in 47 Bid Companies that are contracted to produce 2450 MW of Mini Hydro, Wind, PV and CSP.

Honourable Members, former President Nelson Mandela said that, "too many people in our country are still suffering the deprivations and hardship of poverty. One of the root causes of that poverty is the absence of jobs; nothing can be more of an assault on a person's dignity that the inability to find work and gainful employment."

It is therefore encouraging that through the determination of this ANC government, it is envisaged that 13 069 jobs during construction and 10 814 during operations will be created through the RE IPP programme. The provinces of the Free State, Northern Cape, Limpopo, Western Cape, Eastern Cape and North-West are the biggest beneficiaries of the RE IPP Programme.

Over 5.6 million households were connected to the grid between 1994 and 2012/13. This figure represents over 84% of electrified households. INEP contributed a total of  $5\ 225$  jobs.

We have installed over 350 000 solar water heaters, mainly in poor and economically depressed households, contributing a further 8 039 jobs. The house must note our resolve to use this programme as one of the instruments to address the challenge of youth unemployment.

The SWH programme will have a quota of 60% youth participation. Through improved turnaround time, we approved 52 petroleum retail licences for new entrants, resulting in1040 permanent jobs. The ISMO Bill was approved by the Portfolio Committee on Energy and has been reclassified as section 76 legislation. This will create the framework for the restructuring of the electricity supply industry and create the necessary space for the participation of the private sector in power generation.

Last year, I reported that we have audited about 15 000 households that were left as islands in KwaZulu-Natal. To date 10 200 of these have been electrified; In March 2012, we hosted the Electricity Indaba where shortcomings were identified in the current Electrification Programme. As a result, we have introduced the Household Electrification Strategy.

The key focus areas of this Strategy include the Electrification Master Plan, based on the least cost approach that combines grid and high-quality non-grid solutions to support the high backlog, low-delivery municipalities.

One of the COP17 legacy projects was the development of the energy resources from the mighty Congo River,

popularly known as Grand Inga in the DRC. I am pleased to announce that we have finalised the treaty that will guide the development of this project, and this has paved the way of bringing clean energy to South Africa and contribute towards the diversification of our energy mix.

We have concluded the NEDLAC process and the following pieces of legislation will be tabled this year, being the Electricity Regulation Second Amendment Bill, and the National Energy Regulator Amendment Bill;

We are consulting with stakeholders on the Gas Amendment Bill.

Honourable Members, when we were made aware of allegations of improper conduct at PetroSA, we acted through the CEF Board to institute an investigation. Having received the report, we are in the process of taking the investigation forward, whilst implementing some of the recommendations made.

Areas of concern relate to both governance and procurement matters – we are dealing with the lapses in governance, and we expect that the law must take its course on the alleged procurement breaches and violations. A credible and reputable National Oil Company is a non-negotiable; I will not compromise on this.

#### Chairperson,

Corruption practices at local government level remain a serious concern as it reverses the strides we make in electrification. We cannot be silent when municipal officials collude with business people to defraud and corrupt our municipalities and by doing so, denying tour poor people access to services.

Allow me to point out to a recent case of the arrest of an official at Mbizana Municipality. The official allegedly facilitated the unlawful awarding of a tender for the installation of electricity to surrounding villages.

Within the INEP Business Unit of the DoE, 3 officials were implicated in corruption and procurement irregularities. They were charged, found guilty and dismissed. While the arrest at Mbizana and the action taken against implicated officials should be hailed, energies should also be directed at ensuring the arrest of the implicated contractors. It should not end there. Contractors who are found guilty of such corrupt practices should be blacklisted from doing business with government.

#### Honourable Members,

R6.7 billion was appropriated to the DOE for the 2012/13 financial year and 98.9% was spent. This year, the DoE is allocated a budget of R6.5 billion, which is 2% less than last year's allocation. 93% of the department's budget is earmarked for transfers to Municipalities and State Owned Entities, leaving the Department with only 7% to be utilised for operational and capital expenses.

Our focus for this year will be on finalising the ANC's 5 year commitments. The Integrated National Electrification Programme receives an allocation of R3.8 billion, with Eskom and municipalities receiving R 2.1billion and R1.6 billion respectively.

## Honourable Members,

The electrification programme is guided by a number of principles, including that the municipality must have a high backlog of houses that are not electrified, must be rural and at least have a high number of households in informal settlements.

The identified projects must be able to integrate with other plans, for example, it must be in the municipalities Integrated Development Plan. New settlements should be prioritised, and these municipalities must be in one of the SIP 6 Priority Districts.

Based on these considerations, the Department allocated the INEP funds as follows:

- Eastern Cape R1.123 billion
- Free State R198 million
- Gauteng R270 million
- KwaZulu Natal R793 million
- Limpopo R480 million
- Mpumalanga R283 million

- Northern Cape R94 million
- North West R413 million, and
- Western Cape R212 million

#### Honourable Members,

The above allocations must be looked at in context. Kwa-Zulu Natal and Eastern Cape continues to have highest backlogs at 24% and 20% respectively. These two provinces have the highest challenges with regards to bulk infrastructure, which is why KwaZulu Natal was allocated more than R750 million in the previous financial year.

Gauteng province has a 21% backlog that can be attributed to informal settlements. As members are aware, some of these settlements are allocated in areas that have been identified as not fit for human habitation, which present an additional challenge.

We need to further highlight that we have seen progress in the reduction of the electrification backlog, with:

- Limpopo reducing its backlog quite significantly to 10.5%,
- Mpumalanga province to 6.5%
- Free State to 6%
- North West to 5.5%,
- Western Cape has a backlog of 5%,
- the Northern Cape is almost at universal access at 1.5%.

Chairperson, while these statistics may paint a rosy picture, let us not forget, when you do not have electricity, these statistics means nothing! When you do not have electricity, for you as an individual, the backlog is 100%. As a department, it is the plight of these people that give us sleepless nights.

With regard to the challenging area of electricity distribution infrastructure, the Approach to Distribution Asset Management or ADAM Project has been launched following its approval by Cabinet in November 2012, with R320 million being allocated for 2013/14 to pilot ADAM projects. The roll-out of these pilots will be managed such that it must assist the respective local government entities in the planning and implementation of these projects.

The following municipalities and metros have been identified for the ADAM project:

- King Sabata Dalindyebo and Nelson Mandela Bay in the Eastern Cape;
- Ngwathe, Moqhaka, Nala and Mangaung in Free State;
- Msunduzi in KwaZulu-Natal;
- Sol Plaatje in the Northern Cape; and
- Tlokwe in the North West.

We have observed the practices of some municipalities to levy additional mysterious surcharges, a case in point being the Nama Khoi Municipality in the Namakwa District, where households are charged R 106.00 for street light infrastructure that could be covered through other instruments such as the Municipal Infrastructure Grant.

We will not allow these practices to further burden our communities, and we will definitely not allow a situation where electricity is used as a discretionary cash flow injection to support the folly of some Councils.

Honourable Members,

Various determinations to implement the technology programmes under the IRP have been made and these include amongst others:

- 2 600MW gas to power,
- 2 200MW coal, and;
- 800MW cogeneration.

We intend to conclude negotiations with the sugar and timber industries to harness about 800MW of power by capturing the value that is currently lost due to dumping biomass from these industries as waste. Mpumalanga, Eastern Cape and KwaZulu-Natal with their sugar cane and timber plantations have been identified as the hub for

this initiative.

In the context of SIP17 of the PICC, we also need to investigate how regional economic integration can be fostered in this area, through cooperation with Mozambique and Swaziland.

#### Chairperson,

As we enter the winter period, we have to be more vigilant about the risk posed by increasing electricity demand to the extent beyond our supply capability. The options available to us in this regard are non-Eskom generation, fuel switching through LP Gas and other appropriate customer behavioural changes.

We have initiated a campaign urging communities to ensure that their cylinders are filled up. The LPG suppliers have assured the department that they will produce adequate LPG and import the short fall where needed.

We have kept the lights on for the past 7 years without any major disruptions and we remain committed to keeping the lights on. We need to remember to switch off the geysers, lights, heaters and all other electrical appliances not in use, particularly during the evening peak from 5pm to 9pm.

We have affirmed our collaboration with the business sector, particularly the Chief Executives Officers through the National Business Initiative and Business Unity South Africa on the Energy Efficiency Leadership Network. We have embarked on a robust engagement on this Leadership Network with the Mayors, Councillors and Municipal Managers to make sure that we address the bottle necks for service delivery on these programmes.

Honourable Members,

As part of ensuring access to different sources of energy, we have in the past 4 years, constructed 3 Integrated Energy Centres in Qunu, Mbizana and Ulundi. In this financial year, we intend completing three more IEC's.

We intend bringing energy safety to the centre stage this financial year. In this regard, we intend to enter into collaborative agreements with the Household Energy Safety Association, local government, Department of Social Development and Safety Associations. CEF will also play a leading role in this regard.

Honourable Chairperson, in conclusion,

As the Department of Energy we have managed to maintain exceptional financial standing, achieved unqualified audits since our establishment and plans are well underway to improve and achieve a clean audit.

Let me take this opportunity to thank my family for the support and understanding, the Deputy Minister, Ms Barbara Thompson, Director General, Ms Nelisiwe Magubane, senior management and entire Team Energy, the Chairpersons and Members of both the NCOP Select Committees, our State-Owned Entities as well as all other stakeholders who continue to take active interest in the work we do.

Honourable Members, I commend to the NCOP the 2013/14 Budget of the Department of Energy.

I thank you!

Issued by: Department of Energy

21 May 2013

## Vote 30: Environmental Affairs

## Budget Vote speech for the Department of Environmental Affairs by the Deputy Minister of Water and Environmental Affairs, Rejoice Mabudafhasi, National Assembly in Parliament

28 May 2013

#### Introduction,

A Kenyan proverb, regularly quoted by environmentalists states that: The world was not given to us by our parents, it was lent to us by our children. This means that all nations must strive for environmental sustainability in order for future generations to inherit a well preserved earth.

Environment is central to economic and social development, thus the emphasis of environmental sustainability and equitable transition to low carbon economy in the National Development Plan. Our policies promote community based environmental management which is an enabler towards sustainability. I am proud to report about the community based environmental programmes we have implemented last year.

## Access and Benefit Sharing

South Africa is the 12th country in the world to ratify the Nagoya Protocol on Access Benefit Sharing. This ratification is a major step towards the sustainable development of the country's green economy. It is also an indication of our commitment to the green economy, sustainable development and the use of our country's natural resources for economic growth.

In terms of this Protocol, local benefit through capacity building, creation of community-based enterprise development and the awarding of bursaries to young people to further their education in the biodiversity conservation field. To date, 10 bio-prospecting permits have been issued.

During the 7<sup>th</sup> Pan-African Access and Benefit Sharing (ABS) workshop held in Limpopo, we showcased a community based project which produces mosquito-repellent candles from the Fever Tree (Lippia javanica). This is our partnership project between our department, CSIR, National Traditional Healers, Maswanganyi and Mabunda communities in Giyani. A licensing agreement with Zollhaus International (Pty) Ltd to market the mosquito repellent candles, both nationally and internationally has been concluded.

The South African San Council and the Nama communities at Paulshoek and Nourivier in the Northern Cape benefited through partnership with HGH Pharmaceuticals on the local and international research on the Kanna (Sceletium tortosium) plant which is a mood enhancer product branded Elev8 in South Africa and Zembrin in the USA. We will continue to explore partnerships with the private sector.

## Transformation in protected areas

The People and Parks continues to benefit local communities through access and benefit sharing such as harvesting of natural resources, access to graves, free access to protected areas for educational purposes, monetary pay-outs to claimants which result in reducing poverty eradication.

Through this programme we:

- Launched the national co-management framework which enables innovative governance by conservation authorities and local communities, enables active participation and decision making in the management of protected areas.
- Facilitated co-management agreements with the Nwanedi land claimants in Limpopo and the Songimvelo Community in Mpumalanga.
- Established business linkages to support community initiatives adjacent to protected areas and also encourage communities to establish cooperatives/small businesses to enable them to tender for jobs within protected areas.
- Procured goods and services amounting to R30 million from SMME's within the 30 protected areas.
- 5852 jobs were created and 241 SMMEs were developed by Provinces and Management Authorities through funding obtained from Environmental Protection and Infrastructure Programme.
- 509 people from 15 protected areas benefited in the capacity building on the use of natural resources

The fifth People and Parks conference held in September underscored the importance of community involvement, frameworks and coordination structures in ensuring sustainability of the programme and enhancing rural development and green economy efforts.

The conference deliberated on the issue of resolving land claims backlog and outlining the areas of co-operation between government and communities. The department of Rural Development and Land Reform (DRDLR) has developed programme of action with specific time on settlement of land claims. The Chief Land Claims Commission committed to finalise five claims settlement in each province for 2013/14 financial year.

During this financial year we will capacitate 400 beneficiaries on the use of natural resources and Youth, women and people with disabilities. We will also continue promoting access for learners especially from disadvantaged background. 5 000 learners will be offered opportunity to access our National Parks.

## Wetlands Programme

According to the National Biodiversity Assessment 2012, wetlands are the most threatened ecosystems in South Africa, 48% of wetlands are critically endangered and only 18% are protected This means that we need to make more effort in the conservation of our wetlands. However we are making remarkable progress.

UMngeni Vlei Nature Reserve is the 21<sup>st</sup> Wetland of International Importance as it has been designated a Ramsar site. It protects a significant portion of uMngeni River catchment area in KZN A total of R530 million has been invested in the rehabilitation of 906 wetlands. To date, the programme has provided 12 848 employment opportunities.

This year we celebrated the World Wetlands Day with the Kareedouw community in the Koukamma Local Municipality. We chose the Kromme River catchment which experienced dramatic floods in 2006 which resulted in heavy loss of life and property. Ten million has been invested to rehabilitation of this wetland. A total of 60 local people were employed. The Kromme River catchment supplies about 40% of Port Elizabeth's water, via the Churchill Dam.

## Game farming

Last year we held the first Hunting Indaba which was held in October 2012. An action plan was adopted which includes specific actions aimed at addressing four thematic areas, namely ecological impacts and benefits; economic impacts and benefits; community involvement and transformation; and legislative provisions.

The department is planning to host an annual Hunting Indaba as a way of engaging with key stakeholders in formulating a clear policy for the hunting sector. We will embark on a dedicated programme to provide support to the hunting and bio-prospecting industries to promote South Africa as the destination of choice for hunting, and as a mega diverse country that utilises its natural capital wisely. South Africa will host the first African Parliamentarian Dialogue on trade issues in biodiversity resources.

## Working for Water - Eco Furniture Factory

Invasive alien species are a threat to our water resources, however we reuse them as raw materials to manufacture eco coffins, school desks, garden benches, chess tables, bedroom furniture, walking sticks etc.

To date we have established 3 eco factories which created a total of 493 jobs of which 52% is women and 37% youth. 250 desks from these factories were handed over to Boitumelo High School in Ficksburg Free State and another 250 to Maatla Primary School in Hoedspruit, Limpopo. We will establish 18 eco factories within 3 years which will create 160 jobs opportunities per factory.

## Greening and open space management

Through our greening and open space management whose main purpose is to reverse environmental degradation, prevent illegal dumping as well as creation of recreational spaces for our communities whilst creating job and training opportunities. Recently we handed over the R14 million Eco-Parks in Mdantsane and Duncan village to Buffalo City Metropolitan Municipality. One hundred and eighty six job opportunities were created during the implementation of this project.

#### Waste Management

We funded the Domestic Waste Collection Pilot Project in Mahikeng Local Municipality. The objectives of this Pilot Project are to reduce waste backlog, create employment opportunities and encourage the implementation of the 3 Rs namely; reduction, reuse and recycling.

Five waste collection trucks were procured, five contractors and 70 workers were appointed. Training was provided to both contractors and workers in order to capacitate them in areas of waste management and business management.

The waste collection service to 31 856 households has been carried out successfully. Furthermore through our working on waste programme we will continue to provide support to municipalities through construction of waste buy-back centres, material recovery facilities and other activities.

The Minister will launch 'Youth Jobs in Waste project this year. This initiative will assist municipalities in delivering of efficient and effective waste services. The first phase will be implemented in Free State, North West, Kwazulu Natal, Limpopo and the Eastern Cape, creating approximately 1000 jobs for unemployed youth. During women's month we will host the Women Mayor's Dialogue aimed at encouraging them to champion waste management in their respective municipalities.

#### **Marine Protected Areas**

In order to protect our vulnerable coastline, we developed the Ocean Management Strategy developed to be implemented this year. South Africa declared the Prince Edward Islands a Marine Protected Area which makes the Islands, the first South African offshore MPA which contributing significantly to global initiatives towards protection of offshore and deep ocean areas.

The Prince Edward Islands MPA is intended to contribute to the protection of unique species, habitats and ecosystem processes. It will also be a scientific reference point for future management of the area including impact of climate change on the whole Southern Ocean. It will also contribute to integrated and ecologically sustainable management of marine resources of the area.

#### Weather Service

In January 2013, Vhembe district and north western parts of the Limpopo province, as well as parts of Mpumalanga were mostly affected by floods which swept away bridges, roads and fertile agricultural soil and also caused deaths and injuries in the areas. The Vhembe district was declared a disaster area.

Together with the South African Weather Service, we embarked on weather awareness road show. We also visited the Maluleke, Ramudzuli and Makhubele families in Mphego village who were left destitute by the catastrophic flooding. This road show was also rolled out in the Northern Cape. We will also visit Mpumalanga and other areas that are prone to weather disasters.

## Public awareness and education

We handed over the R28.5 million Environmental Science Education Centre to the University of Limpopo which will offer environmental education and research to the students and surrounding communities. Jobs for local people were created during the implementation of this project.

Through the Kids and Parks programme a total number of 4 159 learners and 168 educators were enabled to have access to national parks. Another 5 000 learners have been targeted for the 2013/14 financial year.

The school based environmental education programme, implemented in collaboration with the Department of Basic Education continues. One hundred and fifty educators from KZN, Free State, Limpopo and North West benefitted on the accredited training through Fundisa for Change.

In this current financial year we will amend the existing educational resource materials to include water and environment entirely and to ensure alignment with the curriculum. A task team composed of senior officials from departments of Water, Environment and Basic Education has been established to execute this task.

#### Women in Environment

Last year we hosted the women in environment conference. In this current financial year we will develop the sector gender framework and programme of action

### Air Quality

Last year we hosted the 7<sup>th</sup> annual Air quality Lekgotla in Rustenburg. The Lekgotla provides air quality officials from all spheres of government an opportunity to review the programme of action and share experiences. It also strengthens cooperation and collaboration between the three spheres of government (national, provincial and municipal) to improve the quality of air in the country.

We also launched the Waterberg-Bojanala Air Priority Area (WBPA) and the Waterberg-Bojanala Monitoring Network. The Waterberg-Bojanala Monitoring Network comprises three air quality monitoring stations bought by the Department of Environmental Affairs for the Priority Area in order to monitor and report on the status of air in the WBPA. The stations are situated in Lephalale, Thabazimbi and Mokopane. Community awareness programmes form part of this implementation, for example, the Clean Fires Campaign commonly known as Basa Nje Ngomagogo.

We will host 8th Annual Air Quality Governance Lekgotla to be held in Western Cape from 30 September - 02 October 2013 under the theme "Towards the First Decade of Unified and Sustainable Air Quality Governance in South Africa"

#### Conclusion

We are presenting this budget vote few days before Environmental Month under the theme: Think, Eat, Save. Our plan is intact, we will embark on various activities as we celebrate Environmental Month.

I wish to thank our Minister for providing exceptional leadership, chairperson and honourable members of the Portfolio Committee for the guidance in ensuring that we deliver on the mandate entrusted to us.

A big thanks to the Director-General and her team for the sterling work, the awards you received last year is recognition of your hard work. We are proud of you. I also want to thank our public entities, sister departments and all sector stakeholders for their active participation on environmental issues and unconditional support.

Thank you!

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Issued by: <u>Department of Environmental Affairs</u>

28 May 2013

## Vote 31: Human Settlements

#### Department of Human Settlements budget speech by Minister Tokyo Sexwale in the National Assembly

22 May 2013

#### 1. Introduction

In his inaugural State of the Nation Address (SONA) President of the Republic, Mr Jacob Zuma made three pronouncements in respect of the then Department of Housing. These are, name change from housing to human settlements, policy change and the practicalisation of this new paradigm to transform the landscape of housing in South Africa forever.

Over the last four years, we remained seized with the implementation of this new mandate (Outcomes 8). Without any equivocation we state: A firm foundation has been laid towards a sustainable and integrated human settlements objective: Vision 2030.

Consequently, we have a comprehensive strategy premised upon three segments: Housing for the poor; for the GAP Market; and for the middle to the high income earners.

#### 2. Implementing the Vision 2030 Strategy

## 2.1 Housing for the poor – grant beneficiaries

The main focus of our housing delivery strategy remains the poorest of the poor, many of whom are in and around informal settlements. At this stage, the following message must be clear: Our government does not build slums, imikhukhu, amatyotyombe! These squalid areas have their roots in the Wars of Dispossession, the 1913 Land Act whose centenary is commemorated this year and in subsequent apartheid policies. These policies gave rise to landlessness and joblessness which saw, and continues to see, the destitute escaping rural poverty towards urban areas.

Let me repeat what I said at the Nelson Mandela Metropolitan University concerning slums.

"They are essentially shanty towns littered across all provinces particularly around the more affluent Metros and municipalities. This therefore results in a situation of the classic undesirable urbanisation, which is driven less by economic growth and more by the rural-urban migration of the poor and jobless."

Question: What steps have we taken to address this? As stated, our focus remains the poor. Over the last four years, our department has thus far, delivered, through grants, over 750 000 houses and housing opportunities.

This has made it possible, during this term of government, for the total housing provided since 1994 to break for the first time, into the 3 million units threshold for those earning from R3 500 to zero; to be precise 3,3 million houses and opportunities now at the cost of R85 000 each towards breaking the backlog of 2,1 million houses for 8 to 10 million people.

## 2.2 GAP Market Housing - The financially assisted.

The second element of our strategy concerns financial guarantees for affordable housing. This policy for citizens who earn above R3 500 to R15 000 was announced by the President in his 2012 SONA. The department's task is to implement this Finance Linked policy which covers housing for, amongst others, school teachers and principals, police and members of the armed forces, nurses, firemen, prison warders, and blue collar workers. The good news is that this is now a reality and is being rolled out in all provinces via the National Housing Finance Corporation (NHFC).

Our implementing agency is the National Housing Finance Corporation (NHFC) through a financial instrument called FLISP – Finance Linked Individual Subsidy Programme. This supports all qualifying beneficiaries with the certainty of being granted loans, bonds or mortgage facilities by Banks and other financial institutions.

At this amount, beneficiaries have an option to buy an existing house, to build a new one or to purchase land. Therefore, to all those people lost in the GAP Market, earning too much to qualify for an RDP house and too little to access Bank finance we say: Rest assured. This government cares – we back you to get your bond!

## 2.3 Housing for middle to high income earners

We rely upon three instruments which are the Home Loans and Mortage Disclosure Act, the Community Schemes Ombuds Services Act and the Estate Agency Affairs Act. Thanks to the sterling work of the EAAB Administrator, Mr Taswell Papier, this structure has been stabilised.

In summary, the three elements of our strategy are all critical and applicable for different requirements within the comprehensive human settlements environment. Quite clearly, the continuous allocation of grants for free housing to the poor is unsustainable going forward. Strictly speaking, this is more of a welfare programme approach than a long lasting housing policy as this programme is driven by the triple evils of unemployment, poverty and inequity. For as long as this is the case, so long shall this programme remain because we as the ANC government are committed to the poor and shall not abandon them through no fault of their own.

It stands to reason therefore, that given the current socio-economic circumstances, the most optimal and practical human settlements strategic approach is that of the enhancement of the Finance Linked programme.

It is noteworthy that the assistance we provide to our citizens in this regard – black and white – empowers them to become real estate owners; to become real participants in the capital markets as asset owners; real players in the property market as sellers or buyers; as well as in the financial markets where they can borrow against their assets to advance other economic interests. The need therefore, to speed up the issuing of Title Deeds to home owners can never be more emphasised.

## 3. Integrated human settlements development challenges

#### 3.1 Deracialisation of Residential Areas

Top of the list of all budgetary challenges that confront the entire country is that of having to tackle the unique question of deracialising residential space. This, more than anything else, reflects the real evil of apartheid social engineering which motivated the United Nations in 1973 to pass a unanimous resolution declaring apartheid a crime against humanity. To undo this will take gigantic efforts over a long period, requiring major resources.

At this stage, it is noteworthy to indicate that the United Nations Habitat has requested South Africa to host its next conference on human settlements issues later this year.

Our residential deracialisation strategy is underpinned by seven elements.

3.1.1 Firstly, Deracialising White Suburbs by continuing to oblige Banks through Home Loans and Mortgage Disclosure Act (*HLAMDA*) and to provide loans to black people desiring to purchase property previously exclusive white suburbs.

#### 3.1.2 Secondly, Inner City Housing

Spearheaded by our agency, Social Housing Regulatory Authority (SHRA), the department has over a period been purchasing many high rise buildings in the centres of major towns and cities. They are refurbished and transformed from office space to rented family units, some with an option to buy. This social housing is popular amongst young couples, students and single mothers.

## 3.1.3 Thirdly, Inner City Land

Through our Housing Development Agency (HDA), the department has acquired land parcels inside the cities from other government departments and State Owned Enterprises. These strategic pieces of land have been used for settling families.

## 3.1.4 Fourthly, Outer City Districts

Outer City Districts within the immediate proximity of city boundaries is land which is acquired from other Departments, or in partnership with the private sector, for housing construction. This is earmarked at integrating people within the expanding outer city parametres, a walking distance to vital amenities and facilities.

We congratulate companies that have come on board the Each-One-Settle-One campaign by building thousands of homes upon our subsidies for their employees, particularly in the mining industry.

#### 3.1.5 Fifthly, "No-Man's-Land": Town and Township

The evil utilisation of land as a buffer by the architects of apartheid resulted in the creation of "no man's land" between Johannesburg-Soweto, Cape Town-Gugulethu, Pretoria-Mamelodi, Durban-Umlazi, Port-Elizabeth-KwaZakhele, to name a few, resulting in the black areas having little or no amenities and facilities.

Our approach is to focus on building integrated human settlements in this space to locate people closer to the towns and cities.

## 3.1.6 Sixth, Townships Upgrading Strategy

It is inevitable that the black townships which were created as a reservoir of labour far away from white cities must be upgraded to improve the quality of life of the inhabitants. On our part, we empower municipalities through the accreditation process by giving them direct funds and authority to construct human settlements within their jurisdiction.

It is for this reason, among others, that in partnership with the Department of Higher Education and the Nelson Mandela Metropolitan University, we launched a four-year Bachelor's Degree in Human Settlements Development, the first of its kind, which will later extend to Masters and Doctoral levels. The same degree will be offered by the Universities of Fort Hare and UNISA in the future.

#### 3.1.7 Seventh, new non-racial towns and cities

Our mandate is to establish new non-racial towns and cities to concretise the principle of a united people in non-racial residential areas.

The new town of Lephalale – Joe Slovo City –under construction in Limpopo, driven by the economies of the Medupi Power Station, is an example in point.

## 3.2 Other Human Settlements development challenges

3.2.1 Other challenges confronting us are about greater coordination together with other related government departments responsible for big ticket items like bulk services, electrification, water and sanitation, sewerage plants, roads, transportation, etc.

The Presidential Infrastructure Coordinating Committee (PICC) whose efforts are beginning to bear fruit is the answer to the required coordination.

3.2.2 It is unacceptable given the fact after the passing of budgets by this House, we always speedily transfer funds to provinces and accredited municipalities. Many of them discharge their responsibilities perfectly well and are applauded. Yet some fail to spend.

