

Speaker of the National Assembly, Ms Baleka Mbete,
Honourable Members,
Distinguished Guests,
Fellow South Africans,

It is nearly 100 days since we set out as a nation on a new path of renewal and revival

It is nearly 100 days since we decided, together, to make a clear and decisive break with the discord and division of recent times.

It was a moment at which we made plain our determination to act with urgency and resolve to transform our society, to grow our economy and to create the jobs that our people so desperately need.

We undertook, together, to rid our country of corruption, end state capture and confront the crimes that daily prey upon our communities.

Now, as we gather to debate the budget vote of the Presidency, we can speak of a new mood in the country.

This has manifested itself, for example, in a massive jump in consumer confidence, reaching record levels in the last quarter.

Business confidence indicators produced by the South African Chamber of Commerce and Industry and by the Bureau of Economic Research point to a positive trend.

The 11-point increase between the fourth quarter of 2017 and the first quarter of 2018 in the Bureau's index is remarkable.

Many institutions have undertaken a positive re-evaluation of South Africa's economic prospects.

Earlier this year, Standard Bank researchers predicted that "in 2018, it will feel like the pendulum has swung".

More importantly, the new mood in the country has manifested itself in a population that is more confident about its future and more excited about the prospects for meaningful change.

Honourable Members,

We are in no doubt about the depth and extent of the challenges we face.

We have made significant progress over nearly 25 years to develop and transform our economy.

However, our economy remains largely characterised by the structural flaws of a racist and patriarchal past.

Millions remain outside of productive economic activity, unable to contribute, unable to benefit.

The majority of these people are young.

They live far from economic centres, they do not have the skills, work experience or networks to find gainful employment, and they do not have the assets or the markets they need to start their own enterprises.

At the same time we have had to contend in recent years with a sluggish economy and an unemployment rate that has refused to budge.

We have experienced governance failures in some public institutions and state owned enterprises, and are daily learning more about concerted and orchestrated efforts to capture sections of the state.

We have identified our problems, we have acknowledged our shortcomings, and we have begun to work in earnest to address them.

We are now poised to make significant progress.

We are now poised to build the South Africa that we want.

Over the last few months, we have taken decisive steps to improve the business environment, promote the country to investors, ensure policy certainty, strengthen state owned companies and create pathways into employment for the youth.

We are working with labour, business and communities to forge a new social compact around job creation, which will form the basis for a broader compact around growth, development and transformation.

The Jobs Summit is an important part of this effort.

With preparatory work already underway in Nedlac, the Jobs Summit needs to produce extraordinary and far-reaching measures to create jobs.

We have learnt the lessons of previous summits and accords, and are determined that the outcomes of the Jobs Summit should be practical, measurable, effectively monitored and owned by all parties.

Our social partners have indicated that although they carry mandates from different constituencies, they are bound together as South Africans seeking an inclusive economy and a better future for everyone.

In forging a social compact on jobs, we will look to recent examples of collaboration and partnership.

We will look to the agreements on a national minimum wage and labour stability.

The legislation that will shortly be debated in this House before going to the NCOP will open the way for the introduction of the first national minimum wage in the history of this country.

We should not underestimate the significance of this development.

It will be the culmination of a struggle that dates back to the Congress of the People in 1955, and which has taken nearly four years of intensive negotiations among social partners.

In another example of effective collaboration, the Youth Employment Service, which was launched in March, promises to equip hundreds of thousands of young people for the world of work over its first three years.

Twenty early adopter companies have committed to providing 22,000 work experience opportunities, with a further 18 companies engaging intensively with the YES team to unlock a further 21,000 opportunities.

This initiative will bridge the critical gap between education and the world of work, significantly increasing the chances of participants to find work after one year.

We are forging ahead with the introduction of phased free higher education for poor students.

From 2018, first year students from poor and working class backgrounds are being provided with bursaries for the full cost of study.

This will massively expand access for poor young people to higher education, reducing the country's skills deficit and increasing their prospects for employment.

None of these initiatives will amount to much, however, if we do not grow our economy – and grow it in a manner that benefits all our people.

As the World Bank's recent diagnostic report on South Africa observes:

"To create more jobs the South African economy needs to grow much faster than it has since 1994."

It says:

"A job is the most important way out of poverty, to overcome economic vulnerability..., and for transforming the economy to become more racially representative of the population."

And we cannot achieve growth if we do not massively increase the level of investment in the productive economy.

That is why we have launched an ambitious new investment drive that aims to mobilise \$100 billion over the next five years.

We have appointed four special envoys on investment to meet with potential investors in South Africa, on the rest of the African continent and in major centres around the world.

Working together with the relevant government departments and agencies, the special envoys are building a book of actual and potential investments ahead of the Investment Conference to be held in October this year.

We are using this investment drive to strengthen agencies like Invest SA to become formidable instruments of investment promotion and facilitation.

What we seek is an army of investment envoys who appreciate the absolute necessity of establishing and expanding businesses across the country, and who are prepared to use whatever means they have at their disposal to promote the country as a desirable destination for investment

Land reform is an essential part of our economic growth strategy.

The Freedom Charter says that the land shall be shared among those who work it.

