

ADDRESS BY DEPUTY PRESIDENT TM MBEKI, ON THE OCCASION OF THE INTERGOVERNMENTAL FORUM

24 FEBRUARY 1997

Chairperson,
President Mandela,
Honourable Ministers and Premiers,
Ladies and Gentlemen

A few weeks ago the national government ministers met over two days to review government activities during 1996 and to chart the course for 1997. This Intergovernmental Forum (IGF) brings together the national and provincial executives and senior officials to review how these two tiers of government fared in designing and implementing various government policies and programmes during 1996 and, most importantly to set out their collaborative agendas for 1997.

As we start this IGF it is important to remind ourselves of some of the defining policies and principles that guides our government. Let me mention a few.

First, the Reconstruction and Development Programme (RDP) remains the guiding policy. All our policy developments and programmes cannot but continue to be guided by an approach that seeks to:

- meet the basic needs of our people;
- ensure a competitive fast growing economy which creates sufficient jobs for workseekers;
- redistribute income and opportunities in favour of the poor;
- ensure a society in which sound health, education and other services are available to all; and
- create an environment in which homes are secure and places of work are productive.

Second, as we enter 1997 we must work tirelessly to meet the various targets contained in our macro-economic strategy, Growth, Employment and Redistribution (GEAR). These targets and the associated policies are designed to ensure that we meet the challenges we set out in the original RDP policy.

Third, the Constitution demands that all tiers of government work together. We must ensure that the principle of co-operative government is not just a slogan but a reality.

This must surely mean that while we recognise the specificity's of the national and the provincial as well as the different needs of the various provinces, we must continue to be guided by the need to forge ahead the reconstruction and development of our society and country. There must therefore, be congruence and synergy between policies and programmes pursued by all tiers. The Constitution further demands that we respect human rights and that we work and conduct our business openly and honestly.

Fourth, our government must continue to enlist and mobilise ordinary citizens in the design and implementation of its policies and programmes. The reconstruction and development process demands the continued involvement of civil society. Government is unlikely to transform our society without the active participation of people themselves.

Institutionally NEDLAC gives effect to the partnership between government and civil society. However, we should not make the mistake and assume that the NEDLAC processes are in themselves sufficient. This collaborative relationship cannot be left to that process alone; we must ensure that it extends to the provincial, metropolitan and municipal levels.

Of course the form and character of the partnership within these tiers of government will be determined in part by the concrete conditions prevailing within each province and locality.

Finally, the struggle to transform South African society and emancipate its people takes place within a concrete and ever-changing international environment. This environment is characterised by the globalisation of the world economy as well as a scientific and technological revolution that has given birth to pervasive information and communication technologies and the development of new materials.

As a "new" member of the community of nations, South Africa cannot proceed with its policies and programmes in a manner that disregard the globalisation process. As we insert ourselves into the new world order, we must do so in a manner that recognises its imperatives simultaneously ensuring that, as a state, we make the necessary impact is made in terms of the evolution of the international economic and political and social relations. We must continue to play an active and positive role within the United Nations system, the World Trade Organisation, the ILO and other international fora.

The challenge of meeting our people's basic needs must continue to occupy us in 1997.

In this regard we must ensure that key RDP projects are given greater impetus. We must deliver clinics to our rural and peri-urban areas. Backlogs and bottlenecks in the building of clinics, the delivery of primary health care, the restructuring of the social welfare system, the provision of water and sanitation, disbursement of housing subsidies and the building of houses for our people are effectively dealt with. 1997 must see an acceleration in the delivery of these services.

We are confident that the various ministries will deliver on this. But it is also true that without the co-operation and active involvement of the other lower tiers of government, national ministries and departments are unlikely to succeed. We owe it to our people to succeed and thus cannot afford to pull in different directions.

1997 must also see the acceleration of delivery in the area of social and economic infrastructure. We will continue to commit the necessary resources to ensure such delivery. We have also embarked on the process of forming strategic partnerships with the private sector to ensure delivery in this area.

The national department of Constitutional Development and Provincial Affairs together with municipalities will be running pilot Public Private Sector Partnership projects.

We are confident that in line with other projects that are already running, these pilot projects will further demonstrate the correctness of the Partnership strategy.

On the macro-economic side, the fiscal year 1996/97 will see us achieving our budget deficit target of 5.1%. In the fiscal year 1997/98 this will be reduced to 4%. We have no reason to believe that this will not be achieved. This year we must also see further consolidation of our budget reform programme and better management of the assets and liabilities of government to ensure better control on our finances.

A cursory review of economic developments since the April 1994 elections shows that although the economy has managed to achieve growth rates of around 3% it has failed to create sufficient jobs to reverse the unemployment crisis. The 3% growth does not provide sufficient resources for the required expansion of social services and consequently hinders our ability to progress faster towards an equitable distribution of income and wealth.

This therefore demands that the transformation of the economy along the lines envisaged in the GEAR must be pursued with renewed determination.

But the structural changes required to achieve a higher growth rate of around 6 per cent will pose many challenges and require tough decisions whose benefits may not be evident.

In this regard, we cannot but continue on the path of tariff reform and industrial restructuring if we are to achieve an accelerated growth of high-value manufactured exports. Indeed we would need to adjust our tariffs to compensate for the depreciation of the rand and thus avoiding the danger of snuffing the industrial restructuring process. We cannot afford to fall behind with our efforts of making our industrial sector internationally competitive. South Africa will and must become internationally competitive.

Let me also report that a recent review undertaken by the Ministry of Trade and Industry reveals that some of the structural changes in the non-agricultural sector of the economy and in manufacturing sector in particular are well underway reflecting the changes that the GEAR is designed to sustain. Overall, employment losses are tapering off, productivity is rising, unit labour costs are declining, capacity utilisation is increasing and private sector investment is increasing.

All these indicate that, although 1997 will be a tough year on a number of fronts, the economy is beginning to show positive signs.

In our context the transformation of the economy must surely include its deracialisation, as in broadening of ownership to include black people. We in government must consciously endeavour to address the deracialisation and democratisation of the economy in the course of addressing such questions as government procurement policy, infrastructure development and provision of affordable services and, the attraction of foreign investment. As we restructure state assets, we must reposition these so that among other things, they contribute to broadening economic ownership.

One of the key challenges of 1997 is the implementation of the programme to restructure of the civil service. We cannot and we should not continue with a situation where government is unable to tell how many civil servants it employs. The phenomenon of "ghost" and loitering civil servants without jobs must be arrested. We must carry out a comprehensive audit of the public service to reconcile salaries and people employed in order to weed out the "ghosts". 1997 must see the transformation of the civil service into a public service that is customer focused and response to people's needs. Archaic management systems must be jettisoned.

If the process of transformation, of fostering a high growth economy and ensuring sustained development in South Africa is to succeed, it must of necessity be accompanied by the struggle to try and defeat underdevelopment in Southern Africa as whole. This demands that we continue to build strong relationships with our partners in SADC. It is very encouraging that our democratic state has embarked on projects such as the Maputo Development Corridor with our neighbours and partners. The practice of going there to find joint viable projects must be encouraged.

This IGF must therefore deliberate on matters South African, but it must do so in the context Southern Africa and the world beyond. Democratic South Africa cannot but be concerned with the state of affairs in the region and the continent. The long term growth prosperity of the sub-region of Southern Africa will be undermined unless problems of poverty, underdevelopment and war in the continent are addressed.

Let me conclude by paying tribute to the organisers of this forum, especially Minister Valli Moosa and wish the forum success.

Thank you!