Where some of them do, they sometimes resort to fiscal dumping which often results in shoddy workmanship leading to the wasteful practice of rectification amounting to billions of rands. The newly appointed Board of the National Homebuilders Regulatory Council (NHBRC) carries a huge responsibility in respect of safeguarding proper procedures in the construction industry countrywide.

Furthermore, mindful of the positive work by the Portfolio Committee led by Chairperson Dambuza in its oversight responsibilities, I urge the committee, including the Select Committee to redouble its efforts in coming down hard upon those responsible. On our part, we have taken some of the severest actions against those who engage in shoddy workmanship or fail to adhere to norms and standards on, for example, sanitation.

It is totally unacceptable that although we provide funds, responsible government entities and certain municipalities fail to even build a simple toilet whilst there is a serious stench of the bucket system in some parts of the country. Where they are built, some are left uncovered such as in the recent scandalous cases in Makhaza and Moqhaka, in the Western Cape and Free State respectively, even prompting the Human Rights Commission to get involved!

Our response of taking away funds from poor performers, as required by the law, will continue but is inadequate. Capacity issues need to be addressed. Most importantly, political parties must ensure that their deployees are capable – and there is nothing the matter with cadre deployment - and in turn such deployees should select

appropriately qualified employees for the public service.

Our commitment and resolve to rooting out and exposing corruption remains undiminished. We continue to take a dim view of those housing beneficiaries who are engaged in double dipping – a practice of people coming from other parts of the country where services such as sanitation and housing have already been provided for them, yet they flock to informal settlements. This is wrong.

Others engage in the corrupt conduct of selling their houses before the expiry date, including to foreigners, with the help unscrupulous lawyers and fly-by-night estate agents. This is fraudulent. We implore members of civil society to expose such chance takers who, like many we have caused to be prosecuted, should face the full might of the law.

#### 4. Budget focus 2013/14 to 2015/16

The department has been allocated a budget of R28.1 billion for the 2013/14 financial year representing an increase of R2,9 billion. The allocation is expected to grow to R32,7 billion in 2015/16. The conditional grants to provinces constitute a R53, 7 billion over the Medium Term Expenditure Framework (MTEF) period while the Urban Settlements Development Grants to municipalities will be receiving an allocation of approximately R30 billion in three years of MTEF.

The conditional grants and transfers to Human Settlements Institutions constitute 97% The total capital grant allocation amounts to R26.1 billion which consists of the Human Settlements Development grant of R16.9 billion, the Urban Settlements Development Grant of R9 billion and the Rural Households Infrastructure Grant of R107 million in 2013/14.

To conclude, the National Development Plan states: "The inefficiencies and inequalities in South Africa's settlement patters are deeply entrenched. Bold measures are needed to reshape them."

In the context of all we have articulated, the 2013-2014 human settlements budget is important to the extent that it's a continuation of the critical stimulus we provide to the total economic development of the country. Our budget should be seen as a catalyst in this process including job creation through our twin empowerment and construction programmes of Women and Youth Builds.

Incrementally throughout our term, the budget has been earmarked primarily to address the poorest of the poor. In continuing to do so, let there be no doubt that our quest is not to be patted on the back for chasing numbers at the cost of quality.

We are mindful that in addressing the unique challenges of reengineering integrated human settlements in our country, there can be no socio-economic equality without providing our people with quality. On this, there is no compromise.

I thank you.

Issued by: Department of Human Settlements

 $22~\mathrm{May}~2013$ 

## Vote 32: Mineral Resources

## Address by the Minister of Mineral Resources, Ms Susan Shabangu, MP, on the occasion of the Budget Vote 32: National Assembly, Cape Town

28 May 2013

Mr Speaker, Honourable Members.

May I convey my sincere condolences to all mineworkers who passed on during the past year. We are honoured to table our budget allocation of one billion three hundred and ninety four million rands (R1, 394 Billion) for 2013/2014 financial year which represents an increase of two hundred and eighteen million and three hundred and sixteen thousand Rands (R218, 316 million) at the most testing time in the post-apartheid history of the mining industry.

We are mindful of the fact that we are tabling this budget one year short of the two decades of freedom whose  $20^{\rm th}$  anniversary we will celebrate next year. This, in fact, is the last budget of the current administration.

Our budget vote also coincides with the 50<sup>th</sup> anniversary of the formation of the Organisation of African Unity (OAU), now called the African Union (AU), which played a key role in the decolonisation and liberation of the peoples of Africa. This is also the time when we are celebrating "Workers' Month."

Through the budget we are tabling today, we are outlining the actions that we are taking to respond to the challenges currently bedevilling the mining industry. We are confident that, despite the current cyclical downturn and labour relations challenges, the medium to long term outlook for the South African mining industry looks extremely attractive.

Last week, our President, Jacob Zuma, quite correctly called for leaders of this industry to restore calm and confidence in the sector. Following this, the Minister of Finance and I met with the leadership of the mining industry on Friday last week in a bid to address the challenges faced by this important sector of our economy.

In this regard, we drew inspiration from our longstanding and well entrenched culture of partnerships in mining, which has consistently served us well during difficult times. In this all-important meeting, we agreed on a specific program of action. We agreed that the government side will be led by the National Treasury, Department of Labour and Department of Mineral Resources, while participation from the mining companies will be led by Chairpersons of the Boards and will also engage the leadership of trade unions.

This was a bold and decisive action taken with a view to dealing head on with the challenges faced by our economy. This has arisen as a result of a crisis of perception, of both our country and the mining industry which invariably has an effect on, among others, the fluctuation of our exchange rate, the result of which we can ill afford as a country.

This process that was established at the Friday meeting is scheduled to conclude its initial tasks and provide progress report within a month. Whilst we respect workers inalienable right to strike, and the right to the freedom of association as enshrined in our Constitution, we will not tolerate anarchy, violence, intimidation and illegal strikes, which threaten, not just our democratic freedoms, but also the sustainable growth and employment in a sector with so much to offer not only in terms of retaining employment but also in creating new jobs on a larger scale than ordinarily would be the case.

We are accordingly calling on all signatories to honour the letter and spirit of the law and the recently signed "Peace and Stability Framework" of the mining industry. We need urgently to join hands and deal a cruel blow to those who are wilfully undermining the well-established system of collective bargaining that has been a critical component of the mining industry.

It is the truth that South Africa has the world's largest mineral endowment, with an estimated value of US \$3.8 trillion dollars. These endowments, if properly exploited using the combination of appropriate policies and regulatory framework such as we have, we are more than capable of breaking the back of the triple evils of poverty, unemployment and inequality.

There is a confluence of factors which gives us good reason to be optimistic. Both the 2013 World Bank Doing Business and the World Economic Forum's World Competitive Reports place South Africa in the top quartile. These reports show a set of enabling factors, including among others, the ease of doing business, investor

protection, access to loans, starting a business and ease of dealing with construction permits, which if properly harnessed could significantly create a broad based and robust economy, which our country desperately requires.

In the same vein, I am encouraged by the voices of the young people in the leadership of the African National Congress Youth League (ANCYL) who are saying boldly: 'it is cool to get educated and get a degree'. After all, it was the late ANC President, Oliver Tambo, who said a country that does not take care of its youth does not deserve its' future.

This is the kind of spirit that we need to re-ignite among workers in the Rustenburg Platinum belt and in the mining executives.

#### Honourable Members,

As you know, we are currently in the cycle of wage negotiations in the mining sector which we have done for decades. This year should be no different. However, there has never been a more opportune time to call on the protagonists in these negotiations to be more responsible and take decisions that will retain jobs, bring about stability of this sector and ultimately help our economy as it emerges from the ravages of the recent economic downturn.

We should all take responsibility and accountability for the success of these negotiations. For, if we do not grasp the nettle, we run the risk of losing jobs and further fuelling negative perceptions that are being used to run our country down at the most inopportune time.

Accordingly, we believe that, if we can work together and forgo our narrow interests and act in the interests of all our people, we will indeed be able to rise to the challenge of regrouping and consolidating the existing building blocks for the long term success of our mining industry.

This time last year, some observers were in a state of frenzy which they attributed to, among others, the calls from some siren voices, for nationalisation. The African National Congress (ANC) Mangaung conference unequivocally rejected this option and further called for the intensification of beneficiation and industrialisation, which have been part of ANC policy since we adopted the ready to govern document, declaration of strategic minerals, as well as promoting of the state owned mining company among others.

These decisions demonstrate that South Africa's premier liberation movement, the ANC, is keen to ensure that we balance the imperatives of transformation with those of competitiveness of this crucial sector of our economy.

## Regulatory framework

We believe that we have created a predictable regulatory framework which is in sync with the dynamic socioeconomic and political landscape of our country. These have resulted in the following milestones:

- Gross fixed capital formation has increased significantly under the MPRDA from R18 billion in 2004 to R75 billion in 2012 (Data source: South African Reserve Bank).
- Foreign Direct Investment grew exponentially from R112 billion to R389 billion from 2004 to 2012 (Data source: South African Reserve Bank).
- Employment grew from approximately 448 909 in 2004 to 518 240 in 2012.
- Gross sales of primary minerals have appreciated from R98.5 billion in 2000 to R371.7 billion in 2012, whilst the number of operating mines has increased from 993 in 2004 to 1579 in 2012.

This is over and above the fact that during the  $2012\backslash13$  financial year, 56 new mining rights were granted and have the potential to create an additional eleven thousand and fifty two (11052) decent and sustainable jobs and attract capital expenditure of about R7.3 billion.

More than a decade of implementation has provided us with sufficient jurisprudence to further review and amend the Act. We sought to effect holistic review and amendments of the Principal Act that will cater of the dynamic changes and sufficiently incorporate the notion of subsequent events.

Following Cabinet approval in December 2012, we are satisfied with the quality of extensive stakeholder consultations and their substantive input. The issues raised by stakeholders centred among others, the definitions, the repeal of the first-come first-served principle, trading in shares and transfer of rights, the environmental provisions, the dissolution of the designated agency, Ministerial discretion on mineral beneficiation and State free

carried interest, the revised sanctions and the concept of associated minerals.

All these quality submissions have been duly considered in the process of finalizing the Bill.

The Bill further enhances provisions relating to the regulation and implementation of Social and Labour Plans (SLPs) and also includes integration of SLP into the Integrated Development Plans of District municipalities in order to streamline and optimise the development impact of the mining contribution; Introduces provisions for classification of mineral resources as strategic, taking into account strategic national developmental imperatives; Realigns functions in order to consolidate the regulation of petroleum resources under the auspices of the DMR, while the promotional geo-scientific research functions are incorporated into the Council for Geoscience (CGS).

The draft Bill is currently at final stages of Cabinet processes and we are intending to submit to Parliament soon. There has been further improvement on health and safety of workers in the mining industry since implementation of the Mine Health and Safety Act. I directed my department to embark on a process to review the MHSA and align it with the MPRDA to ensure consistency and ensure that we employ regulatory best practice regarding the impacts that mining activities will have on the health and safety of mine employees and affected communities.

The review of the Mine Health and Safety Act seeks to. Amongst others, strengthen enforcement provisions, streamline the administrative processes, reinforce offences and penalties, remove ambiguities in certain definitions and expressions and to harmonize the Act with other laws, in particular the MPRDA.

### Implementation of SAMRAD

Honourable Members,

May I report that we have made sterling progress in the implementation of the South African Mineral Resources Administration System (SAMRAD) online, since it was launched. Prospective applicants are now able to apply for rights using computes online without having to travel to the regional offices to lodge an application.

The system contains information regarding land availability, requirements for various types of applications to be lodged, and payment arrangements for fees payable. As a benefit of that, contestation as a result of the documents getting lost, is a thing of the past.

To assist applicants, guidelines and templates were then supplied to improve the quality of applications as well as ensuring consistency in the adjudication process. We are continuously making sure that we improve this system in order to deliver an application system that is seamless and efficient.

In this regard application for Prospecting, Mining Rights, Permit as well as Ancillary applications such as Sections 11, 102, etc. can be lodged online. These include, among others, a module which provides for the auto parking of applications which addresses one of the key concerns that have been raised by the prospective applicants.

This is being carried with the additional allocation of R 3 million from National Treasury, for the current financial year for the development of a number of reporting modules, including a transformation monitoring system, appeals as well as the acquisition of hardware infrastructure.

## Mining charter

We introduced the "broad based socio-economic empowerment charter for the South African mining and minerals industry", commonly known as the Mining Charter to effect the meaningful transformation of the mining industry, consistent with our democratic landscape. This was a consensus document by mining stakeholders that introduced a transitional transformation window of ten years, with specific targets to be attained by 2014.

We subjected the efficacy of this transformation tool to a rigorous test in 2009 in respect of its progress, the findings of which were less than desirable. During this time, every other stakeholder suffered from a case of parochial amnesia in terms of their responsibility for the implementation of this transformation agenda. As a result, we ended up with widely varied accounts on the extent or otherwise of the progress that has been made in this regard.

In order to obviate against the recurrence of this misrepresentation and distortion, my department has initiated a comprehensive evaluation of transformation against the scorecard of the amended mining charter as a precursor to

the 2014 transformational milestone.

Let me emphasise that we have no intention of shifting the goal-posts with regard to our targets, but we wish to reiterate that we remain unequivocal and resolute in our commitment to transformation, which remains a vital component of normalising our society and creating a genuinely non-racial and democratic country, without which we do not have a prosperous future.

The societal problem that was accentuated by the unfortunate developments at Marikana in 2012 as well as several other related occurrences reflects that there has been glaring lapses in the implementation of our transformation tool.

I cannot over-emphasise the urgent need to modernise the mining industry entirely, including recruitment patterns that remain trapped in the archaic model of migrant labour systems that entrenched apartheid. This system results in mineworkers leading multiple families, which they struggle to sustain.

In this regard, I call upon the entire mining industry to develop a ten year company specific strategy that will transition this industry from the obsolete model to be part of modern society within which it operates, without creating abrupt discontinuities that result in unnecessary instability.

This will enable us to enhance our global competitiveness, improve working and living conditions of mineworkers and ultimately reduce the dependence of workers on the mining industry. Further, such strategies will assist us in preparing for the transition well in advance, anticipate potential effect and plan accordingly to manage the transition to an appropriately modernised mining industry.

In this regard, we recognise the work of the Farlam Commission of Inquiry and we are confident that it will be able to emerge with recommendations, which will strengthen our resolve to improve the lives of mineworkers and immediate communities.

The President also established an Inter-Ministerial Committee to address socio-economic developmental challenges arising out of the mining industry. Consequently, the aforesaid IMC has developed a responsive Presidential Package, whose results will be released soon, to optimise inclusive community development and improve the living and working conditions of mineworkers.

#### Coal sector

The coal sector is important for the economy of South Africa. The accelerated demand for coal, accompanied by an increase in international coal prices, has invariably changed the buying patterns and structure of the local coal export industry. The emergence of the export market for lower grade coal has presented the government with a challenge in that it has constrained the availability of coal that was historically sold to our utility, Eskom.

In our national energy plan, coal remains an important component of our future energy mix and requirements. It is therefore paramount that we work towards a common objective, in which South Africa Incorporated confronts the challenges facing the coal industry and turn them into net positive opportunities for all.

We have resolved that certain minerals such as coal should be declared strategic national resources, based on the balance of evidence. The coal resources and reserves report has been concluded by the Council for Geosciences and the findings will be released soon.

#### Shale gas

Honourable Members, last year Cabinet approved and accepted the release of a comprehensive report compiled by experts on hydraulic fracturing, which not only confirmed a shale gas resource of 485 trillion cubic feet, but also extensively considered optimal exploitation of the resource that appropriately balances economic interest with both environmental and social development considerations. The report was widely accepted by all interested and affected parties.

Cabinet directed further established an inter-departmental committee to develop regulations to presage further development of the shale gas resource. The committee will release the appropriate regulations during this financial year, which will prescribe a process and methodologies for exploitation of shale gas.

We are engaging legal processes to finalise the establishment of a State Owned Mining Company.

## Platinum and gold sectors

The platinum and gold sectors, which are amongst the largest sectors of our mining industry in terms of employment, investment and revenue generation, are negatively affected by the persistent global economic market environment, which has an adverse bearing on their long term viability.

As such, I have directed my officials to urgently explore all available avenues and develop a rescue plan, which will enable us to find appropriate government-wide measures for appropriate sector-wide responses with particular focus on both supply and demand side interventions in order to position them along a recovery path and a trajectory of long term sustainability through the well-established tripartite structure of Mining Growth, Development, and Employment Task Team (MIGDETT).

Our recently concluded bilateral agreement with Russia during the BRICS Summit in Durban on cooperation in development of Platinum Group Metals is premised on an understanding that parties will make every effort to achieve, among others, sustainable expansion of the PGM market, create value-adding enterprises closer to production and, work towards realising the potential for developing other sectors of the economy.

It is our considered view that this bilateral cooperation will contribute significantly to the creation of a suite of interventions necessary to stabilize the platinum industry. I invite PGM companies to work with my department to leverage relations we have established with the Russian Republic.

#### Honourable Members,

In January this year, Anglo American Platinum announced its intention to restructure its business, following which President Zuma and the chairman of Anglo American plc, Sir Parker, met in Pretoria and agreed on finding sustainable interventions that will enable business continuity and sustainability, whilst preserving employment where possible.

It is our firm belief that working together we have found a sustainable, discerning solution, which we hope the labour movement will consider favourably. This demonstrates and emphasises the importance of taking different stakeholders into confidence and opening to them a long term window which enables them to appreciate the dynamics of inherently cyclical nature of the mining industry.

The chrome value chain participants have led the path to proactively find and explore mechanisms to implement and expand competitive mineral beneficiation. To this extent, the stakeholder task team that I initiated in August 2012 to address the plight of the sector has recommended substantive measures in line with the beneficiation strategy and its implementation.

## Mineral beneficiation

As we have announced on previous occasions we have pioneered a mineral beneficiation strategy as national policy, we have developed a beneficiation strategy implementation plan framework.

The implementation plan further outlines modalities for implementation of the "game-changing" opportunity, which is conceptualised as a "win-win" value proposition for miners, beneficiators and the country at large.

It is important to reaffirm our position that mining right holders are not expected to undertake beneficiation, as it is not their core business, but rather to contribute meaningfully to national development through mechanisms outlined in the plan. The beneficiation implementation plan will be a subject of stakeholder consultation within the next month.

Since the introduction of the Precious Metals Act and Diamond Act, as amended, the benefit of jurisprudence has highlighted significant shortcomings during implementation of both Acts, both of which have experienced reversal of transformation and decline in beneficiation activities related to jewellery manufacturing. It is our intention to review both Acts in order to maximise the beneficiation of precious metals and diamonds, the developmental impact as well as transformation in general in the sub-sector.

We have partnered with the Provincial government of Gauteng to jointly develop, amongst others, the jewellery hub in the city of Johannesburg as well as collaborate with regard to the resuscitation of the steel industries.

I am finalising arrangements for the Jewellery Summit to be held in August this year, in partnership with relevant government institutions as well as mining and jewellery manufacturing associations. One of the critical components of the Summit relates to a program of creating appropriate skills and entrepreneurs in the jewellery manufacturing that will enable South Africa to become the global jewellery hub.

South Africa is not only a founding member State of the Kimberley Process Certification Scheme, aptly inaugurated at the "Tabernacle Church" in Kimberley", but was the first chair of the scheme. This year, the international diamond community has reaffirmed its confidence in South Africa by bestowing the honour of chairing the scheme at its 10th anniversary since its establishment.

The Kimberley Process community has substantially reduced trading in conflict diamonds from approximately 4% of total annual sales value at its inception to well below one percent. The proceeds of conflict diamonds have previously been used to destabilise democratic governments, especially in Africa.

I am pleased to inform the house of our readiness to host important meetings of the KP, starting with intersessional meeting from 3rd to 7th of June to be convened in Kimberley, Northern Cape, and the plenary later in the year. We have coined a felicitous theme for the period of South Africa's chairship of KP that is titled "10 years of stemming the flow of conflict diamonds", which will inform and direct proceedings of the crucial engagements with KP participants.

South Africa appointed Ambassador Welile Nhlapo as chair of the KPCS during its tenure, given his vast multilateral experience and has the assurance of further progressing the global mandate of the KP towards conflict free trading of diamonds.

Mintek is involved in research on nano-technology for medical applications of gold as well as giving effect to the Hydrogen Strategy, in partnership with my department, the Department of Science and Technology and the Department of Trade and Industry. This work is intended to create future demand for both gold and platinum, in keeping with our national objective of achieving 20% global market share of platinum catalysis by 2020.

## Honourable Chairperson,

Our implementation of the rehabilitation of derelict and ownerless mines continues unabated, culminating in the closure of 13 mine sites in the financial year 2012/13. Our science councils in the form of MINTEK and the Council for Geoscience play a critical role as delivery agents for the rehabilitation programme that seeks to mitigate the negative environmental legacy of mining and associated latent hazards to proximal communities.

We have received an additional allocation for this year for the rehabilitation of derelict and ownerless mines to expedite the rehabilitation program. We have accordingly prioritised the rehabilitation of the Osizweni site in partnership with the KwaZulu-Natal Provincial government. Mintek will lead the rehabilitation of the site and has already started with a scoping exercise for the project.

We have sought the services of actuaries to determine the contingent liability of derelict and ownerless mines in South Africa. The findings of the actuarial report give us better insights on the extent of the problem of derelict and ownerless mines and place us in an advantaged position to enhance appropriate interventions to accelerate the rehabilitation of these sites. The report will be released on the departmental website soon.

In conclusion, we have demonstrated both, as the ANC and the government led by this glorious movement of our people, that we are perfectly capable of rising above narrow shortenism and take decisions that are in the best interest of this country and our people.

I am sure, building on what we outlined today, we can indeed work together in partnership and demonstrate respect for basic and decent things like collective bargaining structures. If we succeed we will build on the Freedom Charter and the constitutional promise of handing over a country to the next generation that truly and genuinely belong to all those who live here, black and white.

I respectfully request this committee to support this budget and on our side we will continue to work towards a clean audit going forward.

I thank you!

 $\begin{tabular}{l} Issued by: $\underline{$D$epartment of Mineral Resources} \\ 28 May 2013 \end{tabular}$ 

## 2013/2014 Budget Vote Speech of the Deputy Minister of Mineral Resources of South Africa, Mr Godfrey Oliphant MP: National Assembly

28 May 2013

Honourable Chairperson,
Honourable Minister Shabangu,
Honourable Members of Parliament,
Director-General and senior officials of the Department,
Senior Executives of the state owned enterprises and the private sector,
Trade union leaders,
Religious and traditional leaders,
Ladies and gentlemen,
Comrades and friends

Let me start off by first and foremost wishing the Chairperson of the Portfolio Committee on Mineral Resources, Cde Fred Gona a speedy and full recovery.

I also wish to appreciate the privilege of this opportunity to address this chamber on the occasion of our Budget Vote for 2013/2014. I am particularly mindful of the month of May which is acknowledged for its historical significance like the incarceration of former President Nelson Mandela on Robben Island 50 years ago on 27 May; the formation of the Organisation of African Unity/African Union (OAU/AU) also 50 years ago to name but a few.

But most importantly, May is considered the workers' month. On May Day, the world over, we are reminded that social development assumes meaning only when the economy consciously and actively promotes the wellbeing of the working classes and the poor. Focusing on poverty alleviation and the working class welfare does not necessarily mean neglecting the broader interests within society.

This is particularly pertinent for us in South Africa, and given the prevailing industrial relation disturbances within the economy, and in the mining sector in particular.

The current conditions remind us that despite considerable progress made since the dawn of democracy in 1994, we still have a long way to go to reach a point where the relative earnings within the economy are conducive to rising living standards. It is a fact that mine workers' living conditions have not changed sufficiently, and by all accounts remain below all our expectations since 1994. This is not helpful for productivity enhancement and for stability of operations within the industry.

As such, I firmly believe that it remains our collective responsibility to deal with the remaining issues with haste and composure. It is particularly noteworthy that, ever since the 1920's, the mining sector in South Africa has been the arena for highlighting excessive income disparities and earnings inequalities within our society. Clearly, history has shown beyond any doubt that such structural issues need resolution once and for all – the sooner they are resolved the sooner the mining industry will resume its stability and predictability that is so badly needed for growth and development of the sector.

The mining sector is far too important for our country and for our social welfare to be left saddled with unfinished structural difficulties. Importantly, the resolution of these issues requires multi-stakeholder commitment.

#### Honourable Chairperson,

Let me remind this chamber once more about a resolution taken by this Parliament, seven years ago, on the occasion of the 60th Anniversary of the 1946 Mineworkers Strike. The National Assembly resolved:

- 1) that the living and working conditions of mineworkers be investigated further and be improved
- 2) to support the initiative by the National Union of Mineworkers to build a workers' museum
- 3) that Parliament gives consideration to naming some of its buildings after JB Marks, a leader of the African Mineworkers Union, and other heroes of the struggle.

### Honourable Members,

South Africa is one of the oldest mining jurisdictions in the world, we have over 100 years of mining experience, expertise and knowledge and we are indeed respected for this throughout the world.

To date we are still the richest country in the world with more than 100 years of mining still ahead of us.

So, mining matters in South Africa

On 1 May 2014, Workers' Day, we shall be celebrating the 10th anniversary of the MPRDA. This is a solid piece of legislation that has changed the minerals and mining landscape in South Africa. We wish to thank those who spent sleepless nights developing this revolutionary legislation. For many years, the prophets of doom had claimed that the MPRDA provisions amounted to expropriation of property without compensation.

Today, we must also celebrate our recent victory in the Constitutional Court. For many the so-called mining law experts have claimed the MPRDA was unconstitutional and its provisions amounted to expropriation. These voices have been silenced forever. The Department has won the debate. In a landmark decision, the Constitutional Court said, "... the transitional arrangement ... were so carefully designed to alleviate potential hardship and prevent expropriation." This shows the genius of the public servants who drafted MPRDA. Let those who think that the Public Services only employs those who cannot find jobs in the private sector be silenced. The MPRDA was not drafted by lawyers in private practice, this piece of legislation was drafted by officials who were employed by the then Department of Minerals and Energy. We salute them.

Let me inform this august House what the Constitutional Court said, "The MPRDA constitutes a break through the barriers of exclusivity to equal opportunity and to the commanding heights of wealth generation, economic sector development and power.

It seeks to address the injustices of the past in the economic sector of our country in a more balanced way, the treating of individual property rights with care, fairness and sensitivity the deserve."

If the Constitutional Courts labels the MPRDA as "... a break through the barriers of exclusivity to equal opportunity and the commanding heights of wealth generation ..." let's ensure that our people feel the warmth of this legislation. Our expectation in 2014 is full compliance with the MPRDA and the Transformation Charter.

As we set to deal with the structural issues, we should ever be mindful of the manner in which we resolve the issues and the way in which we communicate the rationale and the outcomes to the broader investment community. It is stating the obvious that our collective national interest is in our own hands. We need to take extreme care that we do not unnecessarily and inadvertently undermine our country's brand and our collective ability to attract investment into this sector and its associated industries.

In addition to matters related to industrial relations, there are other structural issues that also need careful attention and conclusive resolution.

All over the world, the mining industry is synonymous with the destruction of the environment, land disposition and the use of land potentially useable for agriculture and food production. Such dichotomies have to be managed carefully and responsibly via sound and concurrent environment rehabilitation management practices.

Globally, the extractive industries have come under the spotlight. As the honourable members are aware, the G8 leaders are focussing on this sector, not only due to the issues of tax evasion, but also because of the broader factors that have turned the blessings of the natural resources to what is now referred to as "the resource curse," a term subsuming the multi-faceted damage that the mineral endowment imposes on the political stability, societies and communities that are rich in natural resources. How ironic, how very ironic, that the very resources that should and could be used to initiate and accelerate socio-economic development, turn out to be a curse of environmental and socio-political instability.

Surely, this is the time to break with the past and reverse the patterns of historic instability in this sector into a framework for a coherent and integrated developmental process. I would like to believe that our mining sector stakeholders in South Africa are well aware of their joint destiny and have had sufficient historic experience to be able to discharge their patriotic responsibilities towards our country and its people.