We are encouraging all South Africans to engage in the national debate around the proposal for the expropriation of land without compensation.

We commend this House once again for its ground-breaking resolution on the matter, as well as the thousands of South Africans who have already made submissions, reinforcing the value of consultation and collaboration.

Through effective land redistribution and tenure reform, we will be able to unlock the value of one of the country's most important resources.

We are working to ensure that the urban poor can own and occupy land close to places of work, social services and education.

We are responding to the need of our people for land for housing.

Municipalities and state-owned entities need to release unused land and serviced sites for housing so that our people do not resort to self-help measures.

We condemn the illegal occupation of land.

We are working also to accelerate the process of agrarian reform, bringing more poor and black people into productive agricultural activity and expanding the country's agricultural output.

The Presidency will oversee the work of departments like Cooperative Governance and Traditional Affairs, Agriculture, Forestry and Fisheries, and Land Reform and Rural Development in making possible an agrarian revolution.

We are working hard to create an environment that encourages investment, to make our country more competitive and to lower the costs of doing business.

An important part of that effort is the stabilisation of strategic state owned enterprises and the implementation of measures to improve their financial and operational performance.

As an immediate step, we have moved quickly to address governance challenges by replacing the boards of Denel, Prasa, Transnet and, earlier this year, Eskom.

The new boards have already begun to scrutinise transactions that may be irregular and to improve the functioning of these entities.

We have signed a number of proclamations instructing the Special Investigating Unit to investigate allegations of wrongdoing in a number of SOEs.

We are also encouraged by the activism of Parliament, which is demanding accountability and exposing impropriety.

Cabinet has agreed on the establishment of a Presidential SOE Council, which will usher in a new era in the management of state owned companies.

Half the council will consist of Ministers, while the other half will be business people, experts and other stakeholders.

By bringing expertise from outside government and by ensuring the attendance of the CEOs of these companies, we will be empowering the various shareholder Ministers to ensure all strategic SOEs play an effective role in expanding the capacity and the potential of our economy.

In addition to determining an appropriate shareholder ownership model, the Council will oversee interventions to strengthen governance, address immediate liquidity challenges, implement turnaround strategies, investigate allegations of corruption and take steps against those implicated.

Through the Presidential Infrastructure Coordinating Commission, we are working to ensure that our substantial investment in social and economic infrastructure contributes to job creation, industrialisation and transformation.

We are expanding our economic capacity and reducing the cost of doing business.

We are also making progress in satisfying the need for policy certainty and consistency.

Consultation on the revised Mining Charter is at an advanced stage.

Government has paid particular attention to engagements with affected communities across the country, convinced that consensus and collaboration are crucial for the growth and development of this industry.

While there are still some critical issues that need attention, we are certain that the Charter, once finalised, will balance the need for meaningful transformation in the sector with the need to increase investment, employment and sustainability in the industry.

Cabinet will soon be finalising policy on the allocation of high demand radio frequency spectrum.

This will enable the Department of Telecommunications and Postal Services to issue a legal framework that will enable the regulator to licence the spectrum.

It will significantly expand access to broadband and other telecommunications services, encourage competition, lower costs of communication and ensure sustainability.

If we are to succeed in building an inclusive economy, we need to draw on all available knowledge, experience and capabilities.

We are therefore in the process of establishing a Presidential Economic Advisory Council, which will bring together South African and international expertise in various disciplines to advise the President and government on economic policy and its implementation.

In forging a social compact, the state undertakes to build strong, durable institutions that are accountable, transparent and responsive to the needs of the people.

In this regard, one of the most pressing challenges is to deal decisively with state capture and corruption.

We are therefore taking steps to strengthen the criminal justice system, effect leadership changes in key institutions and take action against those implicated in acts of wrongdoing.

The Commission of Inquiry into State Capture has been constituted under Deputy Chief Justice Raymond Zondo, who will provide updates on the commission's progress as appropriate.

The stabilisation of the South African Revenue Service has received priority attention.

I have today signed a proclamation establishing a commission of inquiry into tax administration and governance chaired by former judge Robert Nugent and assisted by Mr Michael Katz, Adv Mabongi Masilo and Mr Vuyo Kahla.

The terms of reference for the commission will be gazetted in the coming days.

We have also taken steps to address leadership challenges at SARS, including the suspension of the Commissioner, the initiation of a disciplinary process and the appointment of an acting commissioner.

Measures have been taken to address challenges in the intelligence services through the appointment of a Review Panel to examine the structure and operational capabilities of the State Security Agency.

We are revitalising the police force, crucial management appointments are being made and specialised units are being properly capacitated.

The effective functioning of government is a priority.

A review of the size, composition and efficiency of government is being undertaken by a task team led by the Presidency.

It is examining in detail the modalities of a state that is leaner, smarter, adaptable and more capable of delivering on its mandate to improve the lives of South African.

This work will be completed and ready for implementation by the start of the 6th democratic administration.

As indicated in the State of the Nation Address, I have begun visits to government departments to ensure sharper strategic focus and greater alignment in the implementation of our priorities.