The turbulent state of the mining sector calls for urgent and meaningful commitment to our collective patriotic responsibilities with a view to set up our mining sector for success.

As it is well known, our natural resource endowment is considerable, and we have at least another century of mining ahead of us. It is surely incumbent upon us to govern it differently, structure it differently and manage it differently so as to unlock its maximum socio-economic benefits for our nation.

To this end, some basic building blocks of sustainable mining need effective attention. First and foremost it is about weaknesses in occupational health and safety performance in the industry. We cannot underestimate the misery brought to widows and orphans due to the failure to comply with health and safety standards. There is an urgent need to eliminate the fatalities and injuries that have characterised the mining industry for more than a century.

Next in line of priorities is the approach to environmental management, rehabilitation and more broadly the "greenification of mining operations." This broader term pertains to a large number of factors such as energy efficiency, concurrent rehabilitation, prior planning for post-mining activities and the like. What is not acceptable, and indeed highly undesirable, is the neglect shown by many mining houses and companies with respect to the environmental management. In the recent past, we have had high profile cases of acid mine pollution and contamination and the social pain caused be asbestosis. We are still seized with the long outstanding matter between the Kgatelopele Asbestos Community in Kuruman and the Asbestos Relief Trust and hope to find some resolution as soon as possible.

These are indicative of the extent of care that needs to be taken by not only the regulators but also by the industry to avoid further damage to the socio-economic fabric of our society.

## Honourable Chairperson,

Globally, it has also become clear that in all areas of economic activity, legislation and legislative pressures have their limitations. We have seen such limitations in the financial sector with colossal social consequences.

The mining sector is no exception. Whilst appropriate legislation and adequate administrative capacity are important requirements, the role of compliance with the spirit of the legislation, alignment with the broader national ideals, cannot be under-estimated. It is in this regard that we have reached a critical juncture in our mining sector, and I submit we have all that it takes to hammer out a sustainable growth path going forward.

What is moreover exciting and encouraging is that despite all the unfavourable developments and the negative publicity around the challenges facing our mining sector, there is a great deal of good will and investor appetite for investment in our industry. The reality is that if we see beyond the current cyclical downturn, the medium to long term demand for our mineral resources remain solid. Furthermore, there are many and major mining projects that are ready for implementation.

In our interactions with global and domestic mining houses, it is obvious that those who are long term investors are committed to work with us and see beyond our short term challenges.

Based on my recent interactions with the mining investment community in Canada, Australia and South Africa, I am convinced that we have major projects that are "shovel-ready" in commodities such as manganese, zinc and platinum to name but a few. Moreover, there is a growing realisation and willingness amongst the investor community for cross-border collaboration within our SADC region with a view to creating economies of scale and find practical means of overcoming logistical bottlenecks. Opportunities for value addition are enormous and plans are already in place to start serious pilots in the near future.

Ironically, if we entertain a collaborative framework, much of what we now face as logistical bottlenecks can be turned into investment opportunities. We need to acknowledge that the cost-base of our mining operations has risen sharply and in the prevailing globally competitive environment, our ability to remain a desired investment destination hinges on our creativity to manage costs and do so in a timely manner. Both cost containment and timely interventions are critical.

#### Honourable Chairperson,

As we reflect on the challenges and opportunities within our mining sector, we cannot be blind to the vast opportunities that our region offers. Possibly, for the first time in our history, our economy and that of our neighbours have a real chance of sustainable integration and industrialization. To this end, the mining sector offers critical and exciting opportunities.

Getting the mining sector policy and operations right is not an academic goal or a theoretical nicety for us and our region. Rather it is a matter of "development" or "no development" for many of our regions, communities and our neighbouring countries.

It is therefore our collective obligation to ensure that this considerable wealth is utilized to generate socioeconomic benefits and integrated development for our nation. To do this, we need to draw lessons form our past century of mining, to avoid the undesirable consequences, and to ensure a mining industry that is socially progressive, environmentally sustainable and economically competitive.

## Honourable Chairperson,

Whilst I am concerned about the challenges prevailing in our mining sector, I am nonetheless convinced that in our typical South African way we will resolve our issues and carve a new path of our national prosperity. I am excited about the prospects of our mining industry and I look forward to serving the process of unlocking its potential.

I thank you.

Issued by: <u>Department of Mineral Resources</u>

28 May 2013

# Vote 33: Rural Development

## Speech by the Minister of Rural Development and Land Reform, Gugile E Nkwinto, MP, during the tabling of the 2013/14 Budget Vote in National Assembly

31 May 2013

'Building vibrant, equitable, and sustainable rural communities'

Honourable Speaker
Honourable Deputy-Speaker
His Excellency the President of the Republic
His Excellency the Deputy-President of the Republic
Honourable Ministers and Deputy-Ministers
Honourable Members Traditional Leaders
Ladies and gentlemen.

Mr Speaker,

I would also like to acknowledge, and welcome the special guests who honour us with their presence in the gallery today: emerging and commercial farmers; community representatives from our CRDP sites; NARYSEC youth; rural woman and youth crafters, and members of our Reference Groups.

## 1. Introduction / Background:

Mr. Speaker, inspired by the Freedom Charter and the Reconstruction and Development Programme, the 52nd National Conference of the ANC in 2007, decided that rural development and land reform should rank amongst the top 5 national priorities. It recognised that the 1913 Natives Land Act had left lasting scars on rural communities; a painful legacy that as part of addressing the national question – must be reversed.

Consequently, the post-2009 Election Administration, led by his Excellency, President Zuma, established the Department of Rural Development and Land Reform. Weeks later, the new Department unveiled its agrarian transformation strategy, supported by the Comprehensive Rural Development Programme – the CRDP.

Mr Speaker, I am pleased to report that the CRDP is gaining momentum and effectiveness; it is becoming a way of life. The CRDP is working.

The CRDP rolls out in three phases, which run both sequentially and simultaneously: Phase 1 is "meeting basic human needs", including food security; Phase 2 focuses on rural enterprise development; and, Phase 3 focuses on rural industries supported by localised markets, credit facilities and infrastructure. The question we ultimately had to answer, after several pilots across the country, was 'what worked, and what didn't?' Put differently, what were the success factors where things worked out; and, what factors contributed to failure where things didn't work out?

## 2. Reflection on the government's investment on the CRDP:

#### 2.1 Rural Development

Honourable Members, after 4 years of hard work and an investment of almost R2.2 billion, all indications are that a winning formula is evolving; this in terms of the Comprehensive Rural Development Programme.

Mr Speaker, in Limpopo we have invested in infrastructure, in the form of housing, pack sheds, boreholes, and support to cooperatives. In Masia we are investing in a multi-purpose facility, including ICT, an administration block, cultural and sports facilities, in terms of an amphitheatre and library this in conjunction with the Department of Arts and Culture. The upgrading of sports facilities, this in conjunction with the Department of Sport. In Muyexe, we have constructed housing, and other infrastructure; 50 youth have been trained in road construction and will soon undertake road paving projects in Go'no'no, Dingamanze and Tomo. Plans for an amphitheatre in Tomo are complete, and construction will be undertaken soon.

In the Eastern Cape, we will soon hand over a 141m long bridge over the Mbhashe river, which is dedicated to the world's greatest bridge-builder, The Nkosi Dalibhunga Mandela Legacy Bridge. This bridge leads to Nelson Mandela's birthplace, Mvezo. Construction has been completed, together with a 10 kilometre block-paved road which links it with the N2. I believe even our great former President himself would be pleased. As a direct result of this project, youth in the two villages of Mvezo and Ludondolo have been trained in manufacturing bricks, and paving. They will now pave the inter and intra-village roads, thereby improving roads and communities' access to

services such as economic hubs, clinics and schools.

ICT facilities are being rolled-out to schools; for example, the Cofimvaba e-Textbook programme which involves the rollout of the required IT backbone infrastructure to a 26 school education circuit, and the provision of a tablet device to every pupil and teacher involved. This is done in partnership with the Department of Science and Technology.

The department has novel systems to address the challenge of water in rural areas. One of these is the water purification plant at Empindweni Village in Mhlontlo Local Municipality in the OR Tambo District, which uses 'Unfiltration' technology to purify river water. This Plant purifies 50 000L of water per day. The Department has invested R347 million in acquiring 6 000 hectares of land in Cradock, for sugar beet production. This is part of the bio fuels plant National Demonstration Plant soon to be built in the town.

Mr Speaker, in the Western Cape we have invested in infrastructure in Witzenburg, with the building of a walkway that not only improved the aesthetics, but also safety in the area. This project was undertaken by youth from the town. In Dysseldorp, we have constructed a crèche and improved infrastructure, including ICT at schools, thereby making learning easier and fun; community members have been trained in road maintenance and school garden projects. The Old age home has been refurbished using local labour, emergency housing, using sandbag technology.

In Gauteng, we have constructed solar lighting and high mast lights for 200 households in Devon, one of the CRDP sites. This contributes to efficiency and community safety. Bulk infrastructure plans are being rolled out in Mamello in support of sustainable human settlements. Schools have been renovated, and roads paved in and around the community facilities.

Mr Speaker, in the Northern-Cape, we laid a 37km water pipeline, which feeds water from the Orange River to the community of Riemvasmaak. This is the first time that the entire community received piped water, making daily access to water

possible. Agricultural activities have increased, and production has led, not only to a boost in food security for the community, but more importantly, but to a much needed boost to the local economy. Schools have been renovated, and a clinic built, and access roads tarred, this in support of a community once cut-off from services. A stadium and sport facilities have been constructed, enabling youth to participate in a range of sporting activities.

Mr Speaker, in KwaZulu-Natal, conservation agriculture technology has been introduced in Msinga Top with the support of the Agricultural Research Council. Implements like the 4-row ripper planter, boom sprayers, and other devices have been supplied to 19 cooperatives in 44 villages. Infrastructure is being rolled out in other Msinga areas with the construction of water reservoirs and the roll-out of electricity to more than 700 households, as well as the upgrading of a water canal for the revival of the Tugela Ferry Irrigation Scheme. Msinga recently hosted the countries first indigenous goat auction, generating an income of more than R500 000 for the community, through the sale of 575 goats.

In Sikame, Ward 7 in Vryheid, 904 houses have been built, creating a new sustainable human settlement - a far cry from the mud houses they once occupied. This was a joint effort between the Province and ourselves. In Uthungulu 1 550 households are gaining access to sanitation. Wards 5, 6 and 7 in Vryheid have benefited in terms of the installation of VIP toilets, renovation of schools, and the construction of houses in the area. In Mansomini, working with SA Sugar Association, we have facilitated agricultural production of sugarcane and other crops, thus contributing to growth in the local economy. Mansomini has become one of our flagship CRDP projects. So successful is this enterprise it has influenced ENGEN to re-open a filling station, which had been closed for a long time. Small traders have re-opened shops.

Mr Speaker, in the Free State, the first semi-green village has been constructed, using modern technologies in the form of solar lighting and solar geysers. Sports facilities have been constructed to encourage youth to participate in sport. A dairy parlour, equipped with new milking machines, pasteurisers and milk handling facilities has been constructed; cattle have been purchased to supply the dairy with milk, and an off-take agreement concluded with Nestle. The community also planted and recently harvested their first crop of wheat, which generated substantial income at both community and household level. The community has now leased 400 of their 2000 hectares of land, at a rate of R400 per hectare per annum. This is a novel enterprise development initiative.

The Provincial government has also built boarding facilities for the local school. 68 farms in the Free State have been recapitalised and are flourishing, serving as flagship projects in this regard; some are already moving into the red-meat value-chain. The Mokhachane family is soon going to open its own butchery in Virginia.

Mr Speaker, in the North-West Province, schools have been upgraded, solar and high mast lighting erected; and bulk water infrastructure construction is being planned. The Dabulamanzi farm, on the boundary of the North-West and Free State provinces, is yet another successful recapitalized farm, employing 300 persons and is about to enter the agricultural value-chain.

Mr Speaker, in Mpumalanga, an Early Childhood Development Centre and housing were constructed, solar lighting, water and sanitation infrastructure installed. Low-water bridges and roads are being constructed in Mayflower and Donkerhoek, facilitating better access to facilities by communities. In Donkerhoek, a new school with boarding facilities has been built, and housing renovated, projects undertaken jointly with the Province. Further demonstrating that, working together everything is possible.

## Youth Development:

The National Rural Youth Service Corps – NARYSEC - is our response to the Polokwane Conference's directive on job and skills creation amongst the youth. There are currently some 13000 participants in the NARYSEC programme at various stages of their training as development agents. We have also partnered with the Agricultural Research Council to train 900 agri-paraprofessionals in smallholder livestock and dairy production, and 750 more in vegetable gardening and soil sampling. The Department has to date invested over R631 million in programmes to train and deploy rural youth. In all of this I must acknowledge our strong partnership with National Treasury, with the Department of Defence and Military Veterans, and over 40 FET Colleges under the Department of Higher Education and Training. A further 400 youth have received practical training in construction by Murray and Roberts. This is part of the collaboration with the private sector. Youth have also participated in construction projects in Worcester (housing construction), Beaufort-West (constructing a youth hub), and Limpopo (brick making and paving).

## **Rural Arts and Crafts**

Mr Speaker, South Africa is blessed with a diversity of cultures, and is rich with artistic expression of these, which serve to express who we are. The Department, through its support and investment of R3.5 million in rural arts and craft for skills, jobs and cultural ware, has facilitated the training of 990 woman and youth across the country in various forms of arts, crafts, and curios, ranging from bead work to sewing, amongst others. Their wares have, with the support of the Department of Woman, Children and Persons with Disabilities, been displayed at the United Nations, and India; and, during September this year, a cultural, arts and crafts exchange will be facilitated with Venezuela.

This investment in arts, crafts, and culture, has provided our rural artists and crafters with both domestic and international markets, infrastructure and technical support.

Challenges for rural development:

- The Construction SETA discredited a number of FET colleges, resulting in only 38 being accredited. This has created a challenge in that it frustrates efforts leading to youth receiving accredited training; and,
- An integrated approach to service delivery, both at government and community level, is core to the success of the CRDP. Experience thus far indicates that this is not always possible. However, an improvement is being witnessed, this as the CRDP Management System is being institutionalised in both our Department and some Provinces.

## 2.2 Land Reform:

Mr Speaker, Land reform entails the following: redistribution, restitution, development and tenure reform.

The strategic objective of land reform is that:

- All land reform farms should be 100 % productive by the year 2015/16; and,
- To rekindle the class of black commercial farmers which was destroyed by the Natives Land Act of 1913.

Mr. Speaker, since the inception of the Restitution programme in 1995, 79 696 claims were lodged, 77 334 have been settled of which 59 758 were finalised. Land acquired by the state amounts to 4 000 land parcels, or 1, 443 million hectares. 137 000 beneficiaries are female headed households, and 672 are persons with disability. A total of R16 billion has been spent on the programme thus far, in settling 77 148 claims. R10 billion has been spent in

land acquisition, and R6 billion for 71 292 financial compensation claims which would have acquired 1.9 million hectares, had we bought land.

This is a reflection of enduring poverty, unemployment, and income poverty in the historically disadvantage community.

Between 1994 and the end of March this year, 4860 farms have been transferred to black people and communities, through the Redistribution Programme - more than 4 million hectares. Almost a quarter of a million people have benefitted through land reform, of this over 50 000 women, 32000 youth, and 674 persons with disability benefitted.

Mr Speaker, in terms of the development aspect of land reform, 1269 farms were recapitalised between the third quarter of 2009 and March 2013. Over 7 400 jobs were created. The total investment by the State, since the inception of the RECAP program is R2.14 billion. The investment supported emerging farmers with infrastructure, and strategic technical support. Historically distressed farms became sustainable and productive. With the support of commercial and strategic partners, emerging farmers are achieving access to good markets, and integrating their produce in the value chain. As at December 2012 the nett income from these recapped farms was R126 million.

Challenges for land reform:

Mr Speaker,

On May 24th I met with emerging farmers and strategic partners, who are part of the Recapitalisation and Development Programme. A number of challenges were identified, including the difficulty posed by the requirement for farmers, even in remote areas, to submit 3 quotations for goods, services or repairs. In many cases this is impractical and we intend negotiating a more flexible regime with National Treasury. The meeting agreed that there are many positives emanating from the programme, and that it has made a positive change in peoples' lives, with fledgling enterprises now becoming fully operational and contributing to the agricultural sector, and the economy. Some of those who have made a success of this programme, are seated in the gallery today.

The programme is a good one, but requires an improved management, to deepen its success.

### 3. Institutional reforms and transformation in advancing the CRDP:

Mr Speaker, the Department has, in terms of institutional reforms and transformation in advancing the CRDP, undertaken an exercise of institutional, policy and legislative reforms, and I am pleased to report on progress in this regard.

Important enabling legislation is being processed, some to establish new institutions in support of rural development and land reform - others to sharpen the mechanisms used to give effect to our mandate.

The Spatial Planning and Land Use Management Bill; the Geomatics Profession Bill, the Deeds Registration Amendment Bill and the Sectional Titles Amendment Bill are currently before Parliament.

Cabinet recently approved the Restitution of Land Rights Amendment Bill, and the Property Valuation Bill (which establishes the Office of the Valuer-General), for public comment.

The Land Management Commission Bill; the Communal Property Associations Bill, and the Extension of Security of Tenure Amendment Bill and the Communal Land Tenure Bill are being finalised and will enter the Cabinet and Parliamentary systems during June.

## 4. Investment during the current MTSF: Rural development:

In order increase food production in the country, the Department will invest approximately R240 million to revitalise irrigation schemes on 5000 hectares of land in Valhaarts, Taung; and 5 schemes in uMkhanyakude, Uthungulu, Mzinyathi and Zululand districts in KwaZulu-natal; 3 schemes in the Eastern Cape including the Keiskama and Ncora irrigation schemes.

The Department will also be investing approximately R220m to improve Animal and Veldt Management across the

country. This initiative will also contribute to improved environmental management.

Approximately R70 million will be invested in roads and bridges across the country, including bridges in Pniel, and in Wuperthal, Western Cape, as well as a bridge and road in Diyatalawa, Free State.

In the Agricultural value-chain, investments of R60 million in poultry, R32m in dairy, R100 million in the fruit and vegetable industry, and R300 million in grains, will be made.

#### Land reform:

R2.7 billion will be invested, this in recapitalising 552 farms, and acquiring 170 000 hectares. The Commission will invest approximately R3bn, in settling 438 claims across the country.

#### Spatial Planning and Land Use Management:

R31 million will be invested in preparation for the implementation of the Spatial Planning and Use Management Bill, once enacted.

R68 million will be invested in the formulation of Spatial Plans in municipalities, which will focus on rural and poor municipalities, as well as the drafting of the National Spatial Framework which is a requirement of the NDP. R25.2 illionm in formulating the Integrated Information Systems, which informs our planning decision making.

#### eCadastre:

An amount of R448 million will be invested in the development of the e-Cadastre system, which will enable a holistic view of land ownership, and to answer the question of who owns South Africa.

## 5. The struggle to reverse the legacy of colonialism and apartheid continues:

Mr. Speaker, much of the work of the Department aims to reverse the negative legacy of colonialism and apartheid. There is, I believe, national consensus that the country must move on in order to promote real growth and anchor that growth in sustainability, which is why I am confident that the next phases of our programme will receive widespread backing.

There were numerous disastrous socio-economic consequences of the 1913 Natives' Land Act, not least the destruction of a fledging class of African farmers; the destruction of the environment; and the deliberate impoverishment of black people. This is the legacy we must reverse.

Mr. Speaker, the President, during his State of the Nation Address, announced the re-opening of the lodgement of land claims, for those who did not claim during the first window of opportunity. There are two aspects to this announcement, the first being the reopening of the lodgement process itself; and the second, the creation of exceptions to the cut-off date for claims relating to the 1913 Natives Land Act, specifically for heritage sites, historic landmarks and opportunities for the descendants of the Khoi and San to claim.

In terms of the 1998 cut-off date, I am pleased to announce that Cabinet has approved the Restitution Amendment Bill for public comment. The gazette is available at all our offices, and on the Web site. As for the 1913 cut-off date for the descendants of the Khoi and San; and the heritage sites and historic landmarks, we have instituted consultative workshops, and work is underway to codify these exceptions.

Ladies and gentlemen, during this latest lodgement opportunity, people will be assisted with a Citizens Manual for Land Claims. This will be available in all official languages. We are resolved to compiling an accurate oral history during this process. Too often in the past our histories have been recorded by the oppressor or uninvolved witnesses. Now we intend to collect information directly from those descended from people who experienced at first hand the effects of the 1913 Natives Land Act. NARYSEC youth will actively participate in this project. Mr Speaker, there is a tendency amongst casual observers to express impatience at the rate of progress on rural development and land reform. Be patient. 360 years of injustice cannot be put completely to rights in a mere 19 years of democracy. The damage is too deep. But we are doing the right thing – it is a work in progress and it is working.

We witness daily the development of infrastructure to reach and help the people in need; we are working hand in hand with more and more communities to enable them to take maximum advantage of that infrastructure and use it as an agent for changing their own lives and futures. We have a plan in place and it is a plan that is working.

To achieve our goals we have the cooperation of other departments, business, and civil society at all levels. They

are working with us. So too are the President and the Deputy President, and I thank them for their wisdom, their guidance and support.

Next month, on June 19th, Mr. Speaker, ladies and gentlemen, it will be precisely 100 years since the introduction of the act which, more than any other, undermined the progress of this nation – the 1913 Natives Land Act. We intend to call, that day, for a widening and determined national effort to put that act and its implications behind us – to spread out our hands and grasp one another in a common bond by which we promise to move forward in harmony and unity, and pledge that never again will this country's good name be soiled by such ruinous legislation. On that day, on June 19th, I urge the members of this house, and the citizens of this country, to make that pledge also.

Mr Speaker, on the 20th of June we are exhibiting a 'Walking Tour' of a special reflective moment, which has been mounted with cooperation from several sister departments, non-governmental organisations and personalities, which traces the history of our country and its people, and pays homage to those who suffered in order to give us what we now enjoy. We humbly invite the Honourable Members of this House, including Ministers and Deputy-Ministers, as well as political parties represented in this House, to this exhibition, which will be held on the 20th and 12th at the International Convention. You may wish to sign the pledge on that occasion.

#### 6. Conclusion:

Mr Speaker, Vision 2030 as set out in the National Development Plan, is the objective that will close the gap between the urban and rural segment of the economy; in pursuit of this vision, the following outputs were set:

- Improved land administration and spatial planning for integrated development,
- Improved and sustainable agrarian reform for security;
- Increased access to quality infrastructure and services;
- Sustainable rural enterprises and industries characterised by strong rural-urban linkages, access to local markets and financial services;
- Increase in employment opportunities (jobs) created in rural areas;
- Increase in employment rate in rural areas;
- Improved integration and coordination as a result of implementation of synchronised rural development strategies.

These are fully in line with the CRDP.

Mr Speaker, I hereby table this Budget Policy Speech for consideration by this House.

I thank you!

Issued by: <u>Department of Rural Development and Land Reform</u> 31 May 2013

## Rural Development and Land Reform Budget Vote 2013 Speech by the Deputy Minister of Rural Development and Land Reform, Mr Lechesa Tsenoli

31 May 2013

Greetings and respect to you Speaker, Deputy President, Honourable Members, ladies and gentlemen who are our guests in the gallery and comrades including those at home and abroad listening to this debate. You too denizens on cyberspace following our debate!

We intend to argue that we support this budget vote not only for the immediate things it undertakes to deal with, but for very crucial historical, political and economic reasons it addresses.

The central challenges of Rural Development and Land Reform are over a century old and constitute part of what defines the stubborn, persisting problematic structure of the South African economy.

It is a tragic irony that mining remains today the head ache it was over a century ago instead the opportunity it actually is and can be. Experts tell us it was the mineral and energy captains of industry who influenced the then Smuts government to introduce the 1913 Natives' Land Act and subsequent other bad laws for indigenous people.

This law led to the destruction of the then emerging successful farming and other agricultural livelihood activities forcing Africans to work in the mines. In the then Free State it was even illegal for women whatever their status not to work as domestic workers. So people's land and animals were simply taken by force and their independent livelihood destroyed creating the national grievance that informed struggles then and now!!!

So miners were drawn from rural areas in our country and from our neighbours in Lesotho, Botswana, Swaziland and Mozambique. Some of their traditional leaders became recruitment agents and leaders in mining compounds were they lived in single sex hostels. This rural urban dynamic driven by the interests of capital continues without regard to the living conditions of miners today.

The problematic property relations regime as it existed in 1994 when freedom dawned is at the heart of what needs to change and reference has already been made by the minister and other ANC speakers on progress underway. Our government has since listened to calls made at the Land Summit in 2005 and at the Polokwane conference to create a department of Rural Development and to reopen land claims. This is the ANC government has listened and is doing!

Changes in land ownership, land use and land control are a necessary obligation we have to fulfil the transformation our country economically, socially and environmentally. The knowledge that we now have in the land audit creates an even better environment for us to move swiftly to expand redistribution of land to many who are ready to use it, finalise and speed up claims on land for restitution.

Our careful, deliberate learning from the past and from others is influencing us to speed up, improve our timing, coordinate our support and responsiveness to beneficiaries of land reform and restitution including for people in communal areas. This area is work in progress. We are building relationships with a variety of knowledgeable people in universities, NGO's and improving our intergovernmental collaboration where provincial and municipal government is playing a crucial supportive role

The Spatial Planning and Land Use Management Bill now going thru hearings in the NCOP is an excellent opportunity to compliment other progressive laws to reverse apartheid spatial fragmentation, to rehabilitate destroyed fertility of the soils, and preserve our environmental resources. This bill when law will play crucial role driving the spatial agenda of development in both rural and urban areas.

Dr Makgalemele who heads spatial planning and information services in our department was correct when she observed that some of the problems in the urban areas are also because of what we are not doing or doing in the rural areas. This dynamic is an important one to be the foundation for the emerging discussion on the Integrated Urban Development Framework

Ironically although it is true that the urban, metropolitan dynamic produces economic dynamism attractive to many, it is equally true that it also creates in humane conditions that drives people back and forth to the rural areas. It is rural neglect that must not be allowed to be the additional driver of migration. The current roughly 40

percent who live in rural areas are as deserving as their urban counterpart of services others takes for granted - relatively. Now and not in some trickle down future!

Providing urban services to the rural areas - PURA - which one of India's former prime ministers writes about is as valid there as it is here in Mzanzi. Providing these services for a cluster of villages or farms is increasingly necessary to fulfill the socio-economic rights of the rural population. Support for small towns is and the work we do to provide legal services to farm workers, including land, to protect these rights needs to be handled as a package of such services!

A call for support to all farmers is certainly legitimate especially because of the work our attaches in our embassies abroad are doing to promote our products. This work is as crucial as the work we must do to ensure the environment in which these products are produced are humane and are of acceptable standard. Any continuing substandard or blatant exploitation soon rich consumers elsewhere who promptly take action to target such places. The reputation disaster that often follows should be enough reason to change!

Mr Speaker - it is appropriate at this stage to report that we are visiting each of the 23 districts identified for their high levels of poverty in two ways: first interdepartmental teams of officials visit these districts discuss the critical infrastructure needs which when provided will unleash further development, secondly we lead politically our own departmental teams to present a composite picture of the work of the department to mayors and Councillors, to traditional leaders and to relevant committees of the legislature.

The results of these exchanges provide us with crucial feedback, and enable our key stakeholders with important clarity of our intentions and challenges. This work is in addition to highly public consultative, inclusive forums where we debate policy,

Issued by: <u>Department of Rural Development and Land Reform</u> 31 May 2013

# Vote 34: Science and Technology

### Address by Minister Derek Hanekom on the occasion of the Science and Technology Budget Vote Debate

16 May 2013

Honourable members, Ladies and gentlemen.

Science and technology are rarely the first things one thinks of when one talks about our major challenges as a nation, and few people fully appreciate the toil and investment that goes into the generation of knowledge, discovery and inventions.

The National Development Plan (NDP), however, identifies the important role of science, technology and innovation in achieving our country's longer term vision.

Honourable Members, as many of you will recall, Minister Naledi Pandor appointed a high-level committee to conduct a comprehensive review of South Africa's National System of Innovation. The committee's report, which was released last year, makes a number of useful recommendations, including that the Department of Science and Technology (DST) should strengthen its links with the private sector.

I am pleased to report we are making good progress in implementing a number of these recommendations:

- The department has secured R500 million over the next three years from the Economic Competitiveness Fund to strengthen innovation and research partnerships with industry.
- An international expert committee has been appointed to develop a framework for a national integrated cyber-infrastructure system.
- An important step in enhancing coordination between government and the private sector is the first multistakeholder science, technology and innovation summit that we are convening in July this year.
- And, also arising out of the Committee's recommendations, I appointed a panel to conduct a review of the Technology Innovation Agency (TIA) earlier this year. The panel has completed its work and their report was presented to the newly appointed TIA board yesterday.

## Overview of the Science and Technology budget vote

Honourable members, the total appropriation to the Department of Science and Technology for 2013/14 is R6,2 billion. Almost all of this (about 92%) goes to our science councils and agencies, and to other research institutions, including universities – which the department supports in various ways.

The reason for this is simple: our main mandate is to fund and direct research and human capital development in a strategic and coordinated manner. The Department of Science and Technology has four main programmes. These programmes represent distinct but complementary ways of promoting our National System of Innovation, and harnessing science and technology to benefit all South Africans.

## Research, Development and Innovation

The Research, Development and Innovation programme, Honourable Members, is at the heart of our efforts to drive innovation in scientifically strategic areas. This programme focuses on space science, biotechnology and health innovation, and energy.

The announcement made a year ago that our country, together with eight other African partner countries, is to host the greatest portion of the Square Kilometre Array radio telescope, was a massive acknowledgement of the capabilities of our scientists and engineers, and the advances our country has made in science and technology. The SKA will be one of the biggest scientific projects the world has ever undertaken.

This year marks the start of the detailed design and pre-construction phase of the SKA project. The construction of the 64-dish MeerKAT has commenced, and will be completed by 2016. On its own, the MeerKAT will be the largest radio telescope in the Southern Hemisphere.

When its 3 000 dishes have been completed, the SKA will be the largest and most sensitive radio telescope in the world by far. We have been given almost R2 billion for the SKA project over the MTEF period and, since this is a global project, this investment will leverage significant international resources.

World-class science is already emanating from our KAT-7 precursor instrument. Local and international astronomers have used the instrument to observe repeating radio outbursts from a neutron star system known as Circinus X-1. Their results have just been accepted this week for publication in a prestigious journal of the Royal Astronomy Society.

A global media release on this ground-breaking science coming out of South Africa has just been issued. Maybe there is life out there, Honourable Members, somewhere on another planet. We just don't know. But what we do know is that the SKA will be able to pick up even the faintest of extraterrestrial signals, and cast light on some of the mysteries of the universe.

It came as no surprise to us, Honourable Members, when the Director of the South African SKA Office, Dr Bernie Fanaroff, was awarded the Order of Mapungubwe for his excellent contributions to astronomy and for putting South Africa on the map with the SKA Project. He is with us today, in the gallery.

Through the South African National Space Agency, we are further developing the country's capacity to design, build, maintain and possibly even launch satellites. As part of the four-country African Resource Management Constellation, South Africa has begun work on the ZA-ARMC1 satellite. R272 million has been set aside this year. This satellite will greatly enhance Africa's ability to monitor and manage its precious natural resources.

The process to transfer the capabilities and intellectual property of Sunspace into a continued satellite programme is being pursued through the services of a Business Rescue Plan. Turning to the work we are doing in energy, Honourable Members, there are some exciting developments to report on.

Hydrogen South Africa Centres of Competence include the Catalysis Centre at the University of Cape Town, the Infrastructure Centre at University of North West and the Systems Centre of Competence at the University of the Western Cape.

I am happy to report that a memorandum of understanding on the joint development of hydrogen and fuel cell vehicle platforms and technologies has been signed between the University of the Western Cape, Coventry University in the UK, and Microcab Industries Ltd. The MoU will see Microcab using HySA technologies with the prospect of HySA becoming a major supplier to Microcab.

Honourable Members, it is worth noting that just a 1% global penetration of fuel-cell-powered vehicles could increase platinum demand by 25%, and our nation holds almost three-quarters of the world's known resources of this metal.

There are also huge opportunities in solar energy in our country. The DST, working closely with the Department of Energy and the International Energy Agency, will finalise the Solar Energy Technology Road Map this year. The value of both solar and wind energy still needs to be unlocked, though, through more efficient and affordable energy-storage technologies.

Our main focus at this stage is on battery technologies. Some of the novel battery systems we are developing are based on manganese and, given that South Africa has 80% of the world's manganese reserves, this represents another significant beneficiation opportunity.

By 2015 more than 2,5 million HIV-infected South Africans will need antiretroviral treatment, and it is therefore essential that we have a secure and affordable supply of antiretrovirals.

Cabinet has given the go-ahead for the Ketlaphela consortium, which was established as a joint venture between the Industrial Development Corporation and Pelchem. The consortium will initiate an open process to secure a technical and investment partner for the construction and operation of a facility for the local manufacture of active pharmaceutical ingredients for antiretrovirals, as well as formulated tablets for government's ARV treatment programme.

We will soon issue a request for information to start the process of finding such a partner.

Honourable Members, local researchers and scientists in the area of health innovation are increasingly receiving recognition for their contributions, especially in respect of TB and HIV/Aids-related research.

Two outstanding scientists received the Order of Mapungubwe at the National Orders ceremony last month: Prof.

Glenda Gray for her life-saving research into mother-to-child transmission of HIV, and Prof. Quarraisha Karim for her work in the field of HIV, Aids and tuberculosis research.

Last month the University of Cape Town's Prof. Valerie Mizrahi won the Grand Prix Christophe Mérieux prize for her tuberculosis research. We will hear more about Prof. Mizrahi's research this evening when she makes a presentation during dinner.

Honourable Members, I am pleased to report that our Bioeconomy Strategy has been finalised and will be presented to Cabinet for approval. We have built capacity and infrastructure, and have developed value chains in the application of biotechnology to a range of areas - new diagnostics, vaccines and therapeutics, improved crops and livestock, and cleaner and more efficient industries.

The Strategy will assist us in creating a world-class biotechnology-based system of innovation. Over the Medium Term Expenditure Framework (MTEF) period more than R400 million has been budgeted for the implementation of the Strategy.

Towards the end of last year, the Technology Innovation Agency, in partnership with the Agricultural Research Council, the NRF, the University of Pretoria, Onderstepoort Biological Products and the CSIR, launched the Tshwane Animal Health Cluster. The initiative aims to create an environment that enables the local animal health industry to develop and commercialise safe, effective and affordable animal health products and services for the benefit of our local livestock industry.

The Animal Health Cluster is currently funding a portfolio of 29 investments in various animal diseases.

## **International Cooperation and Resources**

Honourable Members, our International Cooperation and Resources programme has been allocated R148 million for the year ahead. The primary purpose of this programme is to promote the exchange of knowledge, capacity and resources with foreign partners. The DST has formal bilateral and multilateral arrangements with 62 different partners, encompassing country-to-country agreements as well as science and technology agreements with international multilateral bodies.

To mention just a few highlights, last year, in partnership with the European Union we co-hosted a planning conference for the European and Developing Countries Clinical Trials Partnership. The conference set the tone for a new, larger phase of clinical trials to begin in 2014. This, we believe, will also help channel resources from partners to build human capacity and health research infrastructure in Africa.

Early last year, the German-South African Year of Science was launched to celebrate 16 years of successful cooperation between our two countries. Forty-one new collaborative initiatives were funded during the Year of Science, including a schools essay competition. Three of the winners announced at the closing ceremony in Berlin last month are with us today.

They are Thandeka Nzimande from Litsibogo Girls High in Gauteng, Zandile Mashabane from Mahusha Agricultural High School in Mpumalanga, and Mukundi Mushiana from Mbilwi Secondary School in Limpopo.

Honourable Members, our successful partnership with the government of Finland continues to strengthen our innovation capacity. One of the partnership's success stories is RLabs, a community project established in 2008 by Marlon Parker, whose dream was to find a way of using information and communication technology to bring hope to young people.

Through the DST's initial investment, RLabs established an academy and outreach programmes that have reached thousands of youngsters in the Western Cape, Eastern Cape and Gauteng, providing free training in web literacy, social innovation and entrepreneurship.

More than 1 500 community members will receive training at the RLabs Academy. Marlon is with us today in the gallery. I am sure he will be available to tell you more about this project after the debate.

The International Resources and Cooperation programme also provides support to the Africa Institute of South Africa (AISA). AISA has generated valuable information and knowledge about Africa on key areas of development, such as governance and security, sustainable development, and science, technology and innovation.

Draft legislation providing for the incorporation of AISA into the Human Sciences Research Council (HSRC) is currently with the Portfolio Committee. I met the AISA Council members last week to discuss some of the key considerations that need to be applied in the process of incorporation AISA into the HSRC, and I was able to express my appreciation to the Council for the work they have done.

### **Human Capital and Knowledge Systems**

Honourable Members, science and technology is advanced by people by our scientists, our technicians, our engineers and our computer programmers. But do we have enough scientists? And do they have the resources to do their jobs to the best of their ability?

That is what the Human Capital and Knowledge Systems programme is about, and it is by far the largest of our programmes, accounting for about R2,5 billion of our budget. The success of our efforts to develop science, engineering and technology human resources depends largely on having sufficient numbers of school leavers with passes in mathematics and science.

This means that we have to encourage more learners to choose mathematics and science when they enter grade 10, and then attract the best performers to science-based careers. Our 34 science centres play a critical role in popularising maths and science. They depend on the generous support of the private sector.

In the past two months, we have launched two science centres; the Cape Town Science Centre (which was supported by a number of organisations) and the Nelson Mandela Bay Science and Technology Centre, which was sponsored by Volkswagen South Africa. We are pleased to announce today that BMW SA is generously donating educational cars to five science centres across the country. Tomorrow, the Cape Town Science Centre will be the first to receive one of these cars.

Allow me to express my appreciation to the Head of Communications and Public Affairs for BMW SA, Mr Guy Kilfoil, who is also with us today. The South African Young Academy of Science (SAYAS) was established in 2011 with the aim of encouraging learners to take science as a subject. SAYAS hosted the Global Young Academy General Assembly in May last year, which brought young scientists from more than 50 countries together to deliberate on sustainability.

We have a number of instruments that are designed to strengthen research capacity at our universities, including the research chairs and centres of excellence programmes, both managed by the National Research Foundation.

The South African Research Chairs Initiative is steadily gaining traction, with an additional 35 chairs to be filled this year, bringing the total to 152 research chairs, covering a wide spectrum of disciplines.

Last month we launched our ninth centre of excellence, the Palaeosciences Centre of Excellence at the University of the Witwatersrand. It will build on the remarkable work done by Wits palaeoscientists over many decades, and will showcase South Africa's wealth of fossil evidence of the earliest life on Earth and, in particular, the extraordinary discoveries of our early human ancestry at the Cradle of Humankind. The Centre will collaborate with a number of institutions across the country, including the Iziko Museum, where the DST is holding its exhibition today and tomorrow.

The NRF has made a call for proposals for four additional centres of excellence, and the selection process will take place during the course of the year. We continue to look for different ways of supporting the research community, trying especially to make research a more attractive career choice.

The DST has increased its investments over the 2013 MTEF in programmes such as once-off research development grants for qualifying young, black and women researchers, to assist them to become established researchers; research career advancement fellowships offered to senior postdoctoral fellows; and sabbatical grants awarded to fast-track the completion of doctoral degrees by academic staff at universities.

The number of PhDs produced across the system has increased from about 1 200 to 1 500 per annum between 2009 and 2011. This 25% increase in PhD output represents a small but significant step towards increasing the country's high-end skills.

We are, of course, delighted about the additional R400 million that has been allocated in support of our postgraduate bursary programme in the last year of the MTEF. This will enable us to increase both the number and size of our postgraduate bursaries.

One of our key partners in human capital development is the Department of Higher Education and Training. An agreement has been reached that Higher Education will be responsible for ensuring the provision of basic research training equipment in universities, and the DST will fund specialised research equipment.

Honourable Members, competitive high-quality research is simply not possible today without adequate research infrastructure. A total of 139 research and educational sites have now been connected with high-speed networks through the South African National Research Network (SANReN). This has virtually eliminated the digital divide between urban and remotely located institutions. Through SANReN, rural universities are just as able to participate in global experiments as urban universities.

Furthermore, SANReN opens up new possibilities in the way teaching and research are conducted, with the high-speed transport of large datasets, participation in global experiments regardless of physical location, and collaborative online teaching. The investment in SANReN has reduced internet costs for participating institutions by a factor of more than 10. The DST will invest about R600 million in the next five years to more than double the international bandwidth of SANReN.

In the area of information dissemination, the Academy of Science of South Africa (ASSAf) has established SciELO, a high-quality and prestigious open-access journal collection aimed at serving the South African research community. SciELO will promote South African research by enhancing its visibility and making it easier to access. ASSAf's budget has been increased by 40% to allow it to play a stronger role in support of research in South Africa.

Next week we will be launching the National Indigenous Knowledge Recordal System in the North West, and the IK Bioprospecting and Product Development Consortium the following month. Together, these interventions will considerably strengthen our ability to utilise indigenous knowledge as an input into the development of useful products and services.

The National Recordal System is the first ever internet-based national digital system to document indigenous knowledge, and it was developed by the CSIR, informed by data from the World Intellectual Property Organisation and the Indian Traditional Knowledge Digital Library. We have invested R22m in its development.

## Socio-Economic Partnerships

Honourable Members, our Socio-Economic Partnerships programme has been allocated R1,7 billion, 60% of which goes to our main implementation partners, the CSIR and the HSRC. This programme has two distinct purposes. The first is to apply science and technology to improve the circumstances of the most deprived and vulnerable in our society.

The second is to develop research and development partnerships that target opportunities for establishing niche industries and, in so doing, increase the competitiveness of our economy. A key growth sector is information and communication technologies. I am pleased to report that just two weeks ago Cabinet approved a 10-year ICT research, development and innovation road map, which will assist South Africa to take maximum advantage of the digital revolution.

The Titanium Industry Development Initiative is making impressive progress. More than R75 million will be invested over the next two years through the Titanium Centre of Competence, hosted by the CSIR.

A key activity is the development of a novel low-cost process for the production of titanium metal powder, which will provide South Africa with a global competitive advantage. A pilot plant, with the capacity to produce 2 kg of titanium powder per hour, is currently under construction at the CSIR campus in Pretoria. It will be officially launched next month.

Through donor funding of €30 million from the European Union, the department has been implementing a number of initiatives that use science and technology to make a contribution to poverty alleviation, such as in essential oils and aquaculture, and improved human settlement models. Our main objective is to capture the lessons from these initiatives for consideration and implementation by other government departments.

An excellent example of a DST initiative involving successful intergovernmental collaboration is our pilot education project in the Cofimvaba District of the Eastern Cape. Through this initiative, we are exploring innovative ways to improve the quality of learning and teaching in rural schools.

The initiative involves 26 schools in the Nciba Circuit, and is being conducted in collaboration with the Department of Basic Education and the Eastern Cape Department of Education. The Department of Rural Development and Land Reform has contributed R22 million to the pilot.

The pilot will examine how the use of tablet computers can best improve educational outcomes in a rural context, and will help us determine which tablets work best, how to deal with important operational challenges such as recharging tablets at schools without electricity, and how best to support learners, teachers and parents in the use of new technologies.

As a start, over the next three months 3 000 tablets will be distributed to learners and teachers in 12 schools and, through our implementing agency, the CSIR's Meraka Institute, all 26 schools in the Circuit will be connected to the internet via satellite and wireless mesh network technology.

The pilot will also test different sanitation options, alternative forms of energy, and models for improving the school nutrition programme. The HSRC has been contracted to monitor and evaluate aspects of the project, and to assist in extracting the policy lessons for the possible scaling up of some aspects to other districts and provinces.

I should say at this point, that both the CSIR and the HSRC are doing impressive research in a wide range of specialised areas. The CSIR's capabilities in the field of defence science and technology have grown to be of world class standard.

Working with the South African National Defence Force (SANDF), the CSIR has contributed a number of interventions to optimise technologies used by our patrol teams – both on land and at sea. Readily available tools such as smart phones, GIS applications, radio and camera surveillance are integrated into these systems.

The Human Sciences Research Council has been appointed as the South African think-tank incubator for the BRICS grouping, with Dr Olive Shisana as its leader, to coordinate BRICS work undertaken by researchers at the HSRC and other institutions around the country.

The HSRC also conducts invaluable research on attitudes and behaviour regarding HIV and Aids, maintains the long-standing South African Social Attitudes Survey and the South African National Survey of Research and Experimental Development, and performs vital work in trying to bring social scientists and policy makers together.

#### Conclusion

Honourable Members, I would like to conclude by thanking the many researchers, scientists and business innovators who are the backbone of our National System of Innovation, and acknowledge our many partners in government, the private sector, the science councils and agencies, with particular thanks to those who serve on the boards of our public entities.

Sincere thanks also to Dr Mjwara, our Director-General, and the fine staff of the DST for their dedicated efforts to get science and technology to make a real, lasting difference in people's lives.

And finally, I would like to express my appreciation to the Portfolio Committee for their support, but also for holding us to account. We certainly welcome the oversight work they are doing – it is all in the interest of science and technology making a positive contribution to South Africa, and taking our country forward towards the realisation of our dreams and aspirations.

Thank you!

Issued by: <u>Department of Science and Technology</u> 16 May 2013

## Vote 35: Tourism

## Department of Tourism Budget speech 2013/14 delivered by Minister of Tourism, Mr Marthinus van Schalkwyk in the National Assembly

14 May 2013

Chairperson, South Africa consists of a tapestry of interwoven cultures, and the world's eyes have opened up like never before to the beauty, diversity of experiences and the endless possibilities our country has to offer. In 1993, South Africa received a mere 3,4 million foreign visitors.

However, growing by 300% to 13,5 million visitors in 2012, 9,2 million of whom were tourists, South Africa is continuing to entrench its status as a major international tourist and business events destination. These results demonstrate the effectiveness of our economic diplomacy, underpinned by a sound foreign policy. They also indicate our systematic investment as the National Department of Tourism (NDT) in policy and strategy development and implementation.

We are driving double-digit growth, as we received 10,2% more tourists in 2012,when 9,2 million international tourists visited South African shores compared to the 8,3 million tourists who travelled to our country in 2011. South Africa's tourist growth rate in 2012 was more than double the rate of average global tourist growth, which the United Nations World Tourism Organisation estimated at about 4%.

A few years ago, we made the strategic decision to invest in the emerging markets on our continent, in South America and in Asia.

The results in these markets were astounding. Arrivals from our continent have maintained the solid growth path to which we have become accustomed, with growth of 8,5%. In light of this, we will invest R218 million over a three-year period to grow our share of this market even further. We will also be opening offices in Nigeria, Angola and Kenya in this financial year, and will expand our footprint to Ghana, Tanzania and Uganda through a hub strategy.

From our BRICS partner countries (Brazil, Russia, India and China), we have also seen phenomenal growth. Particularly strong growth was recorded in 2012 from Asia, which was up 33,7% compared to the figures recorded in 2011, driven by growth from China and India. Central and South America recorded growth of 37% thanks to continued good tourism growth from Brazil. Brazil continued to show impressive growth rates, becoming a top ten overseas source market for arrivals for the first time, with almost a 45% increase compared to 2011. With the exceptional growth recorded from Brazil, we have decided to open a South African Tourism (SAT) office in Brazil this financial year. Added to this, we are currently negotiating a joint BRICS memorandum of understanding among tourism ministers.

This financial year will also see the roll-out of SAT's global e-marketing strategy, "Meet South Africa". This strategy will focus on the uniqueness and warmth of our people and the emotional benefits of a South African holiday, and we are confident that our strategies and marketing campaigns will yield great success for our destination. Furthermore, to strengthen the country's destination offering and enhance the overall visitor experience, we have embarked on a process to align the branding and service levels at the more than 240 visitor information centres (VICs) across our country.

Not only have we established ourselves as a leisure destination, but we have made great inroads as a business tourism destination as well. In the first year of the establishment of the National Convention Bureau, it has secured 87 new association meetings for the period 2013 to 2017, which will contribute more than R2,6 billion to the economy. In 2013 alone, the 38 secured association meetings will bring more than 57 000 delegates to South Africa, who will inject R680 million into our economy.

We are working hard to ensure that travel and tourism becomes attainable for ordinary South Africans. At any given time, three quarters of all tourists in South Africa are South Africans, with domestic tourists having contributed R101 billion to our economy in 2011. We are determined to promote and enhance domestic tourism and implement strategies to grow this sector, which is the lifeblood of our tourism industry. Last year, we developed and implemented our first ever Domestic Tourism Growth Strategy together with the "Vaya Mzansi" domestic tourism marketing campaign.

We are thinking innovatively of new ways to ensure that more South African families have access to the places that we have inherited as a nation. To truly deliver on the promise of tourism, we have to create the conditions

that render the tourism experience and the treasures of our country accessible and affordable to a much greater share of our population. To this end, I can today announce that, in partnership with the Industrial Development Corporation (IDC), we have just commissioned an audit of underutilised state assets and properties that could be developed into tourist attractions and facilities.

It is simply wrong to have state resources stand vacant while there is cropped-up demand in certain market segments. Pursuant to this, we have also commissioned a feasibility study for a pilot budget resort chain, which could in some or other way be de-risked through partnership approaches. The time has come to remove the final barriers to fully unlock our country's tourism treasures and the intrinsic value of travel for all South Africans, thereby bolstering our contribution to job creation and poverty alleviation.

In implementing our Domestic Tourism Growth and Cultural and Heritage Tourism strategies, we will also be conducting an assessment of all our world heritage sites, which, as part of the rich heritage of our country, have been identified as products with intrinsic tourism value. From these assessments, it is envisaged that we will identify the various levels of intervention for each of the products and that, together with the Department of Arts and Culture, we will prioritise projects to be initiated from 2014 onwards. We have also developed marketing tools for these sites, which will be distributed at strategic areas, including ports of entry as well as missions and embassies throughout the world, using various languages and media.

The department is also in its first year of implementing regional tourism support packages. We have compiled provincial profiles to better understand the status quo of tourism in the nine provinces. Strategic and critical areas for tourism development were identified for support. The support ranges from tourism infrastructure development and nodal and spatial development zones to skills development programmes, service excellence awareness and training, tourism routes development, rural tourism programmes, and strategic niche tourism market development.

Tourism is also a key sector of the economy, and is making a difference in the lives of ordinary South Africans. The role that tourism plays in our country should never be underestimated. In terms of the latest Tourism Satellite Account (TSA) released by Statistics South Africa, for the period ending December 2011, the direct tourism contribution to gross domestic product (GDP) went up by 5% to R84,3 billion in 2011. Direct employment in the sector as a percentage of overall employment in the country went up from 4,3% to 4,5% between 2010 and 2011. This was as a result of the increase of about 31000 in direct jobs in the sector from 2010, to a total direct employment rate of 598432 in 2011.

During the past financial year, the NDT again exceeded its Expanded Public Works Programme (EPWP) target for full-time equivalent jobs. Training or skills development is of course critical for the tourism sector. Allow me to highlight some of our EPWP programmes. In the 2012/13 financial year, 500 young persons have graduated as chefs and 120 have already been placed with established hospitality institutes, such as hotels, bed-and-breakfast establishments and restaurants, as part of our Young Chefs training programme. Altogether 300 of the mentioned 500 have been enrolled for second-level training, which is equivalent to NQF level five (national diploma) and, owing to the success of the programme, another 500 young people have been enrolled for the first time in the programme for this financial year.

This sector is also a fertile breeding ground for entrepreneurs and small, medium and micro-sized enterprises (SMMEs). We will continue collaborating with the Tourism Enterprises Partnership (TEP). TEP was successful in achieving and exceeding its performance indicators over the past year. For 2012, TEP supported 5 003 jobs created by SMMEs, which delivered an increased turnover of R785 million. This raised TEP's overall contribution to job creation over the past ten years to more than 75 786 jobs and saw a turnover increase of over R6,4 billion. The department will continue to fund TEP with R25 million to support SMME development in this financial year.

The department has also developed the Tourism Accelerated Apprenticeship Programme (TAAP), which is to provide further education and training (FET) to tourism graduates through practical workplace training and exposure through skills development, and to familiarise the graduates with the operational side of the tourism and hospitality sector. In the 2013/14 financial year, the department has been allocated R3 million to roll out the TAAP. As a result, 100 FET interns will be recruited and placed at various institutions across the country.

Transformation in our sector is critically important, because tourism is everybody's business. Every South African must derive benefit from the industry, and therefore, concerted efforts are made to promote transformation. Recognising that transformation is vital to ensure the sustainable growth and development of the tourism sector, the 2012 Tourism Bill was passed in this House. This legislation heralds the role of tourism as a major force for the

economic transformation in our country. During the previous financial year, we established a BEE Charter Council to oversee efforts to ensure effective transformation in the sector. Going forward, the BEE Charter Council will closely monitor compliance with relevant legislation, and will drive initiatives to ensure that effective transformation of the sector leads to meaningful growth and equal distribution of the benefits that tourism brings.

In conclusion, as a tourism industry, we remain committed to working together to grow tourism in our country with the support of all South Africans, all of whom have the power to be important tourism ambassadors.

I would like to take a moment to thank our Deputy Minister, Ms Tokozile Xasa, for her commitment and support. Thank you also to the Director-General, Mr Kingsley Makhubela, and his capable team for bringing our Department this far in a very short period of time.

Furthermore, the unqualified report of the Auditor-General after the 2011/12 audit, which was the NDT's second audit as a stand-alone department, demonstrates administrative success in establishing a sound governance foundation, which will support the implementation of our mandate.

A special thank you to the board of SAT and the executive team under the leadership of the Chief Executive Officer, Mr Thulani Nzima, for their excellent work and the support rendered to the department to achieve our targets.

In addition, I would like to express our gratitude towards the private sector for the constructive relationship we enjoy. Thank you to all our partners for engaging with us, and for your commitment to our shared growth goals.

To the chairperson and members of our portfolio committee – we value and appreciate the good working relationship with Parliament.

I thank you.

Issued by: Department of Tourism

14 May 2013

# Vote 36: Trade and Industry

## Budget Vote 36 for the Department of Trade and Industry by Minister Rob Davies (MP), at the Old Assembly Chamber, Parliament

15 May 2013

Chairperson

Members of the Portfolio Committee

Deputy Ministers

Director-General and officials of the Department Trade and Industry and the Council of Trade and Industry Institutions (COTII)

Leaders of organised Business and Labour

Distinguished guests

Ladies and gentlemen

Honourable members.

It is common knowledge that the term of this administration has coincided with the most severe global economic crisis since the 1930s. When we took office in 2009, the SA economy moved into recession which cost us close to one million jobs. 200 000 of these or 20% were in manufacturing, a sector which contributes only 14% to the Gross Domestic Product (GDP), meaning that the impact of the recession was disproportionately severe in manufacturing.

In this context, it was clear that the global economic crisis had put into sharp relief the necessity to transform a number of longstanding structural imbalances and weaknesses to place our economy on a new sustainable and productive growth path. Guided by the resolutions adopted at the ANC's 52nd National Conference in Polokwane and the manifesto we were elected on in 2009, this administration tabled the New Growth Path, within which the Industrial Policy Action Plan (IPAP) was identified as the manufacturing job driver. IPAP has become the centrepiece of Department Trade and Industry (the dti) work with all our actions being co-ordinated or aligned to it.