The visits have done much to boost morale and enable departmental staff to understand their roles in promoting effective service delivery.

Our overriding concern in all matters of governance is to put the people first.

This was evident most recently in the North West, where, following protests from residents and the report of an inter-ministerial task team, Cabinet decided to intervene in terms of Section 100(1) of the Constitution to place all provincial departments under national administration.

This is to ensure that government services are delivered effectively, financial management is improved and allegations of corruption are decisively dealt with.

Our experience in North West has taught us that we should be more actively involved in assisting and supporting our provinces and giving real meaning and effect to the Constitutional principle of cooperative governance.

Our intervention in the North West has also revealed that many municipalities, in that province and in others, are in a state of near collapse.

This is a matter of great national concern that requires the urgent and dedicated attention of the highest office in the country.

We have begun preparations for a Presidential Local Government Summit that will bring together the relevant Ministers, Premiers, MECs, Mayors, Speakers, MMCs, Whips and other councillors, traditional leaders, municipal managers and CFOs.

The situation in local government requires firm decisions and resolute action, effective monitoring and improved accountability.

Honourable Members,

The prosperity of the South African people cannot be separated from the progress of our neighbours on the African continent.

For our economy to grow, for our manufacturing output to expand, for our goods and services to find new markets, we need an integrated Africa where trade, investment and skills can flow freely.

That is why we have been actively involved in the development of an agreement on an African Continental Free Trade Area.

The interactions we have had with our neighbours in Namibia, Angola, Botswana, Mozambique and Zimbabwe so far has convinced us that the prospects for regional economic integration and cooperation are now greater than ever before, and we are committed to push ahead with this agenda.

This year, South Africa will be participating in several important international summits, including the meeting of the G7 countries in Canada in June, the BRICS Summit in Johannesburg in July, the AU Summit in Mauritania in July, the SADC Ordinary Summit in Namibia in August, and the Forum on China-Africa Cooperation (FOCAC) in Beijing in September.

In all our international engagements, we are guided by the need to advance South Africa's national interests alongside the promotion of multilateralism, global equality and human rights.

This informs our involvement in international efforts to tackle challenges of growth and development.

As the co-chair the ILO's Global Commission on the Future of Work in Geneva, we are grappling with a fundamental shift in the organisation of production and work that is driven by technological, demographic and environmental change.

The new world of work promises benefits, but also presents new types of vulnerabilities.

The work of the Commission has great relevance for South Africa, which is having to confront new potential sources of inequality while still grappling with the injustices of the past.

The outcomes of the Commission will greatly assist us in our efforts to create and retain decent jobs in the context of the fourth industrial revolution.

Madame Speaker,

Honourable Members,

At the very heart of our country's new dawn is a desire by our people to be part of building a brighter tomorrow for all South Africans.

Wherever we go, South Africans from all walks of life say: "Thuma mina".

They call, they write, they email, they text.

They stop you in the street and they say they want to be there for the poor and the hungry and the homeless.

They want to be there when our economy grows, when we build new factories and create new jobs.

They want to be there when women and children can walk the streets of our beautiful country without fear.

Across the country, there are many people – many of whom who do not have much themselves – who are working to improve the lives of others.

From the churches that are running soup kitchens, to the pensioners who are caring for orphans and the township residents who have set up libraries for local children, South Africans are using their hands to build a better society.

From the professionals who mentor young people, to the businesses that support emerging entrepreneurs and the NGOs who care for the homeless, the elderly and the vulnerable, South Africans are coming forward as agents of meaningful change.

Many more South Africans want to know how they can contribute, how they can make a difference.

In answering this great need, and in celebration of the 100th centenary of Nelson Rolihlahla Mandela's birth, there is much that we can all do.

On government's side we will work to improve the lives of South Africans.

There is much that citizens can do.

In memory of Madiba, in recognition of the great sacrifices he made and his tireless commitment to improving the lives of the most vulnerable, there is something is that many of us can do.

We are looking for people with skills, time and commitment to 'lend a hand' to these community-based projects through mentoring, training and capacity building.

In this way, we aim to provide South Africans with a tangible opportunity, with a significant impact, to be an integral part of the fight against poverty.

I have decided to contribute to half my Presidential salary to a fund that will be managed by the Nelson Mandela Fund.

This is a private, citizen-driven initiative that will ask all those with the means to contribute a small portion of their salaries to supporting the many small projects that build the nation.

This fund will be launched on the 18th of July to mark the 100th anniversary of Madiba's birth and will be called the Nelson Mandela Thuma Mina Fund.

Honourable Members,

As we undertake this important work together, as we travel further along the path of growth and transformation, we are imbued with a new spirit.

In truth, it is a spirit rekindled.

It is the spirit of Nelson Mandela and Albertina Sisulu, of solidarity, service and a shared humanity.

It is the spirit that moved us to put our wars behind us, to cast aside our differences and to forge a nation of equals.

We have travelled far. We still have much further to go.

By working together, by drawing on all our resources and capabilities, by embracing that unites us and confronting that divides us, I have no doubt that we will reach our destination.

With that, Madame Speaker, it is an honour and a privilege to commend Budget Vote 1 to the House.

I thank you.

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