Over the course of this administration, we have institutionalised the tabling at the start of the financial year of a new iteration of IPAP covering the financial year in question and the two outer years. IPAP has moved far beyond vision statements or diagnostics to identify Key Action Plans with defined timeframes to be implemented by various entities developed after consultation with industry players.

Last month we released the fifth iteration of IPAP covering this ANC led government's last full financial year. Accordingly we highlighted a number of key lessons we have drawn from our efforts over the past five years as well as identifying the broad direction we believe a higher impact IPAP would need to traverse in the future.

One of our major conclusions is that where government has acted purposefully to implement programmes developed in consultation with industry players, business as well as labour – concrete positive results have been achieved. Among our significant achievements has been the finalisation of the transition from the Motor Industry Development Programme (MIDP) to the Automotive Production and Development Programme (APDP) which now includes the Medium, Heavy and Commercial vehicle segments of the automotive industry, including SA's domestic Original Equipment Manufacturer (OEM) in the sector – Bell Equipment.

Providing incentives to promote competitiveness and localisation in this important sector of the South African economy has seen production volumes increasing to 539,424 units and exports reaching 277,893 units in 2012. Furthermore, this change in focus in incentive to support and encourage deepened local component manufacturing, has resulted in 128 projects supporting or sustaining 57,197 jobs.

As a sign of confidence in the steps we have taken and in the future of this sector, private investments of nearly R16 billion have been secured. These have included both new investors and new lines of operation, by existing investors. Among the new investors in the sector, we have welcomed the First Automobile Works of China which is constructing a truck plant in Coega and the Beijing Automotive Works which is building a taxi assembly line and distribution centre are examples of existing investors expanding their operations. We also saw important new investments by long established OEM's including Mercedes Benz's new C-class production in East London, BMW's increased production capacity in Rosslyn, Ford in Silverton and GM in Port Elizabeth.

The Clothing, Textiles, Leather and Footwear industry experienced a remarkable turn-around, directly attributable to a radical change in our incentive programme with the introduction of the Clothing & Textile

Competitiveness Programme 12,205 new permanent jobs have been created in companies benefiting from this programme. A pleasing new development has been key local retailers committing to local procurement in support of manufacturing companies. Over 469 companies were assisted under the CTCP with R1.5 billion worth of applications approved. Approximately 49,888 existing jobs are being retained through the support of the CTCP.

The roll-out of the Renewable Energy Independent Power Producer Procurement Programme (REIPPP) has under-pinned significant investments in renewable energy component manufacture. Significant investments in wind tower manufacturing facilities and solar power plants have been made – including DCD (R300m), Mainstream Renewable Power (R4.6bn) and Sun Edison (R2.6 billion).

Mr Speaker, in 2009 we said that the threat of de-industrialisation loomed large and that we must confront this danger with interventions that will promote industrialisation in a systematic and sustainable manner. We also said that the infrastructure roll out, which is our main countercyclical response, must be a tool of industrial development. Accordingly we have sought to strengthen our procurement system to support increasing local industrial production. In this regard we can point to the designations of sectors for local procurement under the Preferential Procurement Policy Framework Act as introducing a sea change in industrial development in South Africa. The first wave of designations has already seen significant new investments in sectors such as transport and capital equipment, and companies are actively 'tooling up' to ensure that they are well positioned to take up the opportunities, which arise from the localisation programme.

Sectors already designated include:

- rail rolling stock (locomotives, wagons and carriages);
- power pylons;
- bus bodies;
- textile, Clothing, Leather and Footwear;
- canned vegetables;
- furniture;
- certain Pharmaceuticals and
- set top boxes.

Furthermore, localisation is now fully entrenched in a number of key procurement programmes such as the renewable energy generation programme and the fleet procurement processes of State Owned Companies (SOCs).

Moving ahead, work has already begun on assessments of sectors and products for designation including the designation of Valves, Manual and Pneumatic actuators; Power and Telecommunication Cables; and Components of Solar Water Heaters.

In addition to the strategic use of localisation in government procurement, the dti also uses a variety of incentives to support and encourage investment in the manufacturing and value-added services sectors.

A case in point is the Manufacturing Competitiveness Enhancement Programme (MCEP). Grants to 214 enterprises have been approved valued at R1,35 billion; 41, 626 jobs are expected to be retained as a result with a total investment outcome of R5.37 billion.

I am pleased to report that the MCEP is currently operating on an average of 2 months turnaround time. Considering the large numbers of applications and the amounts of funding involved this is an excellent rate and the feedback I am receiving from a range of firms is very positive indeed.

Through the 12i Tax incentive, we have supported 26 projects involving investments valued at R32,6 billion, creating or sustaining 3 326 jobs over the last four years.

Additionally, we can report that the European Outsourcing Association awarded SA its prestigious Offshoring Destination of the Year Award.

Over the past three years, we have seen investments in Business Process Services with a value of R1,3 billion supporting 4 500 new jobs. Our change in the support programme for Business Process Services attracted key foreign investors such as Amazon, and SERCO, which opened its International Business Process Outsourcing (BPO) service delivery centre at Newspaper House in Cape Town with 500 seats and plans to increase to  $1\,500-2$ 

000 seats to service a R1 billion contract for Shop Direct in the UK. Significantly, the skills development support provided by the dti has led to a high proportion of young people finding employment in the sector, and we have accepted the target in the Youth Employment Accord of ensuring that at least 80% of new jobs created in the sector go to young people.

Mr Speaker, at the beginning of this administration, we identified the film industry as having significant potential. Our efforts to work with industry to unlock this potential have resulted in an impressive roster of locally shot blockbuster films. They include Chronicle, Safe House, Jock and the Adventures of Zambesia. I recently had an opportunity to see some of the rough cuts of the film "Mandela": Long Walk to Freedom" and can report that we can be proud to have been associated in supporting what I have no doubt will be one of the very most important films South Africa has ever produced.

Mr Speaker, in short we believe that our record speaks to what can be achieved from industrial policy and that we have laid a basis to strengthening our efforts to reindustrialise our economy in the future. As the current iteration of IPAP argues, industrial development in the future will need to be built on 6 pillars.

#### These include:

- beneficiation of mineral products;
- regional economic development and industrial integration;
- the steady roll out of the infrastructure development programme;
- developing new export markets;
- local Procurement and Supplier Development; and
- partnerships with BRIC countries.

We believe that what we need in future is a higher impact industrial policy rather than a lighter touch programme called for by some of our critics.

South Africa's history does not however, allow us to grow the economy, to industrialise, without addressing the legacy of disadvantage, discrimination, and underdevelopment left by Apartheid. However, while one element of economic transformation is consistently about redressing the injustices of Apartheid, it is important to recognise that there are also sound socio-economic reasons for aspiring to a much more inclusive and egalitarian economic model. The dti considers entrepreneurship, cooperatives and SMME development as not only central to broadening economic participation but also as key to efforts to ensure a more vibrant and effective productive economy. In other words, by broadening economic participation to encompass participants excluded in the past, we develop a stronger entrepreneurial base for the future.

It is for that reason that in 2009 all SMME support programmes were reviewed to improve outputs and impact. One result of this exercise was that we decided to prioritise incubation programmes based on the evidence both in SA and elsewhere that such programmes which seek to actively support productive SMMEs in their start up phase dramatically improve survival chances. In line with this new priority and to leverage private investment, the dti introduced the Incubation Support Programme (ISP) in September 2012 with the aim of establishing 250 incubators by 2015/16.

To date 13 projects have been approved with a total project value of R373 million in renewable energy; information and communication technology; agro-processing; chemicals; mining; and clothing and textiles sectors. Currently, the Seda Technology Programme (STP) has 42 Incubation Centres in the nine provinces in different sectors such as biotechnology, mining, agro-processing, construction, jewellery, automotive, metals and renewable energy. To date, 376 new enterprises have been created, 2,247 SMMEs were supported, 28% of which are women-owned and 2 161 jobs were created.

We will in future also encourage universities and science councils to host incubators. These incubators will be used to develop hi-tech and high-growth sectors.

Honourable Members, since 2009, we have made steady but important progress to ensure that the Cooperatives sector receives the attention the potential of this sector deserves. We have reviewed the Cooperatives Development Act and when the new Amendment Bill is signed into law will establish a Cooperatives Development Agency, to provide more focussed development support to cooperatives. We will also establish the Cooperatives Tribunal to adjudicate over conflicts as well as an Apex body to represent the interests of cooperatives.

Honourable Members will be well aware of the efforts the dti has made over time to increase the participation of black people in the economy. In line with the changing landscape, B-BBEE legislation and proposed new Codes of Good Practice were introduced in 2012.

This BEE Bill seeks to eliminate fronting. It will establish a B-BBEE Commission to deal with complex fronting and thus enhance compliance with the legislation.

The Codes of Good Practice have been revised to incentivise stronger performance in enterprise development and supplier development becoming key features of broad based black economic empowerment. The shift to enterprise development and supplier development are intended to support a stronger symbiotic integration of black owned enterprises in key value-chains in the economy. It will ensure that big business plays a key role in developing a viable supplier base that will be able to take on opportunities in both domestic and international markets.

The dti views women empowerment as one of its priorities and it is in the process of developing a National Strategic Framework on Women's Economic Empowerment.

Honourable Members, in 2009 we said that Industrial Policy requires a supportive regulatory environment to foster more competitive and dynamic industries and businesses, and prevent harmful market domination and abuse, and the exploitation of consumers.

Consequently business regulation and the protection of vulnerable consumers over the last four years has been another area of focus.

A key outcome has been the establishment of the Companies and Intellectual Property Commission (CIPC). We took the decision, which I believe has now been vindicated, to go ahead with the roll out of the new Companies Act despite reservations from some quarters.

The new Companies Act gives SA:

- a forward-looking regulatory framework that provides for simple, easy company registration,
- enhanced governance and clarity on disclosure standards for business, and
- Measures to assist companies facing economic difficulties.

The innovative business rescue provisions have already shown their mettle as a tool to save otherwise viable enterprises facing cash flow problems from the previous inevitable fate of liquidation. 945 companies including Close Corporations were assisted and 6,624 jobs have been saved.

We have also introduced other important legislative changes. These include the Intellectual Property Amendment Bill for the protection of Indigenous Knowledge which was introduced to Parliament and public hearings commenced in May 2010.

Key reforms to the operation of the National Lottery have taken place. We have responded to criticisms and suggestions made in wide consultation and Cabinet recently approved that the Lotteries Policy Framework and Bill be released for public consultation. In addition, we have introduced Regulations and a Directive to improve the accessibility of Lottery funds by needy communities and causes, improve governance structures on Lottery matters and ensure optimal distribution of Lottery funds for developmental purposes.

The Consumer Protection Act was finalised and implemented during this Administration. Despite some initial teething problems, I am pleased to report that there is now overwhelming support for the work of the National Consumer Commission (NCC) especially in poorer communities which is where the worst abuses of consumer rights has been uncovered.

Mr Speaker, as we look beyond South Africa and our immediate challenges we must not lose sight of the changing global economy. This Administration foresaw the importance of broadening developmental integration in Africa as well as of the emergence of new global powerhouses such as China, India and Brazil.

Negotiations for a T-FTA between the SADC-EAC-COMESA countries are proceeding, but we have said that our efforts in this regard must be complemented by the promotion both of infrastructure development and cooperation to transform productive sectors and industrialise the continent.

Infrastructure development has focused on the North-South Corridor with significant progress on upgrading road links. Projects have been identified for rail, border posts and port development.

The T-FTA will combine the markets of 26 countries with a population of nearly 600 million people and a combined GDP of US\$1 trillion. In summary, this key initiative will provide market scale that could launch a sizeable part of the continent onto a new industrialisation trajectory. The T-FTA will also form part of an Africawide FTA, which will create a market of US\$2.6 trillion.

Speaker the election of Roberto Azavedo of Brazil as the next Director-General of the World Trade Organisation creates an important new opportunity to advance a multi-lateral trade agenda informed by the mandate agreed at the 2001 Doha Ministerial to the place the needs and interests of developing countries at the heart of the work programme. We know Mr Azevedo well and actively supported his candidature particularly after the unfortunate elimination of the AU endorsed candidate in the first round. We congratulate Mr Azevedo and look forward to building a strong working partnership in advancing the WTO's work.

South Africa's participation in the BRICS grouping, is a significant component in this diversification strategy as it provides important opportunities to build South Africa's domestic manufacturing base, enhance value-added exports, promote technology sharing, support small business development and expand trade and investment opportunities.

It is for this reason that a key priority for us is to develop a work programme that will promote more value-added exports among the BRICS Members.

In the coming year, we will focus on strengthening SA's relations with BRICS and other fast-growing emerging economies. In addition, the National Export Plan will shift to the implementation phase as we seek to develop a new layer of emerging exporters to lead SA export diversification.

Mr Speaker, in conclusion, are all these efforts bearing fruit or are the pessimists right? Let me just say that in one week last month, I participated in 3 key investment announcements, by Proctor and Gamble in Gauteng, Johnsons Controls in East London and Tellumat in Atlantis. Investment announcements by these three companies amount to R2,4 billion. In fact over the period from 2010/11, the dti has facilitated investments of R125,5 billion. In the 2012/13 financial year, the department attracted R53,5 billion in investments, with the potential to create 20,000 jobs.

However of greater significance than the value of the investment is the strong vote of confidence that these companies' have provided in the SA economy. These are not investments that were made on the spur of the moment; these companies have rigorously assessed the SA market, considered the potential risks, and compared SA to other potential investment destinations. After considering all these factors, these companies - and many more like them – have chosen to invest and create jobs in the SA economy. These investors have not been put off by our challenges but recognise that Africa is the next growth frontier and that South Africa as the most industrialised country on the continent is of key strategic importance. They have accepted the necessity for broad based black economic empowerment, for them to be active in responding to our skills challenges, and they have not been put out by our industrialisation and localisation programme. In fact many of them have embraced these challenges and our initiatives as necessary developments that will lead to a stronger economy.

Mister Speaker, in closing, I do not believe that we could have made these advances without the support of the people in the dti and its family of institutions. I am proud that what we have achieved, we have achieved with a staff that has a much more diverse profile than the dti of 1994. This new profile, so much more reflective of the demographics of South Africa is emerging as a strength that will lead us into the future. Thank you to the Deputy Ministers and the Director-General.

Issued by: Department of Trade and Industry 15 May 2013

## Budget Vote 36 for the Department of Trade and Industry by Deputy Minister, Ms Elizabeth Thabethe at the Old Assembly Chamber, Parliament

15 May 2013

Honourable Speaker,
Members of the National Assembly,
MEC's and Heads of Departments,
Officials of the Department Trade and Industry and its Council of Trade and
Industry Institutions (COTII),
Members of SAWEN,
Leaders of Organised Business and Labour,
Distinguished guests,
Ladies and gentlemen.

#### I would like to specifically recognise:

- My 2012 Technogirls competition winners from Ponelopele Secondary School, in Ivory Park,
   Thembisa; and the Technogirl from the Northern Cape, Ms Boitumelo Olifant
- Nomarika Motaung, my mentee
- Kgotso Mokoele, an incubatee from SECOPA manufacturing hub
- Mangqoba Katane- A young man who's very passionate about small business development, currently working with an incubation centre known as SECOPA as a social media guru
- Sister Jenny, the winner for South Africa and first runner up for Africa for 2012 Africa SMME awards, for her skin repair products for burns and wounds
- $\bullet$   $\,$  Mamalolo, a beneficiary of our tourism support programme and a former lecturer who now owns a B 'n B in SOWETO
- Sister Jenny, the 2012 Africa SMME award winner.

The current administration's central focus has been on creation of decent jobs, economic transformation and creating an inclusive economic growth. These are some of the key strategic priorities identified in the 2009-2014 medium-term strategic framework that was later translated into government outcomes. the dti further articulated these key priorities in its 2010-2013 Medium Term Strategic Framework. Therefore, it is imperative that we reflect on the achievements that have been recorded in these areas.

## Women and gender empowerment

The National Development Plan (NDP) identified poverty, unemployment and inequality as the major challenges facing our country. Women and youth have not been fully integrated into our economic system. The department understands that economic emancipation should be broadened to include women and youth who were excluded in the mainstream economic activities of the country in the past.

It is against this backdrop, that the dti introduced programmes that are tailor-made for women, such as the Isivande Women's Fund, Bavumile and Technology for Women in Business (TWIB). The Isivande fund aims to provide women entrepreneurs with affordable financial support. Between 2011/12 and 2012/13 financial years, the Fund supported 31 projects.

The Bavumile Programme provides training to women in the clothing sector while TWIB with its awards programme recognises women enterprises which used technology to grow and develop their businesses.

While we recognise the need to afford women opportunities to participate in the economy, we need to encourage our young girls to pursue technology, mathematics, commercial and science related careers. The Technogirls programme is a vehicle that the department is utilising to achieve this objective. In this regard, the dti has partnered with provincial departments of Economic Development and Education, SEDA and Cell C in delivering the programme.

In addition, the department will be tabling the National Strategic Framework on Women's Economic Empowerment to Cabinet in the course of the 2013/14 financial year. The strategy aims to ensure the development

and growth of women owned enterprises as well the integration of women enterprises in the mainstream economy through the provision of targeted interventions.

## Small and Medium Enterprises and Cooperatives

The department considers entrepreneurship development as strategic to broadening economic participation since we understand that economic success and development of many economies is anchored around increased participation of Small, Medium and Micro Enterprises (SMME) in the mainstream economy.

We believe that SMMEs form a principal driving force of economic growth and development. In this regard, we undertook to accelerate the delivery and up-scaling of support particularly to black-owned, rural and township SMMEs as well as cooperative programmes.

Through SEDA's network of financial service providers (known as Retail Financial Intermediaries (RFI)), we have further improved access to finance for SMME's. Also through the Industrial Development Corporation (IDC), the ANC led government has been implementing the Risk Capital Facility (RCF) 2 in the last seven (7) years with the aim of granting risk capital finance to historically disadvantaged people. To date 3 400 BEE shareholder companies, 72 BEE empowered SMEs and 1 605 women shareholders have been supported resulting in a total of 7 024 jobs created.

The dti in collaboration with the Department of Cooperative Government and Traditional Affairs (COGTA) developed a red tape reduction programme to address regulatory constraints created by local municipalities. The programme seeks to lower barriers to entry and stimulate access to business opportunities by small enterprises.

The dti believes that sustained support to SMMEs should be an integral part of social and economic development. The merger of the national government's major credit programmes for small and micro enterprise has been finalised and a new agency SEFA was established in May 2012.

It is imperative that the government continues to build entrepreneurial capacity in order to address the socio-economic challenges that are facing us. In this context, the dti through SEDA launched the Small business incubation programme in 2012. The programme seeks to nurture small, micro and medium enterprises into sustainable enterprises that can create jobs and contribute towards economic development. To this end we launched SECOPA (Seed Container Park) in Soweto on 27 March 2013.

It will ensure that SMMEs eventually graduate into the mainstream economy, creating successful enterprises with a potential to revitalise communities and strengthen local economies.

The success of the programme will be measured by the number of enterprises that graduated into the mainstream economy and employment created. Currently, the incentive is supporting 13 projects to the value of R373 million in sectors such as ICT, agro-processing and clothing and textile amongst other.

Together with the Foundation of African Business and Consumer Services (FABCOS) the dti launched agroprocessing investments worth R1.2 billion to assist in growing sustainable HDI-owned or controlled SMMEs and support the retailer/supplier development model. These investments are in small-scale milling, malt plants, snack plants, blended foods and incubator farms.

We also launched the Emerging Organic Farmer/Retailer Programme, with Pick 'n Pay, Shoprite and Spar providing shelf space and support to emerging organic farmers' cooperatives. We have also launched 4 walk-in-25 mini-markets in Gauteng. To fast track timely payment to SMMEs a call centre was established through SEDA to facilitate payment to SMMEs contracting with government within 30 days.

The 30 day payment has been elevated to the Presidency with departments submitting their monthly reports. The SEDA call centre has performed well, facilitating the payment of over R300 million to SMMEs.

Honourable members, we have reviewed the Cooperatives Development Act with a view to enhancing institutional mechanism such as the establishment of the Cooperatives Development Agency, the cooperatives Apex body and the cooperatives Tribunal. The agency will provide business development support to cooperatives while the Cooperatives Tribunal will adjudicate over conflict and the Apex body will represent the interest of cooperatives.

The ANC led government is also serious about the informal sector and youth empowerment and in this regard, the Youth Enterprise Development Strategy has been drafted and consultations with key stakeholders are at an advanced stage while the Informal Sector Strategy is being developed.

## **Black industrialists**

The creation of black industrialists is one of the key priorities of the department of Trade and Industry. To fulfil this responsibility, as the Minister has indicated, the department has amended the B-BBEE legislation and Code of Good Practice with a view to creating an enabling environment for the restructuring of the South African economy to enable a meaningful participation of black people, women, youth and people living with disabilities.

We have also partnered with University of South Africa (UNISA) and Wits University to offer a B-BBEE Management Development Programme. The programme is aimed at professionalizing the B-BBEE industry, more specifically the verification industry as part of creating an enabling environment conducive to the development of black industrialists.

In conclusion, it is clear that the ANC led Government remains committed to the embetterment of the economic situation of our people.

Issued by: Department of Trade and Industry

 $15~\mathrm{May}~2013$ 

## National Council of Provinces Budget Vote debate for the Department of Trade and Industry by Minister Rob Davies (MP), in NCOP Chamber, Parliament

16 May 2013

Honourable Chairperson
Officials of the Department Trade and Industry (dti) and Council of Trade and Industry Institutions (COTII)
Leaders of organised Business and Labour
Distinguished guests
Ladies and gentlemen.

Addressing this Council in the past, we noted that a historical feature of the South African economy most of the national gross value-add (GVA) is concentrated in a few regions of the country. The latest data confirms continuation of historical trends with three regions, Gauteng, eThekwini-Pietermaritzburg and the Cape Peninsula, generating almost 70% of the national GVA. Economic opportunities become concentrated in these regions, perpetuating spatial inequalities.

In previous addresses to this Council we have said that we must work to unlock the long-term development potential of all regions to stop and reverse the process of economic marginalisation. This has proven to be a stubborn challenge with the limited resources at our disposal and the negative economic impact of the most severe global economic crisis since the 1930s, coinciding with the term of this administration. In spite of these extraneous circumstances we have remained resolute in tackling these stubborn spatial disparities and are making progress on a number of fronts.

In this regard, as we reported in the National Assembly yesterday, the global economic crisis had put into sharp relief the necessity to transform a number of longstanding structural imbalances and weaknesses in order to place our economy on a sustainable and productive growth path. Within the New Growth Path, the Industrial Policy Action Plan (IPAP) became the centrepiece of the dti's work with all our actions being co-ordinated or aligned to it. IPAP is the central pillar of the dti and much of the work of the dti is co-ordinated or aligned to it. We reported extensively on the progress we made and said that one of our major conclusions was that where government has acted purposefully to implement programmes developed in consultation with industry players, business as well as labour – concrete positive results have been achieved.

Honourable Chair, we have maintained in our Addresses to this Chamber that industrial policy must be a collaborative venture of government in all spheres, acting in partnership with economic actors to implement agreed interventions emerging from strategic collaboration. In this regard we have said that Special Economic Zones can be a key component of our industrial development efforts.

At present our legislation provides for only one form of *Special Economic Zone* (*SEZ*), Industrial Development Zone (IDZ). Over the years we have proclaimed four of these, three of which are operational. Despite concerns regarding limited success, the reality is that over the decade or more since the IDZ programme was established, a total of 42 investors are operational on site at the three operational IDZs, i.e. Coega, East London and Richards Bay with a total investment value including both signed and operational investors of R14.5 billion, creating over 43 000 direct and indirect jobs. To give some sense of the progress over the life of this administration, in just one of these-the ELIDZ, the total investment value in 2009 was R600 million. Today it stands at over R4 billion.

Notwithstanding evidence of success, we felt that we should appropriate what we have learnt and continue to improve. The IDZ policy review was our response to this challenge and the conclusion of this introspection is the Special Economic Zones (SEZ) Policy and Bill, which is now being considered by Parliament.

Chairperson, the review highlighted as a key weakness the absence of a national regulatory framework. Secondly, the review pointed out that alignment between industrial development and national policy is imperative for synergistic national economic development.

Taking into account the outcomes of the review, the Bill provides for the designation, promotion, development, operation and management of a broad range of Special Economic Zones. IDZ's as a variant of an SEZ will automatically be part of the programme. Extensive consultation at the National Economic Development and Labour Council (Nedlac) led to important improvements in the Bill as well as developing buy in by key stakeholders.

In essence, this new policy that the Bill will introduce promotes joint planning and implementation of special economic zones between and across all spheres of government. We believe that well planned and supported SEZ's will contribute significantly to the country's development goals. And I must emphasise that strong partnerships among and within the three spheres of government, as well as within each sphere are vital for the effective planning and development of the Zones.

As we have been developing the Bill, we have also been working actively with provinces to identify 10 potential SEZ's, at least one in each province. Feasibility studies are currently being undertaken in conjunction with the provinces, on these proposed SEZs.

Honourable members, the dti has, during the term of this administration also in this Chamber outlined our programmes to promote entrepreneurship; cooperatives and SMME development as central to broadening economic participation in every province. The progress we can report on cooperative policy is that on Tuesday, the Cooperatives Amendment Bill was approved by this Chamber.

I take this opportunity to thank you and, needless to say your support will contribute too much greater support in this critical area than what has been the case hitherto. We look forward to the establishment of the Cooperatives Development Agency and the Cooperatives Tribunal, this year. The Cooperatives Development Agency will provide business development support to cooperatives and the Cooperatives Tribunal will adjudicate over conflicts that so often have led to the collapse of promising cooperative ventures in the past.

In addition we are working with the Department of Higher Education and Training to establish a Cooperative Academy to enhance the capacity of cooperatives in critical technical skills to improve sustainability based on standardised and accredited curricula benchmarked to international standards.

Cabinet has also agreed to South Africa hosting the International Cooperative Alliance General Assembly and World Conference in November this year. This will be an important opportunity to for us to learn from successful cooperatives the world over and to promote the potential of cooperatives nationally.

Chair, in 2009 we undertook to conduct a review of all SMME support programmes to improve outputs and impact.

The review, confirmed enterprise survival rate, especially during the start- up phase as a major problem. Consequently support for incubation programmes has been the prioritised on the basis of the successful outcomes achieved by such programmes nationally and internationally. We believe that this initiative will support efforts to grow more entrepreneurs, especially in the manufacturing sector. In line with this new priority, the dti introduced the Incubation Support Programme (ISP) in September 2012 and we are working towards having 250 incubators in place by 2015/16, supported by the private sector and the dti

To date 13 projects, with a project value of R373 million has been approved in the renewable energy; information and communication technology; agro-processing; chemicals; mining; and clothing and textiles sectors.

We will endeavour to continuously widen and deepen the scope of support for the incubator model and currently we are encouraging universities and science councils to host incubators. The development of hi-tech and highgrowth sectors will be the main business of these incubators.

The Seda Technology Programme (STP) provides financial and none financial support to small enterprises through technology transfer, business incubation and quality services. Currently the STP is supporting 42 Incubation Centres in all 9 provinces in different economic sectors such as biotechnology, mining, agro-processing, construction, jewellery, automotive, metals and renewable energy. As a result, by 31 December 2012, 265 new enterprises had been created, 2,247 SMMEs were supported, 28% of which are women-owned and 1,651 jobs were created.

An agreement has been entered into with two FET colleges in the Eastern Cape and Ekurhuleni in order to establish centres of entrepreneurship with a view of integrating entrepreneurship education in technical areas such as agro-processing, waste management and welding.

Honourable Members, we will continue in this financial year to promote the products and services of the dti throughout the length and breadth of South Africa and invite you to participate in our marketing and media events.

Finally, when we addressed this Chamber at the beginning of the term of this administration we said that we will work closely with the Economic Development Department and together intend fostering stronger than ever partnerships with provinces, to continue to address the challenge of persisting disparities in the spatial economy and promote rural development. I am glad to report that we have co-operated in this regard and my colleague Minister Patel will expand on this cooperation.

I commend Budget Vote 36 to this Chamber.

Issued by: Department of Trade and Industry

16 May 2013

# Vote 37: Transport

## Address by Minister of Transport, Mr Dikobe Ben Martins, MP, on the occasion of the Department's Budget Vote National Assembly, Cape Town

28 May 2013

Honourable Chairperson;

Deputy Minister of Transport, Ms Sindisiwe Chikunga;

My colleagues Ministers present;

Chairperson of the Transport Portfolio Committee, Ms Ruth Bhengu and Honourable members of the Portfolio Committee:

Chairperson of the Select Committee on Public Services, Mr Pat Sibande and Honourable members of the Select Committee;

Honourable members of Parliament;

The Acting Director General of Transport, Dr Maria du Toit and senior officials from the Ministry and the Department;

Chairpersons and Chief Executive Officers of State Owned Companies and agencies

Esteemed Members of Executive Councils and Heads of Department from provinces;

Your excellencies Transport Sector Stakeholders;

Esteemed and distinguished guests;

Comrades and friends:

Members of the media;

Ladies and gentlemen.

The 25th May 2013 marked a day of historical importance – the 50th anniversary of the formation of the Organisation of African Unity (OAU).

The fervent desire by Africans to be the architects and masters of their own destiny led to the formation of the OAU on the 25th May 1963, in Addis Ababa, Ethiopia.

Historically, it has been a long and winding road from then to now:

at times characterized by the autumn of despair;

at other times by the winter blight of coups d'e tats

and civil wars sprouting petals and roses of blood.

at other times, Africa has been characterized

by the eternal spring of hope

and summers filled with the clear

innocent unreserved laughter

of children

ringing to a clear

blue sky

In South Africa, we stand at the threshold of our country celebrating twenty years of freedom and democracy.

This time next year, we shall have completed our second decade of democracy. It is indeed a singular privilege and honour to present our Budget Vote on the eve of such a momentous milestone for our country.

Over the past nineteen years, since the advent of the democratic dispensation, the African National Congress led government has made significant strides to transform the transport industry, from non-motorised to air transport, to meet the social and economic needs of our people, especially the urban and the rural poor – the wretched of South Africa.

When the ANC government came to power in 1994, it inherited a transport system voetstoots that had, at best, invested to benefit the white minority component of our society, and at worst, a transport system that had been under-funded, neglected and which was based on blinkered apartheid spatial patterns.

In order to deal with this situation, the ANC government developed the National Transport Policy that was published in August 1996.

Although significant strides have been made since then – occasioned by major capital injection into transport related infrastructure, there is still much to achieve.

All across some of our cities, including Johannesburg, Cape Town, Nelson Mandela Bay, Rustenburg and others, we are seeing investments in transport infrastructure, such as the Bus Rapid Transport system which is a catalyst

for urban regeneration, reconnecting isolated nodes and bringing disconnected communities closer to economic opportunities.

To meet our commitments as host nation to the 2010 FIFA World Cup, government accelerated its build programme and invested billions to ensure a safe, efficient and reliable public transport system that resulted in world-class airports, roads, upgraded train stations and refurbished coaches. This drive to reshape public transport travel in South Africa continues.

Transport infrastructure and services remain crucial for generating economic growth, alleviating poverty, reducing the scourge of inequality and increasing domestic and international competitiveness.

In financing transport infrastructure we are aware of South Africa's institutional, economic and social characteristics including various demands made on tax based revenues. We accept the fact that there is no universal funding model – it is a considered choice among several models each with their pros and cons. To this end, we welcome the willingness of the private sector to invest in transport infrastructure.

Our effort to make transport the heartbeat of the economy continues. We are aware that transport is an enabling sector which impacts on growth and development in other sectors of the economy.

The department is in the process of finalising the National Transport Master Plan (NATMAP) before it is submitted to Cabinet.

The NATMAP will constitute a long term plan to further position transport as an enabler for social and economic development by rolling out infrastructure and services that respond to the needs of all South Africans and ensures we meet our Millennium Development Goals.

NATMAP will focus on integrated transport planning to ensure that the different modes of transport complement each other.

The alignment between the National Transport Master Plan (NATMAP) and the National Development Plan (NDP) which sets out critical national policy goals to be achieved by 2030, includes implementing the user pay principle in a manner that does not have a crushing effect on the working class and the poor.

Within the prevailing economic climate, the fiscus alone is not able to finance the current infrastructure backlog in South Africa.

## The budget

The Budget allocation for the Department of Transport for the financial year 2013/14 is R42.3 billion (R42 275 340 000), and this includes allocations to provinces, municipalities, state owned companies and agencies.

Of the allocated amount, R18 billion (R18 850 917 0000) will be transferred to provinces and municipalities towards road maintenance.

Effective coordination with provinces and municipalities is therefore needed to ensure that the department is not only a conduit of funds to the other spheres of government, but that, importantly, it plays a leading role in monitoring and evaluating the implementation of government programmes.

To this end, and in the spirit of cooperative governance, SANRAL will provide a critical supporting role in the implementation of the Maintenance Programme.

Another portion of the budget amounting to R21.9 billion (R21 941 930 000) will be transferred to state owned companies and agencies which are the delivery agents of the department.

The department is building the requisite internal capacity in order to better enable it to conduct the necessary oversight over the State Owned Companies and agencies under its remit.

Significant progress has been made to align the strategies and annual performance plans of the State Owned Companies and agencies of the department.

After distributing the allocated Budget to provinces, municipalities, State Owned Companies and agencies, the Department is left with R921 million (R921 562 000) to carry out its policy development and oversight

#### responsibilities.

It is common cause that sound economic infrastructure is a precondition for economic growth. It is for this reason that the Department of Transport has intensified efforts to develop and improve South Africa's transport system to serve as a catalyst for social and economic development.

Accordingly, the spending focus over the next year will predominantly be on:

- 1. Maintaining road infrastructure;
- 2. Upgrading the rail infrastructure and services; and
- 3. Constructing and operating public transportation infrastructure

Expenditure on these three areas will include the following transfers, which comprise an average of 96.1% of the total budget allocation of the Department of Transport over the medium term.

The State Owned Companies that fall under the remit of the Department of Transport will be allocated the following disbursements and grants:

- The Passenger Rail Agency of South Africa (PRASA) R 3.678 billion for current operations and R 7.481 billion for capital infrastructure;
- The South African National Road Agency (SANRAL) R3.454 billion for current operations and R7.043 billion for capital infrastructure.

And grants will be allocated to:

- The Provincial Road Asset Maintenance Grant R8.696 billion;
- The Rural Roads Asset Management System Grant R52.2 million; and
- The Public Transport Infrastructure, Operations and Network Grants R5.55 billion.

Other transfer payments will include:

- The Road Traffic Management Corporation R167 million;
- The Railway Safety Regulator R46. 5 million;
- The Road Traffic Infringement Agency R25 million;
- The South African Maritime Safety Authority R6.4 million;
- The South African Civil Aviation Authority R18.155 million; and
- The taxi recapitalization programme R522 million

In line with the perspective of an integrated transport model, the spending focus over the medium term will be on developing and implementing strategies based on a multi-modal national system of transport. Major projects in this regard will include:

- i. The establishment of a single transport economic regulator;
- ii. Establishment of a macro planning framework;
- iii. Implementation of a national corridor framework;
- iv. Finalising the update of the national freight database; and
- v. The completion and analysis of the National Household Survey

The following over-arching development principles remain cardinal, in relation to the foregoing, namely:

- 1. Balancing the development of new infrastructure with the ongoing maintenance of the existing infrastructure;
- 2. Improving infrastructure links with rural and financial and human resource challenged provinces;
- 3. Addressing capacity constraints and improving co-ordination and integration; and
- 4. Scaling up investment in infrastructure

Four key sectors remain central to the envisaged developments, namely, transport, water and sanitation, energy and communications.

In this regard, the Department of Transport continues to play a central role in the following two strategic infrastructure projects:

- 1. The Durban-Free State- Gauteng logistics and industrial corridor
- 2. Unlocking the economic potential and opportunities in the North West province.

The department further plays a supportive role in other strategic infrastructure projects.

Balanced investment in transport infrastructure will lead South Africa to efficient and sustainable growth, mobility and community access. It is important that the cost of doing business in South Africa is reduced in order to ensure that our economy remains competitive in global markets.

Honourable Chairperson,

## Upgrading the railway infrastructure and services

Within the period under review, the procurement process for the fleet renewal programme of the Passenger Rail Agency of South Africa (PRASA) was concluded in December 2012.

The success of the programme will lead to:

- A new coach building and locomotive assembly plant being established in the Gauteng province;
- As a result of this, 8 300 direct jobs will be created; and
- Another 22 000 jobs will be created through localisation

The accelerated rolling stock programme has been concluded and has resulted in:

- 579 coaches being delivered in 2012/13 to Metro Rail;
- 3 Coaches to Shosholoza Meyl and
- 9 locomotives upgraded at a cost of more than R1.3 billion.

Furthermore 49 stations were upgraded and improved as part of the National Station Improvement Programme at a cost of R221 million. The total capital spend of R6.2 billion was reached at the end of March 2013.

The conundrum we face is that, whilst the increase in capital subsidy is in line with the strategy to modernise public transport, the operational subsidy is, however, below the levels required to sustain the envisaged growth strategy. The operational subsidy decreased by 1% in real terms between 2010 and 2012. In the medium term, the focus in rail will continue to be on the upgrade and expansion of the priority commuter rail corridors.

The safety of communities, especially children, who reside very close to railway lines, as a result of poor apartheid spatial development planning, continues to be a serious concern for the Rail Safety Regulator.

Evidential data points to the fact that accidents where persons get struck by trains in Gauteng, KwaZulu-Natal and in the Western Cape, is primarily because of poor spatial planning.

On the other hand, criminal activities such as cable theft, the theft and vandalizing of signaling equipment remains a serious concern, as it results in exorbitant operational costs.

PRASA, the Rail Safety Regulator and the South African Police Services continue to refine and align their systems in order to deal decisively with this problem that amounts to economic sabotage.

## South African National Road Agency Limited (SANRAL)

As we mentioned earlier, SANRAL received R3.454 billion for current operations and R7.043 billion for capital infrastructure.

South Africa has a total road network of 750 000 km of which 17 000km is managed by SANRAL.

Non-toll road network accounts for 83.1% of the national road network which is funded by the fiscus, the balance of 16.9% form part of the toll portfolio network of roads.

During the 2012/13 financial year, SANRAL awarded 202 contracts for new works, rehabilitation and improvement, periodic and special maintenance, routine road maintenance, community development, supervision and other activities to the value of R11.6 billion with R9.5 billion being spent on non-toll roads.

SANRAL spent a total of R1.8 billion on contracts with Small Medium and Micro Enterprises (SMMEs) of which R1.2 billion went to black owned firms, for both toll and non-toll roads.

Sanral will continue to implement non-toll projects during the MTEF period.

## With regard to the road traffic management,

The Road Traffic Management Corporation (RTMC) has redefined the National Rolling Enforcement Plan to provide a platform for co-ordinated law enforcement and visible policing in South Africa.

It has exceeded its target of stopping and checking a million vehicles per month, by approximately 1.5%. Its new target is now 1.1 million per month.

Road traffic interventions for the 2013/14 period will include the following three focus areas:

- i. The International Road Assessment Programme, which will assess road safety solutions that relate to the road infrastructure. The aim has been set to pass 4000 km of road in the 2013/14 financial year;
- ii. The establishment of a Crash Information Management System, which will provide the public with statistics; and
- iii. The establishment of a new qualifications framework for traffic officers.

The Deputy Minister will expand further on the work of our road safety agencies and cover other aspects of her delegated responsibilities.

## With regard to Maritime

The lode star of our campaign to promote the Maritime sector and to encourage its greater industrialization was to declare the year 2013 as Maritime Year.

South Africa has a coastline of over 3000km, and is a strategic hub for international merchant ships, connecting the global East and West.

Notwithstanding its strategic location, South Africa does not own a single flag carrying ship, which means that it has to rely on foreign shipping companies to transport its outbound and inbound seaborne cargo, at a direct cost to the economy of approximately R34 billion, according to the 2012 estimates.

We are working closely with SAMSA and maritime stakeholders to unlock South Africa's maritime potential.

Furthermore, we signed the Djibouti Code of Conduct, that empowers South Africa to share resources and information with other countries, in the fight against piracy and other crimes at sea.

This year's major projects will include:

- 1. The finalisation of enabling Maritime Transport Policy, the development of a Green Paper on maritime shipping and concluding consultations on the Ballast Water Management Bill;
- 2. The finalisation and launch of the Inland Waterways Strategy;
- 3. The finalisation and adoption of the Maritime Transport Broad Based Economic Empowerment (BBBEE) implementation plan, and the appointment of its Council;
- 4. Together with the Departments of Higher Education and Training, and Basic Education, we will launch Maritime Education and Training initiatives at no less than ten (10) Further Education and Training (FETs) Colleges countrywide and at least one High School per coastal province.

#### Conclusion

Honourable Chairperson, in conclusion, I wish to thank the Deputy Minister, the Ministry and Department officials and staff for their unwavering commitment and support.

I implore honourable Members to support the Department's budget for the 2013/2014 financial year.

I thank you.

Issued by: <u>Department of Transport</u>

28 May 2013

Address at the occasion to mark the Department of Transport 2013 Budget Vote 37 by Mrs Sindisiwe Chikunga: MP, Deputy Minister of Transport, National Assembly, Cape Town

28 May 2013

Honourable Chairperson

Honourable Minister of Transport: Mr Dikobe Ben Martins

Honourable Chairperson and Members of the Portfolio Committee of Transport

Honourable Members of Parliament

**MECs of Transport** 

Acting Director-General and Officials of the Department of Transport

Chairpersons of Boards and CEOs of Transport Entities

Distinguished guests

Members of the media

Ladies and gentlemen.

#### Introduction

South Africa as a country has come so far. We have seen so much. But there is still so much more to do to ensure safety and security in our oceans, skies, roads, and railways and yes we can.

Honourable Chairperson,

In participating in this debate I will draw attention on four issues related to:

- 1. Safety and security in the transport sector;
- 2. Key deliverables for 2013/14;
- 3. Achievements; and
- 4. Skills development and transformation in the transport sector.

In this regard due to time constraints, we will highlight few strategic projects for your attention.

## 1. On safety and security in the transport sector

Honourable Chairperson, Safety and security is a very critical instrument of our democracy enshrined in the constitution of the Republic. In 2013/14 financial year for maritime services we have committed R60 million to improve safety on ship repair and stevedoring operations to reduce casualties on the Indian and Atlantic Ocean waters.

Our Maritime Safety and Security Development Programme is investing R6 million in Boating and inland water Safety project. The target market is the high inland waterway casualty and incident zones as well vulnerable communities. This project will also embark on an education and awareness campaign while increasing access to surveyor's examinations.

Department of Transport and its agencies on behalf of South Africa hosted the Diplomatic conference on behalf of the International Maritime Organization (IMO) in Cape Town. This conference led into the successful adoption of an Agreement on the Implementation of the Torremolinos Protocol of 1993 relating to the 1977 Torremolinos International Convention for the Safety of Fishing Vessels. Honourable Speaker this is a resounding historic success for South Africa who led an effective and intense lobbying process to ensure the final adoption of this Agreement which took 30 years for countries to finally adopt.

To practically implement the Torremolinos Protocol, we have committed R16 million to implementing the Safe and Sustainable Fishing Initiative, with the aim to reduce deaths of fishermen, safer and more efficient fishing vessels.

Providing safety and secure waters is one of the primary roles of the South African Maritime Safety Authority; R15 million has been allocated to reduce deaths at sea and rescue human life through the Maritime Rescue Coordination Centre (MRCC).

Honourable Chairperson, R9,5 million will be used to prevent and combat marine pollution and promote safety of the environment, through the pollution monitoring and control programme.

It is time that as a country we realise the centrality and strategic importance of our maritime economic sector, and yes we can. It is a travesty of justice that South Africa contracts other countries for transportation of all its imports and exports seaborne cargo. Chairperson, this we are committed to change and we can and we will.

#### Roads

Honourable Members;

We are mindful of our commitments as a country towards the achievement of the targets encompassed in the United Nations Decade of Action for Road Safety, but more so our duty to provide a safe environment to all our citizens, pursuant to the Constitutional guarantee of the sanctity of life.

Chairperson, as a department of transport we do have an operational 2006 National Road Safety Strategy which is based on the objectives of the Millennium Development Goals and other policy precepts.

However, as there have been major developments with the UN Decade of Action 2011-2020 and the National Development Plan (NDP), we are reviewing the National Road Safety Strategy.

Our road safety approach is comprehensive, coordinated, inclusive and integrated and has effectively dealt and addressed the challenge of fragmentation and duplication of functions between the department and its agencies.

In this regard, the Department of Transport together with all its Roads Agencies are in the process of finalizing a 365-day Road Safety Programme that is sustainable and will run consistently.

We are spearheading the construction of pedestrian bridges, sidewalks and speed calming measures in rural areas and townships. The Department will also introduce measures aimed at reducing fatalities caused by stray animals. We are also looking at the number of law enforcement officers, and the capacity of critical roads agencies.

The use of technological devices such as cellular-phones, laptops and I-Pads came as a positive revolutionary communication tool era. But research shows that texting, making calls and other use of in-vehicle information and communication systems while driving, is a serious source of driver distraction and increases the risk of accidents, and this is real in South Africa. We are in communication with relevant stakeholders towards finding an implementable and sustainable solution.

We urge all South African, and parliamentarians to join forces and participate in our Road Safety Programme.

#### 2. Regarding key deliverables for 2013/14

 $Road\ Traffic\ Management\ Corporation\ (RTMC)\ established\ the\ anti-corruption\ unit\ and\ has\ allocated\ R12\ million\ for\ programmes\ focusing\ on\ corruption\ within\ the\ traffic\ fraternity.$ 

Road Traffic Infringement Agency (ARTIA) has crafted a practical and efficient plan to embark on the national rollout of AARTO in this current financial year. This rollout will be preceded by the AARTO National Summit, planned to be hosted by the RTIA and the Department within the next two months, wherein all the critical stakeholders will be afforded an opportunity to show their commitment for the AARTO rollout later this year. For this programme we have allocated R329 million.

For the Road Accident Fund (RAF) the enactment and implementation of the Road Accident Benefit Scheme (RABS) legislation will signal a major policy shift in post-apartheid South Africa.

The new dispensation will present an opportunity for the simplification of the claims process by removing the burden to prove guilt or contributory fault on the part of another driver.

#### Rail

One of our priority areas is rail safety; we are seriously concerned and affected by rail related accidents which claim lives in numbers.

Rail fatalities in South Africa are yet another silent killer, except when many people are involved.

Honourable members will remember the two major rail accidents that occurred in 2012/13; the Hectorspruit level crossing and the Cor Delfos-Kalafong collisions. Preliminary findings are out. RSR has set aside R1.6 million to conduct two Boards of Inquiry (BOIs) which will assist the department and the Rail Safety Regulator in finding the root causes and developing recommendations to prevent recurrence.

#### Aviation

To promote environmental protection ATNS is currently in the implementation phase of the sustainability and climate strategy and environmental plan.

ATNS has allocated R385 million to rigorously upgrade the communication, navigation and surveillance infrastructure.

The National Government, through the Department of Transport and the South African Civil Aviation Authority (SACAA), bears responsibility for the safety and security of the entire network of airports, in terms of legislation and international conventions on safety and security.

To enhance organisational efficiencies and address the challenge presented by manual record keeping, SACAA will be moving to a R120 million integrated Electronic Business System (EBS).

In July 2013, SACAA will participate in the International Civil Aviation Organisation (ICAO) audit. This Audit is a prerequisite for South Africa as a member state to be internationally recognised and given a clear status on civil aviation safety and security. We want to assure South Africa that SACAA is ready for the audit, and yes we can.

## 3. Coming to 2012/13 Achievements in the Transport Sector

If there are pessimists who still doubt that South Africa is a place where all things are possible, who still question the power of democracy, and wonder if Transport is the heartbeat of South Africa's economic and social development, well the following sector achievements speak for themselves.

In Road Accident Fund the 2012/13 financial year saw a conscious improvement in customer-centricity, with initiatives such as the "RAF on the Road" campaign. The last "RAF on the Road" campaign in Mthatha in March 2013, direct claims worth more than R18,6 million were settled in a single day with the highest claimant (a 57-year old former schoolteacher left paralysed in a taxi accident) receiving R3,9 million.

The Rail Safety Regulator now has Penalty Regulation as well as an approved Level Crossing standard.

In 2012, SAMSA won the Africa Maritime Agency of the Year based on its contribution in Maritime Skills Development Programmes. In 2012, here at home, SAMSA won the best Public Service Organization award.

ATNS through the flagship ATNS' Women's Development Programme (WDP) and mentorship programme recognize the strategic imperative to provide a focused development and growth of women in the workplace. In March 2013, The University of the Witwatersrand School for Economic and Business Science conferred the inaugural Aviation Management Development Programme (AMDP) Certificates to thirteen (13) Air Traffic and Navigation Services (ATNS) employees. This qualification is the first of its kind in the African continent.

Chairperson, following a robust process and assessments conducted by the United State of America's Transportation Security Administration; It is with great pleasure that we announce to this august house today, that as of the 9th May 2013 the United States Transportation Security Administration (TSA) pronounced that it recognises South Africa's National Cargo Security Programme (NSCP) as commensurate to the requirements of the US.

The ongoing collaboration and cooperation between US-TSA and the South African Civil Aviation Authority (SACAA) is critical to the enhancement of international air cargo security.

This recognition agreement is the first on the Continent and a huge milestone in terms of cooperation with other States on aviation security matters.

South Africa through SACAA has been appointed as Vice-Chair for the ICAO/CAPSCA Technical Advisor programme for the African Continent. This is in line with the requirement to ensure Africa's presence in all aviation structures, in the interests of a safer Africa.

Further to South Africa being a member state and council member at the ICAO, our country has been newly elected as Vice Chairman of the Aviation Security Panel for the period April 2013 to March 2014, and our representative who has taken up this position is our Acting Director at SACAA Ms Poppy Khoza. The implications of such an election are that we are able to influence the agenda on aviation security matters globally.

## 4. On skills development and transformation in the transport sector

#### Women empowerment

Honourable Chairperson,

The transport sector is one of the most male dominated industries be it in road, rail, maritime and aviation the same phenomena prevails. To this end, we formed a Women's Forum within the Department within which there is an Advisory Committee that deals on a day to day basis with among other issues, women empowerment, transformation, skills and capacity development as well as equity matters to mention but a few.

We have further, revived the South African National Women in Transport (SANWIT) which is an all modes inclusive structure that drives the emancipation of women into the economic development agenda in the transport sector.

#### Women in rail

One of our outstanding initiatives for women empowerment is the Women in Rail programme which is PRASA's response to the broader government agenda on economic inclusion of women. By this programme we aim to improve the representation and facilitate technical skills development and support.

The Women In Rail (WIR) Programme is allocated R1 billion, and as the Patron, we have committed to provide leadership and close monitoring where necessary.

During 2012/13 SANRAL trained 21 034 people in road-building projects at a cost of about R23 million, of which 9 470 were women.

Honourable Chairperson,

The Department of Transport and its Agencies took decisive actions to invest heavily in the development and promotion of critical skills in the various sectors.

In this regard, we have established Centres of Development (CODs) which constitute 13 Universities. We have also developed and introduced the Transport Curriculum in eight (8) Further Education and Training (FET) Colleges.

In its effort to develop advanced skills, human capital and institutional capacity within the Maritime Space, the South African Government through the Department of Transport will enter into an agreement between the Republic of South Africa, the International Maritime Organization (IMO) and the World Maritime University (WMU) which is expected to be finalized by the end of June 2013.

We are proud to announce that the first class of 2013 will depart South Africa to begin their Masters and Doctoral studies in maritime in Melmo-Sweden in September 2013.

We have in the past three years worked hard in order to put in place the seafarer training program. For Seafarers Welfare and access programme; we have allocated R13,2 million for the provision of Seafarer Support Services.

Honourable Speaker,

SACAA, ATNS, and ACSA will together invest R52.4 million on a robust scarce and critical aviation skills development programmes. To further address the challenge of attraction and retention of skills in the aviation

industry, the SACAA, entered into an agreement with the University of Pretoria to participate in the training of students in Aerospace Medicine and the first 10 degrees were conferred in March 2013. The head of Aviation Medicine from SACAA has also been appointed as an extraordinary lecturer at the University of Pretoria with effect from 2013.

Our Aviation agencies in conjunction with the Department of Transport and relevant stakeholders are currently developing an all-inclusive Civil Aviation Transformation Strategy; which is the first in the country aimed at addressing transformation issues which currently records a devastating figure of about 4% pilot licence holders being from previously disadvantaged individuals (PDIs).

In this regard on 8 August 2013, the DoT will also host a ground-breaking Letsema in Gauteng with the intention of forging closer working relations between ourselves towards the growth and transformation of the aviation industry, and yes we can.

#### In closing

Key investments in our infrastructure such as the much maligned but highly successful Gauteng Freeway Improvement Project- GFIP will continue to drive South Africa's growth and cement our position as Africa's economic leader, the position we have to work hard for.

Honourable chairperson, I wish to thank the Minister for his guidance, all Transport MECs, the Acting Director-General and the entire staff of the Department of Transport, staff at Ministry in general and my excellent performing office in particular, Boards and management of state entities, transport industry players, the public and the media for supporting our programmes and work.

I must also thank the Chairperson and Members the Portfolio Committee for participating in this debate. Organisations such as the Road Freight Association, SANTACO, SABOA, academic and many of our important stakeholders, we thank you for your continued support and willingness to come to the table and engage with government on the issues that affect our diverse industry with the goal of finding workable solutions.

We will continue to respond with that timeless creed that sums the spirit of a people – Yes We Can.

Chairperson, working together victory is certain.

Mintiro ya vhula vhula! Sharp sharp, Heita Daar!

Issued by: <u>Department of Transport</u>

28 May 2013

## Vote 38: Water Affairs

Speech by the Minister of Water and Environmental Affairs, Mrs BEE Molewa, on the occasion of the presentation of Budget Vote Number 37 on behalf of the Department of Water Affairs at the Old Assembly Chamber, Parliament, Cape Town

21 May 2013

"Water is Life: Respect It, Conserve It, Enjoy It!"

Honourable Speaker of the National Assembly
Honourable Chairperson of the Portfolio Committee and Committee members
Honourable Members of Parliament
Cabinet colleagues
Chairpersons and CEs of Water Boards and other Water Sector Entities
Honoured guests
Ladies and gentlemen.

Preparing for the third decade of democratic governance and tangible service delivery

#### Introduction

We have great pleasure in addressing Parliament and to report back on the mandate bestowed upon us by the people of South Africa. Our enduring mandate of water resources protection, delivering water to the people of our country and ensuring that South Africa is a water-secure country, not only forms the bedrock for the lives of our people but also the very survival of the country's economy.

As we approach the third decade of democratic governance, we reassure all South Africans that we will spare no effort in realising their dreams as well as the resolve of the democratic movement to build a "better life for all".

Ladies and gentlemen, the past two decades have been remarkable in responding to the needs and aspirations of our people at all levels. The strides we have made are huge and impactful but have not adequately addressed the issues of equity and redistribution. The opportunity is now on our doorstep as we approach the third decade of democratic governance, to do so with the resolute mentality that the next decade should be a decade of equity and redistribution.

While we are extremely proud of the achievements we have made, we remain cognisant of the challenges that lie ahead of us. We will continue to deal with these challenges along the entire water value chain, "from Source to Tap and back to Source". One of the major issues which will be given particular focus during the next year is the fact that we have not adequately addressed equity and redistribution in terms of access to water for both human and productive needs. This equity and redistribution paradigm must drive every policy, strategy, planning and implementation decision we take within the water value chain.

Let me just for a moment reflect on our progress made with regard to access to clean and safe drinking water. In 1994, only 59% of our people had access to clean and safe drinking water, nineteen years later, we have progressed to a national average of 95.2%. This is a truly remarkable increase of 88%. We are proud of this particular achievement and the impact that it has had among very many other achievements. We have made progress and we commit to build on it towards the achievement of the stated mission of our movement, that of a "better life for all".

Even as we celebrate these outstanding achievements, we are not naive and oblivious to the many challenges we face in the water sector. Our people continue to suffer from the grim reality of water scarcity especially in the far-flung areas of our country. The scourge of water shortages recently experienced in various provinces like North West and Mpumalanga are a sure sign that we need to redouble our efforts as government, working together to fix the water situation in our localities.

Another major challenge which requires our undivided attention, confirmed by the recent Census 2011 results, is the issue of functionality of municipal infrastructure and sustainable service delivery. Census 2011 identified that only 86% of our households have functional water supplies.

At least 9 to 10% of existing services are dysfunctional and a further 24% experience serious services challenges. This requires urgent intervention and also requires that we roll up our sleeves and work with local government and stakeholders to deal with this challenge once and for all.

The backlog now stands at a mere 4.8%, but we will not be complacent and not deal with the reality of those that are still left out of the system. The reality is that it is mainly the rural areas in KwaZulu-Natal, Limpopo and Eastern Cape which are still without water. We have a huge responsibility to address this challenge.

It is my absolute pleasure to announce the commencement in July this year of the Interim Water Supply Programme to address these backlogs in the rural areas through immediate interventions in the 23 District Municipalities prioritised by Cabinet. This programme which will be funded through the Municipal Water Infrastructure Grant (MWIG) which includes the development and upgrading of local water sources starting in areas with no water supply, water loss management ("War on Leaks"), repairs including refurbishment, operations and maintenance.

A total budget of R4.334 billion will be set aside for the programme over the MTEF period. Our Water Boards will also play a pivotal role in the implementation of the programme.

This programme is also going to require strong partnerships among ourselves as government, the private sector and non-governmental organisations. A great deal of work is already underway with partners such as the Strategic Water Partners Network SA, which hosted a successful dialogue during the World Economic Forum on Africa in Cape Town earlier this month. One of the strategic interventions that the network has committed to undertake is the development of a tool to support municipalities to take on the challenge to reduce water leakages in their systems. We have also identified a number of other cutting- edge projects aimed at closing the water gap in South Africa.

Honourable Speaker, we are also mindful of the issues around water conservation and water demand management. While there are a number of programs across municipalities and sectors to deal with the issues of water conservation, reports such as the one by the Water Research Commission on the state of our non-revenue water are a cause for concern which we must deal with decisively. According to this report, we are losing about 36% of our clean drinking water in the distribution system due to leaking pipes, dripping taps and illegal water use. These are all behavioural patterns that have a negative impact on the use of water.

Again, in collaboration with the Strategic Water Partnership Network SA we are developing a strategy for an incentive-based system of water-use efficiency currently referred to as a "No Drop" scorecard, based on the success achieved with the Blue and Green Drop Incentive programs. As we approach the end of the second decade of freedom and entering as we do, the third decade of equity and redistribution, our government and people should be proud of the progress we have made in improving their life conditions and thus lifting them out of the poverty trap which is a terrible legacy of Apartheid. The third decade, of equity and redistribution should be used to consolidate our gains and make sure that the country moves forward with even more vigorous courage.

### Matters identified for turnaround and business process review

In my speech last year, I reported about a process we engaged in around organisational re-engineering bolstered by a team of experts from various technical and non-technical professions (Business Process Re-Engineering Committee). I am glad to announce that we are beginning to see the results of this re-engineering. We have certainly improved our internal controls and are more geared up now to deliver the clean audit that we promised for the 2014 financial year. We are better configured now both in terms of organisational systems and managerial competence to deliver quality services in the water sector.

Our vacancy rate has also now stabilised to remain at an acceptable 10% DPSA threshold. Financial controls have also been significantly improved, compliance has improved and we have established a new governance structure, the Financial Misconduct Committee, to deal with financial irregularities.

The expenditure pattern has improved significantly over the last financial year in comparison to the previous years. As at the close of the 2012/13 financial year, our expenditure stood at ninety-six percent (96%) compared to ninety-percent (90%) for the previous year, made possible through the enforcement of accountability towards improved financial management.

## Building the Skills Base and the Capacity of the State to Deliver Quality Services

Ladies and gentlemen, our ability to successfully deliver quality services will be dependent on our skills capacity, departmental competence and the strength of our institutions. Currently, the learning academy has a contingent of five hundred and thirty- six (536) active bursary holders of which four hundred and eighteen (418) have been absorbed into the department's training programme and one hundred and eighteen (118) candidates are enrolled

at various universities.

Two hundred and seventy (270) of them are in Engineering, two-hundred and forty-one (241) in the Sciences and twenty-five (25) in Surveying. Thus far we have appointed one hundred and sixty-six (166) graduates in permanent and/or candidate OSD engineering and science posts within the department. Candidates graduating from our Learning Academy will also be able to supplement the skills required at municipal level.

Ladies and gentlemen, another proud moment for the Learning Academy was being awarded the Best Training Programme in the Public Sector, Best Science and Technology Training Programme and Best Engineering Sector Training Programme at a Skills Summit sponsored by the CSIR, Achievers Magazine and BHP Billiton. These awards honour and recognise companies, government departments and organisations who have demonstrated their commitment to the advancement of their employee's skills base by implementing skills development and training programmes that are relevant, innovative and effective.

The Head of our Learning Academy (Ms Verena Meyer) has also been selected to deliver a "best management practice" paper at the seventh Biannual International Water Association Efficient Conference which will be held in Paris later this year. The title of the paper is: "Scarce Skills Development for the Department of Water Affairs – the Learning Academy Model."

Ladies and gentlemen, we are making great progress in various ways in skills development, and one shining example is in the person of Xolani Mdletshe, joining us from the gallery, who is now a registered Professional Engineer. Coming as he does from our own Learning Academy, Mdletshe has traversed a long and challenging road from university, through to being admitted professionally in the engineering field, he is the first ever candidate from the academy to be registered. We congratulate him and commit to producing more young engineers and artisans for the water sector and our economy as a whole.

We will continue to work with all our partners in the sector to ensure that we strengthen our efforts in building a skills base for the sector and collaborate with professional institutions and other research agencies to consolidate this type of work. We are also very grateful for the contribution that the Water Research Commission (WRC), our research entity, is making to the skills base of our sector. Building a strong core of water scientists to address the water challenges of tomorrow is high on the Water Research Commission's agenda. During the 2012/13 financial year, four hundred and ninety four (494) students at Masters of Science (MSc) and Doctoral (PhD) levels were actively involved in WRC-funded projects.

Our skills improvement plan goes beyond our engineering and scientific fields only. We have another 84 Interns in various administrative posts. Recently we have advertised another 100 intern posts in human resources and finance. Whilst they are training they will assist in reducing audit queries.

Of these, 42% (207) were female – this is especially encouraging as most WRC-funded projects fall within the engineering or science categories of research where the involvement of women is historically low. More than half of WRC-funded students are Previously Disadvantaged Individuals. Many earlier WRC students are now leading Commission funded research and serving as members of steering committees across the country.

Honourable Chairperson, focusing on the department, I am pleased to report that within the management cadre of the department we now have one hundred and thirty-nine (139) Senior Management Service members, of which 40% (56) are female and 83% (116) are black. We are well on our way to achieving the 50% target for females in our Senior Management. We are also currently finalising the recruitment process for four Deputy Directors-General.

## Water Security and Security of Supply

This third decade of equity and redistribution must usher in a new era in which we nurture our own mandarins geared towards consolidating our gains and delivering tangible services to all our people.

Ladies and gentlemen, let me deal with the current myth regarding the mixed messages in the public space about us running out of water. You must have heard from one source or another how South Africa will "run out of water" in 2013, 2015, 2025 or 2030 depending on which news source you rely on.

Let me assure you as the custodian of water resources in this country that as we enter the third decade of equity and redistribution, South Africa will not run out of water in the next 100 years. This is not to say there are no challenges regarding water resources availability. We are confident that because of our planning, future

programmes in water management and the development and management of infrastructure are geared towards sustainability and a secured future in terms of security of supply.

I am saying this because our research institution, the WRC continues to lead national initiatives aimed at securing the future of the country's water assets, such as the Water Resources 2012 (WR2012) study, which will provide the blueprint on which all water resource management decisions will be made. This study will be completed in 2016 and will provide a national water resource assessment of all surface and groundwater in the country.

## Water Policy, Legislative Review, Strategy

Honourable Chairperson, last year in my budget speech, I announced that we needed to streamline our policy and legislation both with regard to water services and water resources management to meet the growing demands for water and thus achieve the goals of a developmental state.

In addition to this is the need to address issues of equity and redistribution in water allocation and other legacy implications which advantaged certain categories of people and sectors at the expense of the rest of the population. Our water allocation reform programme is geared towards the achievement of this objective and will be greatly served by a tightened policy and legislative environment as we envisage in this regard.

This review of our water policy will realistically identify what has and what has not worked in the last two decades of our democratic government. We must do this so that we are able to take decisions on what needs to be refined and what needs strengthening in the policy.

We also aim to finalise the policy review process by July this year, which will also inform the process to amend the National Water Act and Water Services Act and may even lead to combination of these two acts with the aim of strengthening the capacity of the state to deliver on its mandate.

This re-assessment will deal with issues like removing obstacles for greater equity in water resource allocation, water governance such as the appointment process of the governing boards of water institutions, oversight over the institutions, improved management of our water resources and new concepts such water off-setting, revised mechanisms for dealing with appeals and disputes, among others.

Ladies and gentlemen, we are reviewing the National Water Resource Strategy (NWRS) which in good measure responds to the very issues we have enunciated above. Following an intensive process of stakeholder consultation and public hearings, we have now consolidated the final inputs from all stakeholders and I intend to gazette the final NWRS-2 in June this year. During the review process we identified a number of gaps which will be taken forward in the policy review.

I would like to take this opportunity to thank all South Africans who took part in this critical process aimed at improving our water resources management, thus ensuring a sustained security of water supply for future generations.

I am also delighted to report that as I had indicated in the budget vote speech of 2012, we have reduced the number of Catchment Management Agencies (CMA's) from nineteen to nine. The process of consolidating the Breede-Overberg CMA to include the Gouritz catchments and the Inkomati CMA with the Usuthu catchments is progressing, with the Overberg and Gouritz already approved by me for gazetting.

Last year I also mentioned that we will be investigating the restructuring of Water Boards to ensure that they are able to fund and develop the necessary bulk water services infrastructure, and also to support municipalities, particularly those that require immediate intervention.

I have approved the proposals from this study to decrease the number of Water Boards from the existing twelve to nine. This realignment will deal with non-viable Water Boards which will be disestablished and their functions, assets and staff be integrated into the viable Water Boards. Building Infrastructure to consolidate the gains of the last two decades and laying the foundation for an equity-based future.

Honourable Chairperson our budget has also significantly increased due to increased allocations for infrastructure development. The total allocation now stands at R10,2 billion for 2013/14, R12,4 billion for 2014/15 and R15,5 billion for 2015/16. The announcement of the Strategic Integrated Projects by the President in 2012 formed the foundation of an equity-based future that we envisage in the coming decade.

As you are aware, SIP18 concerns both the delivery of water and sanitation services to all South Africans. In

collaboration with the departments of Human Settlements and Cooperative Governance, we are charged with the responsibility of integrating our work, through infrastructure development, for the eradication of backlogs and sustained delivery of quality services to the people of South Africa.

To facilitate effective and timely investment, I have initiated the development of a comprehensive investment framework which will inform budgeting and integrated planning based on a life-cycle approach, which includes planning and construction costs, operation and maintenance, financing costs and the costs of sustainable water management.

Capital investment in new water and sanitation infrastructure for the entire value chain including the refurbishment of existing infrastructure is projected to require an estimated R670 billion, over the next ten years, or an equivalent of R67 billion per year. Currently only 45% (R30 billion) per year is available from current sources. These investments will have to be funded from on-budget and off-budget sources through the private sector.

The new decade should see the accentuation of our seamless model in infrastructure development to manage the water resource "from source to tap and back to source". As we build and refurbish this infrastructure, we must do it in such a way that the systems connect and integrate not only at functional level but also in the manner in which they are geared towards the achievement of equity.

As such, our infrastructure build program seeks to address the challenge of lack of access and unequal distribution of water resources in some parts of South Africa.

From a water infrastructure perspective therefore, all our programs: the Accelerated Community Infrastructure Program, the Regional Bulk Infrastructure program, the Interim Water Supply Programme (funded through MWIG) and all the large augmentation schemes, form a contingent development infrastructure drive which must be seen as a single initiative to achieve our development objectives based on the need for equity and redistribution. These infrastructure projects are constructed through a mix of departmental construction and the use of Trans-Caledon Tunnel Authority (TCTA).

## De Hoop Dam

The De Hoop Dam is in its final stage of completion. I am glad to announce that the storage of water has already started and the dam is currently at 16.85% full with approximately 58,55 million cubic meters of water stored.

The work on the first pipeline which connects Water treatment Works at Steelpoort from the De Hoop Dam has already started and is expected to be complete by September of next year. Certain areas in Jane Furse will already be supplied with water by July this year. The pipeline to Sekuruwe in the Waterberg and Pruissen in the Capricorn areas is also planned to start during this year.

These bulk water pipelines are the veins to get domestic water to the most needy communities and the mines in the area. Once complete, our government would have invested in excess of R4.5 billion on the project, and will benefit more than 2 million people in the Sekhukhune Capricorn and Waterberg areas.

#### Komati Water System Augmentation Project (KSWAP):

I am also pleased to announce that we have successfully completed and inaugurated the Komati Water Augmentation Project providing an additional yield of 57 million cubic meters of water per annum. To improve the security of supply for Eskom's Duva and Matla power stations and for the new Kusile Power Plant currently under construction. This project was implemented far below its projected costs, resulting in efficiency saving of R500 million at its completion. We are also acutely aware of the water needs of the surrounding communities in the area and have taken a decision to ensure that about 10% of the yield of the scheme will used for redistribution for communities in the supply area.

## Mooi-uMngeni Transfer Scheme Phase-2

Honourable Chairperson we are making progress in the construction of the Spring Grove Dam which is planned to augment the current yield of the Mooi-uMngeni system by 60 million cubic meters thereby increasing the system yield to 394 million cubic meters per annum. The project will benefit the economic hub of KwaZulu Natal comprising six municipalities: (eThekwini Metropolitan Municipality, uMgungundlovu District Municipality, Msunduzi Local Municipality, Ugu District Municipality, Sisonke Local Municipality and iLembe District

Municipality). The first water storage in the dam commenced in March of this year as promised in our last budget vote.

#### Lesotho Highlands Water Project Phase 2

Ladies and gentlemen, the Agreement for the development of the Lesotho Highlands Phase-2 project was ratified by South Africa in November 2012 and we accordingly notified the Government of Lesotho through the diplomatic channels. I am now delighted to advise that following the recent Joint Bilateral Commission for Cooperation (JBCC) meeting between South Africa and the Government of Lesotho, as well as the meeting which followed between our President and the Prime Minister of Lesotho, we received notification on Monday from the Government of Lesotho that we should proceed with implementation of the project in order to avoid any further delays. Our teams have been instructed to continue with implementation of the Polihali Dam and tunnel.

#### Mokolo and Crocodile River (West) Water Augmentation Project Phase

We are making good progress on the Mokolo and Crocodile River pipeline project, which will transfer water through a 46km pipeline and pump station from the Mokolo Dam to the Lephalale area mainly for use by Eskom for the new Medupi power station. Just a few days ago the first 6.6km of the pipeline was connected to the existing pipeline increasing water availability by 36%. The project is on schedule. Progress is also being made with the negotiation of the agreements for Phase 2 of the project and we expect to commence in the third quarter of 2013.

#### Hazelmere Dam

The contract for the raising of the Hazelmere dam will be awarded in the middle of 2013 with construction scheduled to commence around October. The additional water that will become available from this project is aimed at ensuring water security to existing users as well as supporting the development of Human Settlements, the King Shaka Airport and the Dube Trade Port.

## Clanwilliam Dam:

Honourable Chairperson, the plans for the raising of the Clanwilliam dam are at an advanced stage. The construction of the N7 re-alignment will start in August 2013. The actual construction of the dam wall raising is planned to start April 2014. 75% of the increased capacity resulting from the raising of the dam will be set aside for resource poor farmers. This is just one of a number of initiatives to ensure equity and redistribution.

## Mzimvubu Dam

Ladies and gentlemen, I am happy to report that the department is proceeding with speed and urgency with the detailed planning of the Mzimvubu Water Project which entails the development of a multipurpose dam to supply new irrigation development, hydropower generation, domestic and industrial water requirements and SIP 3 developments in the Eastern Cape.

Of the 19 potential dam sites that were assessed as part of the planning process, the Ntabelanga dam site on the Tsitsa River was found to be the best in terms of domestic and irrigation water supplies. A smaller dam will also be constructed just upstream of the Tsitsa Falls for hydropower generation. These two dams will be developed as phase 1 of the project.

The dam at Ntabelanga is also strategically placed for a possible future water transfer to Nelson Mandela Bay Municipality and the Orange/Vaal River System, although such a transfers would only be necessary from 2035 due to the Phase 2 of Lesotho Highlands Water Project. The other dam sites will be taken up for detailed investigation in the subsequent phases of the development to further increase the availability of water for growth and development in the Mzimvubu catchment area.

#### The role of Water Boards in Infrastructure delivery

Ladies and gentlemen, the Water Boards are key strategic entities that play an important role in socio economic development. During the 2011/12 financial year alone, Water Boards generated R10.5 billion from water sales and after funding their own operational costs, they invested R2.1 billion in infrastructure development and are investing a further R3.3 billion during the 2012/13 financial year which ends in June this year. The investment programme could be further accelerated if the Municipalities paid their current debt of R1,9 billion which is owed to Water Boards.

Our Regional Bulk Infrastructure program at municipal level is largely being implemented by the Water Boards on behalf of the department. They also continue to provide assistance for municipalities to comply with the Blue/Green Drop certification thus improving the standard of their drinking water and effluent quality.

Honourable Chairperson, I will cover just a few areas where we are making significant progress on the implementation and planning of projects:

In KwaZulu-Natal, a number of water projects were implemented. Just a few weeks ago the R186 million water supply project in the Maphumulo area of the Ilembe District benefiting 150 000 people was inaugurated. In the Ugu District a further 100 000 people benefited from Mahlabatshana water scheme. A new project, the Richmond Pipeline, will be developed at a cost of R134 million and will provide water to 200 000 people.

In North West, the first phase of the R1.2 billion Pilanesberg scheme is being implemented. The project developed in partnership with the mines will provide a further 100 mega liters of water per day for the benefit of local municipalities and mines. At least 700 direct jobs will be created and 6000 indirect permanent jobs through new mining developments.

In the Free State, R156 million will be invested in two new pipeline projects providing additional water to Botshabelo and ThabaNchu municipalities and the Mangaung Metro.

We must congratulate the water boards for a jobs well done. They also achieved excellent audit results during their last audit.

## Dam Safety Rehabilitation Programme

Honourable Chairperson, the dam safety rehabilitation programme was initiated in 2005 to address dam safety-related deficiencies at the department's 359 dams and major conveyance systems. To date we have invested R1,7 billion and 35 dams have been successfully rehabilitated. A further 5 dams are currently undergoing rehabilitation (Elandsdrift Weir, Cata Dam and Mnyameni Dam in the Eastern Cape, Stompdrift Dam in the Western Cape and Kalkfontein Dam in the Free State). Good progress is being made on the rehabilitation of the Vlakfontein canal, one of the major supply arteries for ESKOM.

All these projects carry with them, the ever enduring principle of ensuring water and food security for South Africans and preventing water losses, but above all, the achievement of equity for the benefit of the poor people who have not benefitted from access to water from these dams.

### Regional Bulk Infrastructure Grant

Honourable Chairperson, the Regional Bulk Infrastructure programme develops bulk infrastructure for water supply and water treatment works, and supplements regional bulk sanitation collector systems as well as regional waste water treatment works. This covers the provision of water from sources to Municipal reticulation systems. We are implementing projects in every Province with a total budget of R3.7 billion of the MTEF period. Just by way of example in the Eastern Cape alone, we are implementing 18 projects.

Among many others are the construction of the Ludeke Dam in the Alfred Nzo District, the Paterson Bulk Water Supply Scheme in Cacadu, the Ncorha Bulk Water Scheme in Chris Hani, the Mncwasa Water Project at OR Tambo District.

In addition to the increased capacity for water supply, these projects have created more than 2 000 local jobs in the province. Collectively, our water resources augmentation programme and our rehabilitation and refurbishment programme created 4 986 jobs in the financial year 2012/13.

In the third decade of equity and redistribution, we must continue to prioritise the upliftment of poor communities and ensure that we sustain their development and growth.

#### South Africa and the Global Water Agenda

Honourable members would be aware, we share the water resources with the rest of our neighbouring countries, Lesotho, Botswana, Mozambique, Namibia, Swaziland and Zimbabwe. These shared water courses cover 60% of the land mass of South Africa and provide 40% of our total water requirements. It is for this reason, we bear the

important responsibility to collaborate and share best practice in integrated water management in the region in particular..

Honourable Chairperson, South Africa has achieved the Millennium Development goal for the provision of water supply which was to halve the number of people without sustainable access to safe drinking water by 2015. We are now participating with the Global water sector in the process of preparing for the post-2015 Development Agenda.

Still on the global agenda, 2013 has been declared by the United Nations as the International Year of Water Cooperation. As part of the global family of nations, we are already implementing joint programs with the objective of shared water management experience. A consultative process has already started at continental level focusing on the themes: "Water, Sanitation and Hygiene (WASH)", "Water Resources Management (WRM)" and "Wastewater Management and Water Quality (WMWQ)". We are confident that these consultations will reach consensus on realistic targets and indicators for these themes which will go a long way in further positioning water as a catalyst for development.

## Enforcement, compliance monitoring and water use authorisations

Ladies and Gentlemen, The Blue Scorpions, our enforcement unit, continues to play a vital role in enforcing the water laws especially in areas such as the Vaal River system where illegal water use is rife. We have already invested about R23.6 million in the area to strengthen our law enforcement efforts.

To date, and through these efforts, we have been able stop water theft in the order of fifty (50) million cubic meters per annum in the whole country 26 million of this in the upper Vaal alone. This is a sure indication that we are getting somewhere with the fight against illegal water use.

We continue to work with SAPS and NPA to ensure enforcement takes place.. In the Mpumalanga area, one of our recent court settlements resulted in a mining company having to pay a considerable fine that has been been earmarked for environmental research and protection. This is in support of the "polluter pays principle" which is at the core of our regulatory framework.

We continue to work with the departments of Mineral Resources and Environment Affairs to ensure that there is regulatory alignment and to ensure that there is efficiency in dealing with environmental impact assessment and licensing processes. We also work with these departments when conducting joint compliance audits.

We continue to make good progress on our water use authorisations project – Letsema – in dealing with the license backlog and new applications. Out of the 5349 water use Licence Applications received from 2001 until April 2013. 4286 have already been finalised.

## Support to local government:

Ladies and gentlemen, we cannot over emphasise the need for a closer collaboration with other Government Departments and other spheres of government if service delivery is to be achieved. It is for this reason that we have forged a partnership with the Department of Cooperative Governance with a task team to strategise and implement joint programmes to tackle issues of basic service delivery.

I have also recently signed a Memorandum of Understanding with the Premier of Mpumalanga which has been followed with the conclusion of an Implementation Protocol. Through this protocol we will speed up service delivery in the province and deal with all backlogs by the end of 2014. I anticipate that I will very soon be signing similar agreements with other provinces.

Following a cabinet decision in 2012, I appointed Rand Water as Implementing Agent for the Sedibeng Regional Sewer Scheme and we are at an advanced stage with the finalisation of the Implementation Protocol. The scheme will cover the Municipalities of Sedibeng, Emfuleni, Lesedi, City of Jo'Burg and Mid-Vaal. This project will resolve many of the pollution problems experienced in the Vaal River upstream of the Vaal Barrage. The project is scheduled for completion by June 2017at an estimated cost of R2.42 billion.

In the past year we have developed a programme to ensure that water and waste water treatment works meet the regulatory requirements for delivery compliance in the supply of good quality drinking water and effluent discharge.

In order to attain the ideals of this programme we have supported fifty-six (56) Water Services Authorities (WSA)

that did not comply with the Blue and Green Drop Certification programmes. In this regard, more than two-thousand (2000) Process Controllers were able to complete training in water and waste water treatment works through collaboration between the DWA and the Local Government Sector Education and Training Authority (LGSETA).

We also continue with the Councillor Development Training programme. This training will empower councillors leading to more effective, efficient, affordable and sustainable water services within the communities they serve.

## Pollution and Water Quality Management

Honourable Chairperson, the value and impact of the Blue Drop and Green Drop Certification process continues to grow. As you are aware, in 2012 I released the Blue Drop Drinking Water Quality Report which indicated a further improvement in drinking water quality. In July this year the outcomes of the 2013 Green drop assessments will be released at the annual Municipal Water Quality Conference.

This process helps us to recognise areas where urgent interventions are required. The Rapid Response team is able to mobilise at short notice to deal with these urgent interventions working together with The Department of Cooperative Governance special purpose vehicle, MISA.

Honourable Chairperson, we are also making good progress with regard to the challenge of acid mine drainage in the Witwatersrand area. Since the inception of the Inter Ministerial Committee on Acid Mine Drainage (AMD), the following progress has been made: the immediate solution in the western basin has been completed and commissioned in June 2012, and the uncontrolled decant of AMD in Western Basin effectively stopped in August 2012. We are currently busy with a second phase upgrade of the Rand Uranium plant which will further increase the capacity to treat AMD in that basin.

A contract for the construction of a pump station and new water treatment plant in the Central Basin was awarded in December 2012 and construction started on 14 January 2013. The project is on schedule to start pumping water by November 2013 resulting in the protection of the Environmental Critical Level.

In the Eastern basin, construction of a new water treatment plant is planned to commence by November 2014.

## Conclusion

In presenting this Budget Vote to this House for approval, I would like to extend my thanks to the Deputy Minister, The Chair and members of the Portfolio Committee, the Acting Director-General, Senior Management and staff of the Department for their continued support towards the achievement of our goals. I also extend my thanks to the Entities and Water Sector Partners who continue to provide invaluable support.

We are grateful for the contribution of those many South Africans who continue to heed the call to use water sparingly, whether at home, at work or in places of worship, entertainment and elsewhere.

As representatives of the people, your oversight and demand for accountability will spur us on to ensure that we do all that we have to do within the confines of the relevant legislation, assisting the achievements of the programmes of Government guided accordingly by the New Growth Path as well as the National Development Plan.

I thank you.

Issued by: <u>Department of Water Affairs</u> 21 May 2013

## Department of Water Affairs 2013/14 budget vote address by the Deputy Minister of Water and Environmental Affairs Ms Rejoice Mabudafhasi, Old Assembly

21 May 2013

Honourable Speaker Minister Molewa Ministers and Deputy Ministers, Honourable Members of the Portfolio Committee MECs Mayors Chairpersons and CEOs of water entities and NGOs Distinguished guests

#### Introduction

We remain committed and focused on ensuring that water availability is not constraint to economic development that our country desperately needs. The National Development Plan reiterates the scarcity of water in our country and the need to come up with creative water management programmes that will ensure water security for South Africa. Our response to this challenge as a water sector leader was the consolidation of a Water Conservation Programme which I will outline in my speech.

## Water conservation programme

In the last financial year, the department took water conservation to higher levels. We developed water conservation strategies for domestic, agriculture, mining and industry as we know that these sectors are major consumers of our water resources. They have been very involved in the development of our National Resources Strategy and some have even partnered with the department in funding some of our programmes. Allow me to share with you some of the programmes that our department and partners have been implementing in the last financial year.

## War on leaks project

We were all shocked by the outcome of the results published by Water Research Commission on water losses in the country that revealed that about 36% of our water is lost in the system and is unaccounted for. For a country that is so water scarce, this situation is totally unacceptable. We have therefore intensified one of our successful programmes, the War on Leaks project. This programme reduces unaccounted for water through leaking pipes and taps, creates awareness to the users about water use efficiency, provides job opportunities and equips our youth with skills that they can use in the job market.

This programme would not have been successful without the political leadership. I have heartwarming examples of how this simple and community based program has worked so well in the Northern Cape where we did door to door visits educating households users about water conservation and fixing water leaks. Ms Louise Mouers in the Northern Cape will recall how we practically fixed a leaking tap and toilet in her house. In the Randfontein Local Municipality our Water Conservation Warriors (young people) visited and educated 3 017 households about water conservation.

This door to door campaign is not about mobilizing votes, it is about service delivery on the ground.

With the limited funding mainly coming from the municipalities, we have created seventy (70) job opportunities and accredited training for Water Conservation Warriors.

We are on a clear path to extend the implementation of this programme in nine (9) municipalities within the 24 priority district municipalities prioritised by our Cabinet. About Three Hundred (300) jobs will be created from this programme.

We are deeply indebted to and humbled by the continued support from our partners SASOL, Eskom, Municipalities, Water Boards and Communities to name but a few. Water conservation is one of our strongest pillars of our National Resource Strategy. We will continue to call for more partnership for this programme.

## Blue Bus Campaign

We will continue with our Blue Bus campaign themed "Be Water Wise", which is aimed at creating awareness and

educating South Africans about water use efficiency. We mobilised artists acting in Muvhango, Tshisa, Home Affairs, Society and others to be our water ambassadors using the Blue Bus. We are using other creative ideas to interact with communities like industrial theatre and these have proved to be effective tools of communicating.

## Water Sector Awards

The success of our campaigns can be seen by the implementation of water conservation projects by various sectors. Annually, the department awards municipalities, mines, industries, organisations as a recognition for outstanding for water conservation projects.

Improving access to clean drinking water

Last year I reported that the department is involved in various interventions in partnership with District Municipalities to ensure that communities have access to clean drinking water. During National Water Week 2013 we handed over the R18 million Mukula Bulk Water Supply project to the late Chief Takalani and the Mukula community. This project supplies safe clean drinking water to 17 villages. A total of 45 locals were employed during the implementation of this project. The project was jointly funded by the Department and the Vhembe District Municipality.

Our partnership with traditional leaders yields great results. I intend to work with all local leaders and communities to address the new challenge of vandalisation of infrastructure. A sustainable solution to protect community assets comes from communities themselves. The role of traditional leaders in service delivery cannot be underestimated.

We have been working with Department of Science and Technology (DST) and Council for Scientific and Industrial Research (CSIR) to investigate appropriate technologies for providing safe drinking water in rural areas. The first phase was successfully implemented in the Amatole and OR Tambo district municipalities in the Eastern Cape which provided communal water stations that benefitted 8,989 people. This project is a good example of how community based knowledge can be matched with modern technology for sustainability.

Experience from this project has formed a good basis for Phase II currently being undertaken in eleven sites across Limpopo and Mpumalanga provinces. These projects will reach approximately 25 000 people. The exciting part of the Phase II will also tackle the operations and maintenance of infrastructure which is a national problem that is a threat to our water infrastructure.

In last year's address we indicated that we will provide hands on support to the 24 District Municipalities with water services backlogs. I am happy to report that the Department in conjunction with Municipalities conducted a study to assess communities without water supply. A comprehensive report that indicates areas without water and non functional infrastructure has been developed. These studies led to the Municipal Water Infrastructure Grant that the Minister referred to.

#### The role of women in water resource management

We brought rural women on board to prove that water resource management is not for engineers and scientists only. People with indigenous knowledge have a key role to play, hence the conceptualisation and implementation of the Adopt a River project.

This project aims to clean polluted rivers whilst creating job opportunities and skills development for women. It also educates communities residing along river catchments about the importance of water conservation. During 2012/13 financial year, twenty four (24) rivers were cleaned and 1 148 job opportunities for women were created.

Last year I made an announcement that we will put some of these women in our skills development programme to tell a story that says "I was a river

cleaner now I am a Scientist". I am proud to report to you that forty four (44) women will be awarded bursaries in this financial year to study at Universities and FET Colleges. I also need to appreciate the partnership and support from the Birchwood Hotel who adopted the Modderfontein River in Ekurhuleni. This is indeed a good example of goodwill from our partners in the private sector. (Water business involves all sectors including Hospitality Industry)

#### Women in Plumbing Project

One hundred and eighty-one (181) women from various municipalities of the Western Cape were trained in plumbing. They will be part of the War on Leaks teams in their respective municipalities. This milestone has been achieved through our partnership with Development Bank of South Africa and the University of Stellenbosch.

## Women in Water and Waste Treatment Works

Two hundred and fourteen women (214) from the nine provinces (9) have been trained as process controllers. A big thank you to the Local Government SETA for funding this project.

We will continue with Women in Water Awards which is our annual event recognising outstanding women projects aimed at addressing water challenges in their respective areas.

During Women's Month we will host the Women Mayors' Dialogue to encourage them to champion water conservation, environment, women and youth projects in their respective municipalities.

## 2020 Vision for Water Educational Programme

We continue to implement the 2020 Vision Programme that educates grades R to 12 learners about integrated water resource management, climate change and environment including water related careers. We are grateful to our partners which are Department of Basic Education, MTN Foundation, Birchwood Hotel, SASOL, WESSA, Water Boards and Rand Water Foundation.

Our youth will converge again during the annual Youth Water Summit to present their action projects undertaken during the course of the year. They will also go for excursions to Rand Water, Roodeplaat Dam and the South African Weather Service

Through this programme we have achieved the following:

- In partnership with MTN Foundation we handed over one thousand two hundred (1200) computers to sixty (60) schools connected to internet, equipped with maths and science programmes Learners from rural schools can now connect with the world.
- During 2012 youth from various countries of the Continent attended the Youth Summit and developed the Africa Youth Water Strategy which is one of the projects of AMCOW. This strategy will be launched during this year's youth summit to be held in July.
- Through partnership with WESSA we will implement the Eco schools project targeting the national winners of various projects of 2020 vision programme. They will develop and implement action plans to address the water and environment related challenges in their respective schools and communities. They will participate in this project for three (3) years.
- Developed curriculum aligned water related educational resource materials for grades R-9 learners and educators.
- In partnership with SASOL, Metsimaholo Municipality we implemented war on leaks project called Busa Metsi in twenty one (21) schools.
- Eighty nine (89) bursaries have been awarded to learners who participated in the projects of the 2020 Vision Programme to study water related careers. This programme also serves as an incubator for our Learning Academy.

#### Skills development

Water sector is faced with a challenge of scarce skills, we have ageing workforce. Through our Learning Academy we will overcome this challenge.

Since the establishment of the Learning Academy in 2007, we awarded a total of 587 bursaries. 418 of these students have completed their studies and have joined the department as graduate trainees.

We placed one hundred and sixty six (166) in permanent posts within the department.

One hundred and fifty two (152) received their professional registration as engineers and scientists.

Our Learning Academy was awarded the Best Training Programme in the Public Sector at the 2012 BHP Billiton Achievers Awards.

#### Rural development

Food and water security are inextricably linked. As a result this government has taken a nexus approach whereby the interdependency between water and food security is central in all interventions and plans. We provided support to one thousand five hundred and fifty nine (1 559) Resource Poor Farmers (RPFs) through the provision of irrigation pumps, installation of Hydroponic tanks, water supply and storage, operation and maintenance and subsidies on water use charges.

We provided four thousand and sixty eight (4 068) rainwater harvesting tanks to schools and households.

## **Partnerships**

In our quest to deliver clean drinking water, eradicating water leaks, conserve our water resources we established partnership with the following stakeholders: Department of basic education, Department of Science and Technology, Municipalities, Water boards, MTN Foundation, SASOL, Eskom, WESSA, Birchwood Hotel, SA Cities, Rand Water Foundation and many others.

In partnership with Daily Sun newspaper we launched the 5 million water saving tips campaign. Through this Campaign Daily Sun readers will be called upon to suggest water saving tips in the home, workplace, schools etc. It is done in a form of a competition where 5 readers with the most innovative ideas are selected weekly and published in the Sunday Sun as winners. The winners will be awarded bursaries to undergo training at FET Colleges around the country for a basic plumbing course.

#### Conclusion

In conclusion, I wish to thank our honorable Minister for her guidance, the honorable chairperson and members of the portfolio committee for their continued support.

Acting Director-General and your team, we appreciate your unwavering support and commitment. We are proud and appreciate all departmental staff.

I also want to thank all our water boards and all water sector stakeholders for their commitment towards a better life for our communities.

Let us respect, conserve and enjoy water.

Issued by: <u>Department of Water Affairs</u>

 $21~\mathrm{May}~2013$ 

Speech by the Minister of Water and Environmental Affairs, Mrs Bee Molewa, on the occasion of the presentation of NCOP budget vote on behalf of the Departments of Water Affairs and Environmental Affairs in the NCOP Chamber, Parliament, Cape Town

11 Jun 2013

Honourable Chairperson of the NCOP Honourable Chairperson of the Select Committee Honourable Members of the NCOP Distinguished Guests Ladies and Gentlemen

#### Introduction

I have a great pleasure to table our plan of the financial year 2013/14 to this House which plan is based on the mandate bestowed upon my two Departments; Water and Environmental Affairs. Let me begin by saluting the youth of our country during their special month and the people of South Africa during this Environment Month.

#### Water Affairs

During the past two decades of our democratic and ANC government, we have managed to increase access to clean and safe drinking water from 59% in 1994 to a national average of 95.2%. Yet as we have observed and as confirmed by Census 2011, between 9 to 10% of existing infrastructure services are not functional, thus reducing our national access to 86%. Therefore, as we deal with the current 4,8% backlog, we will also be addressing issues of dysfunctionality of some of our infrastructure.

## Water Security and Security of Supply

Amid a myth that South Africa will "run out of water" in the near future, I want to assure you that we will not run out of water even in the next 100 years. We will ensure that through our existing programmes, our planning and future water resource development initiatives, this does not happen.

Water Policy, Legislative and Strategy Review

Chairperson, we have to address issues of equity and redistribution in water allocation and other apartheid legacy implications which remain a challenge in our society. The particular focus during the next year is the fact that we have not adequately addressed equity and redistribution in terms of access to water for both human and productive needs. This new paradigm must drive every policy, strategy, planning and implementation decision we take within the water value chain.

In order to enhance our institutional efficiency and capacity in pursuit of improved water resources management, we have reduced our Catchment Management Agencies (CMA's) from 19 to 9. Water Boards will also be reduced from the existing 12 to 9.

#### Building the skills base and the capacity of the state to deliver quality services

Our skills enhancement programme is also contributing towards strengthening our capacity. Our Learning Academy currently has 536 active bursary holders of whom 418 have been absorbed into the department's training programme and 118 are enrolled at various universities. Importantly, 270 of them are in Engineering, 241 in the Sciences and 25 in Surveying. Over time we have appointed 166 graduates in permanent and/or candidate OSD engineering and science posts in the department and more graduates from our Learning Academy will supplement the skills at municipal level. We also have 84 Interns in various administrative posts and we have advertised for acquisition of another 100 in human resources and finance to assist in reducing audit queries while training.

Building Infrastructure to consolidate the gains of the last two decades and laying the foundation for an equity-based future.

Our budget has increased significantly due to increased allocations for infrastructure to 10.2 billion Rand for 2013/14, and 12.4 billion Rand for 2014/15 and 15.5 billion Rand for 2015/16. This is indeed a boost for our existing and future capital projects and I'm sure real impact is and will be felt at provincial level.

In Limpopo, the De Hoop Dam is in its final stage of completion and the storage of water has already started. The construction of the necessary infrastructure to distribute water to various areas in Sekhukhune, Capricorn and Waterberg has also begun. The Mokolo and Crocodile River pipeline project is also well on schedule. In Mpumalanga, the Komati Water Augmentation Project is complete and up and running.

In KwaZulu-Natal, the Mooi-uMngeni Transfer Scheme Phase-2 is progressing well with the first water storage in the Spring Grove Dam having commenced early this year and construction for the raising of the Hazelmere Dam will commence in October. A number of other projects in Maphumulo, Mahlambatshana and Richmond areas, costing over 420 million Rand will benefit over 450 000 people are being finalised.

In the Western Cape, plans for the raising of the Clanwilliam dam are at an advanced stage and the construction of the dam wall raising will start early next year, in line with our plans.

In the Eastern Cape, the finalisations of the planning of the Mzimvubu Dam Project are underway and construction will commence early or mid next year (2014). In North West, we are implementing the first phase of the 1.2 billion RandPilanesberg scheme in partnership with local mines. This will create over 6000 direct and indirect jobs in the area.

In the Free State, 156 million Rand has been set aside for new pipeline projects for improving water supply to Botshabelo and Thaba Nchu in the Mangaung Metro.

## Regional Bulk Infrastructure Grant

Through our Regional Bulk Infrastructure programme, we are constructing projects worth 3.7 billion Rand in all provinces, for the MTEF period.

## Dam Safety Rehabilitation Programme

We have also invested 1,7 billion Rand in the rehabilitation of 35 dams through our dam safety rehabilitation programme and we will rehabilitate five more will be rehabilitated this financial year.

## The Role of Water Boards in Infrastructure delivery

More delivery of our precious resource has also been achieved through the efforts of the Water Boards. During the 2011/12, the Boards generated 10.5 billion Rand and invested 2.1 billion Rand in infrastructure development and a further 3.3 billion Rand during their financial year ending in June this year. We are concerned, though, that municipalities owe our Water Boards some 1,3 billion Rand.

## Support to Local Government:

In our quest to strengthen and support local government, we have 3 initiatives namely; joint interventions between DWA and COGTA; Deployment of Rapid Response Units (RRU's), new MWIG to fix non-functional infrastructure and provide water where people never had access to safe water.

I have signed a Memorandum of Understanding with the Premier of Mpumalanga with an Implementation Protocol to speed up service delivery in the province and deal with all backlogs by the end of 2014. I intend to and will soon sign similar agreements with Premiers from other Provinces.

We have also finalised the Implementation Protocol with the relevant partners for the Sedibeng Regional Sewer Networks and waste water works at an estimated cost of 2.42 billion Rand.

We have supported 56 Water Services Authorities (WSA) that did not comply with the Blue and Green Drop Certification programmes and trained over 2000 Process Controllers. Next month I will release the outcomes of the 2013 Green drop assessments.

To deal with acid mine drainage in the Witwatersrand, we have completed the immediate solution in the Western Basin and stopped the uncontrolled decant in the same Western Basin. We are now in our second phase of upgrading the Rand Uranium plant and we have started with the construction of a pump station and new water treatment plant in the Central Basin. This will ensure the Environmental Critical Level is not breached. The Eastern Basin is still at a safe level construction of a new water treatment plant is planned to commence by November 2014.

#### **Environmental Affairs**

On Environment, we want our rich environmental and natural resource endowment not only to benefit us today but also our children and grandchildren into the future.

## **Ecological Infrastructure**

In support of the National Development Plan, we are working through the South African National Biodiversity Institute (SANBI) to spearheading an innovative programme of work on ecological infrastructure analysis and costing of our natural capital. This body of knowledge will empower us to make informed development related decisions.

## War against Rhino Poaching

We have embarked on an in-depth amended and further review of our various pieces of legislation to incorporate various aspects to tighten issues of control and coordination, as well as to enhance enforcement efforts. These efforts should be able to yield appropriate results in the near future.

At the 16th Conference of Parties of the Convention on the International Trade of Endangered Species of Wild Fauna and Flora (CITES) in Thailand in March this year, we successfully offered to host the 17th CITES CoP in 2016 and work to prepare for this Conference will start soon.

In the same light, we are intensifying the collaborative law enforcement effort to combat the increasing scourge of rhino poaching as well as international cooperation with recipient and transit countries such as Vietnam, Thailand and China. We have signed Memorandums of Understanding with Vietnam and China and we aim to sign similar agreements with Mozambique and other Asian countries. These MoUs allow us to collaborate on among others, joint policing / security measures, strengthening of laws, joint technology innovation and use, awareness campaigns and prosecutions to justice programmes.

We have elevated the rhino poaching challenge to the National Joints Security Committee where a National Joints Operational Instruction Strategy has been forwarded to all security structures for immediate implementation. Furthermore, 75 million Rand has been allocated to SANParks for the purpose of combating this on-going poaching for the period 2013/14 to 2015/16.

## Climate Change

The United Nations Framework Convention on Climate Change's CoP18 Conference was held in Doha, Qatar late last year. This secured the Durban legacy with an outcome that concluded the necessary provisions to give effect to a second commitment period under the Kyoto Protocol, including legal, operational, ambition and environmental integrity considerations.

The policy implementation actions and activities flowing from this include the analysis of mitigation potential in key economic sectors as the basis for the establishment of Desired Emission Reduction Outcomes or what is called DEROs, and defining the optimal mix of measures for achieving those DEROs, with greatest benefit and least cost to the economy.

We must acknowledge the good work done together with the Department of Energy in processing all the applications for renewable energy. Up to 25 000 megawatts of wind and solar projects have been authorised for the various parts of the country to date, thus far surpassing the original quota of 3 750 megawatts suggested for the first three rounds of the bidding programme.

#### Sustainable Development and Green Economy

We have begun the introduction of the Green Economy with the utilisation of our Green Funds which we announced last year. Our Implementing Agent, the DBSA, has allocated funds through the first window to projects that proved to be sustainable, mainly in the alternative energy sector.

Early this year, we launched the zero emission pure electric Green Cars as a national Pilot Programme with the objective to demonstrate government's commitment to the reduction of carbon emissions that are chiefly

responsible for climate change.

In the same vein, the bio prospecting and hunting industries will remain integral to our contribution to sustainable development and green jobs in South Africa.

Chairperson, ladies and gentlemen, we are committed to improve the socio-economic benefits within the environmental sector by creating 65 494 work opportunities which will yield 34 019 Full-Time Equivalent Jobs. The targeted designated groups are women, youth and people living with disabilities.

We have accessed a total amount of 2.39 billion Rand from the Expanded Public Works Programme for our Environmental Programmes in the new financial year, which will boost the job-creation objective of Government, and secure vital environmental benefits from the work to be done. The jobs created will be coupled with skills development where-in 184 263 accredited training person days will be achieved.

During this financial year, we aim to spend over 1.13 billion Rand on the Working for Water and associated programmes, whilst Working on Fire will get 406 million Rand, and the Environmental Protection and Infrastructure Programmes will get 817 million Rand.

The biggest budget allocations are again going towards Eastern Cape and SANParks projects and the SANParks budget includes the funding for the Eco-Furniture Factories.

Some 2700 young people will benefit from our Youth Environmental Services (YES) Programme over the next three years. Upon exiting the programme these young people will be placed in either permanent employment or further training institutions. We will also launch the Youth Jobs in Waste Programme. This project is expected to create 330 job opportunities in the Free State and 326 in the North West, and once rolled out nationally, it will provide 3577 young people with job opportunities in waste management and related entrepreneurship.

In addition to these youth employment initiatives, is the introduction of Environmental Monitors to deal with environmental threats in protected areas, including the scourge of rhino-poaching nationally. This programme will employ 1 000 young people to strengthen the fight against rhino poaching and other environmental challenges.

## Compliance

Since the first protocol was signed with the Limpopo provincial government in February 2012, most provinces have made progress in signing these protocols with the relevant local authorities. We have designated 48 Environmental Management Inspectors in different local authorities across the country and we anticipate that in the next few months this number will increase considerably following the various training initiatives that are being undertaken. There will however need to be focused efforts in Eastern Cape, Northern Cape and the Free State where implementation protocols have not yet been signed with any of the local authorities.

We are also in the process of developing a comprehensive compliance and enforcement strategy that will provide us with a gap analysis enabling us to use our limited resources in the most effective way that ensures compliance with our legislation.

The National Waste Management Strategy continues to contribute to the creation of varied industries that are deliberately structured to deliver sustainable livelihoods. We are assisting three District Municipalities in the Northern Cape, two in Gauteng and two in Mpumalanga with the development of their Integrated Waste Management Plans to ensure that the planning around provision and management of waste complies with the requirements of the Waste Act. We will assist a further five municipalities this year.

As part of our efforts to drive recycling efforts, a total number of 15 buy-back centres will be established in this financial year.

The successful integration of the Water Use and Waste Licences for waste disposal facilities is an example of a successful integration of the licencing processes.

We will continue with the project of reducing the number of unlicensed waste disposal sites. In this financial year, the department will finalise the norms and standards for remediation of contaminated land, storage of waste, flaring of landfill gas, and waste classification and management regulations.

Lastly, I would like to thank the Deputy Minister, Ms Rejoice Mabudafhasi, the boards and staff of the public entities under the two departments, the Directors General, and their teams for the commitment they continue to show in the attainment of our strategic objectives.

I would also like to thank all members of this House for your support, guidance and robust engagements.

I thank you

Issued by:  $\underline{\text{Department of Water Affairs}}$  11 Jun 2013

## Budget Vote Speech by Mme Rejoice Mabudafhasi, MP, the Deputy Minister of Water and Environmental Affairs, National Council of Provinces (NCOP) in Parliament

11 Jun 2013

Honourable Chairperson of the National Council of Provinces(NCOP);

Honourable Minister Molewa, MP;

Chairperson of the Select Committee and Members of the Select Committee;

Distinguished Chairpersons and Chief Executives of Public Entities;

Distinguished guests;

#### Introduction

Allow me to take you on a journey of how we, as the sector leaders of water and the environment are geared to bring forth a better life for all, even beyond the second decade of democracy.

## War on Leaks project

Through the War on Leaks project we educated water users about the importance of water conservation by doing door to door campaigns, practically fixing leaking taps and toilets in Northern Cape and West Rand. We also created job opportunities for our youth and equipped them with skills that can be used in the job market.

These young people are called Water Conservation Warriors. This year, we will implement this project in nine municipalities within the 24 priority district municipalities prioritised by our Cabinet and 300 job opportunities will be created.

## Access to clean drinking water

During the National Water Week 2013, we handed over the R18 million Mukula Bulk Water Supply project to the late Chief Takalani and the Mukula community. This project provides clean drinking water to 17 villages and created 45 job opportunities for local people. Through partnership with the Department of Science and Technology (DST) and the Council for Scientific and Industrial Research (CSIR) we provided water to six villages at Amathole and OR Tambo District municipalities in Eastern Cape.

Phase two is currently being undertaken in eleven sites across Limpopo and Mpumalanga Provinces which will reach approximately 25 000 people. The exciting part is that Phase II will also tackle the operations and maintenance of infrastructure which is a national problem.

#### Public awareness and education

The school based environmental education programme implemented in partnership with the Department of Basic Education continues. In partnership with MTN Foundation we handed over one thousand two hundred (1 200) computers with internet connection to sixty (60) schools. Eighty nine (89) bursaries have been awarded to learners who participated in of the 2020 Vision Programme to study water related careers.

The African Youth developed a draft Africa Youth Water Strategy during the 2012 Youth Water Summit held in South Africa. The strategy has since been approved by AMCOW.

Kids in Parks programme enabled 4159 learners and 168 educators to access the national parks. We are targeting 5000 learners for this financial year.

We handed over the R28.5 million Environmental Science Education Centre to the University of Limpopo – Turfloop which created 17 job opportunities to locals.

## Women Development

We brought rural women on board to prove that natural resources can be managed using indigenous knowledge; it is not only for engineers and scientists. Through the Adopt a River project, twenty four (24) rivers were cleaned and created 1 148 job opportunities for women. Last year I announced that we will put some of these women in our skills development programme to tell a story that says "I was a river cleaner now I am a Scientist".

I am proud to report that forty four (44) women will be awarded bursaries in this financial year to study at Universities and FET Colleges. I also need to appreciate the partnership and support from the Birchwood Hotel who adopted the Modderfontein River in Ekurhuleni.

One hundred and eighty-one (181) women from various municipalities of the Western Cape were trained in plumbing. Two hundred and fourteen women (214) from the nine provinces have been trained as process controllers. Last year we hosted the Women in Environment conference. In this current financial year we will develop the sector gender framework and programme of action.

During Women's month, we will host a Women Mayor's dialogue to encourage them to prioritise and champion water conservation, environment, women and youth projects in their respective municipalities.

#### Working for Water – Eco Furniture Factory

Invasive alien species are a threat to our eco-system; however we reuse them as raw materials to manufacture eco coffins, school desks, garden benches, chess tables, bedroom furniture, walking sticks etc. To date we have established 3 Eco Factories which created a total of 493 job opportunities of which 52% is women and 37% youth. 250 desks from these factories were handed over to Boitumelo High School in Ficksburg, Free State and another 250 to Maatla Primary School in Hoedspruit, Limpopo. We will establish 18 Eco Factories within three years which will create 160 job opportunities per factory.

## Waste Management

Three Hundred and Seventy Two (372) Councillors from the 9 Provinces have been trained on Environmental Management and Waste Management Planning. This year, the department will undertake a study that will investigate ways of including waste-pickers from the land-fill sites into the formal Waste Management System as a way of creating jobs in waste.

## Access and Benefit Sharing

As a signatory to the Nagoya Protocol on Access Benefit Sharing, we have awarded 10 bio-prospecting licences to communities. They are benefitting through the creation of community-based enterprises and the awarding of bursaries to young people to further their education in the biodiversity conservation field.

## Transformation of protected areas

Through this programme we facilitated co-management agreements with the Nwanedi land claimants in Limpopo and the Songimvelo Community in Mpumalanga, developed 241 SMMEs and created 5 852 job opportunities. During this financial year we will capacitate 400 beneficiaries on the use of natural resources, particularly the youth, women and people with disabilities.

#### Greening and open space management

Through our greening and open space management programme we have handed over Eco-Parks in Mdantsane and Duncan villages to the Buffalo City Metropolitan Municipality. A total of 186 job opportunities were created during the implementation of this project.

#### Wetlands

We are making remarkable progress in the protection of the country's wetlands, of which 48% are critically endangered. A total of 540 million Rands have been invested in the rehabilitation of wetlands, providing 12 908 job opportunities.

## Marine Protected Areas

In order to protect our vulnerable coastline, last year we developed the Ocean Management Strategy, which will be implemented from this year. South Africa declared the Prince Edward Islands as the first South African Marine Protected Area.

## Weather Service

Together with the South African Weather Service, we embarked on severe weather awareness road shows in Limpopo and Northern Cape educating the affected communities about weather issues.

## Rural development

We provided support to one thousand five hundred and fifty nine (1 559) Resource Poor Farmers (RPFs) through the provision of irrigation pumps, installation of Hydroponic tanks, water supply and storage, operation and maintenance and subsidies on water use charges. We also provided four thousand and sixty eight (4 068) rainwater harvesting tanks to schools and households.

#### Conclusion

In partnership with Daily Sun newspaper we launched the five million water saving tips campaign which is done in a form of a competition. The winners will be awarded bursaries to undergo training at FET Colleges around the country for a basic plumbing course.

We are grateful to all our partners such as the Department of Basic Education, MTN Foundation, Birchwood Hotel, SASOL, WESSA, Water Boards and Rand Water Foundation.

As we celebrate Environmental month which in our country is also celebrated as Youth month, I would like to remind South Africans especially youth about the significance of striving for environmental sustainability.

The need for this is clear in the theme for Environment Month: Think, Eat, Save.

I thank you.

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Issued by: Department of Water Affairs 11 Jun 2013

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