

## **Budget Vote Address of The Presidency**

National Assembly, Cape Town, 7 June 2006

Madam Speaker and Deputy Speaker,  
Deputy President,  
Honourable Ministers and Deputy Ministers,  
Honourable Members,  
Distinguished Guests,  
Fellow South Africans:

The Deputy President, the Minister in the Presidency and I are honoured to have the opportunity to engage in dialogue with the Honourable Members of the National Assembly on the occasion of the Annual Debate of the Budget Vote of the Presidency.

We discuss this Budget Vote during our Youth Month and a week before the 30th anniversary of the student uprisings, which started in Soweto on the 16th of June 1976.

I am very happy that many of the 1976 youth leaders and activists such as the Deputy Minister of Safety and Security, Susan Shabangu, MP Dan Montsisi, the Head of Communications in the Presidency, Murphy Morobe, Sibongile Mkhabela, Seth Mazibuko, Thabo Ndabeni and many others today play an important role in the reconstruction and development of our country.

We must also take this opportunity to pay tribute to them and their comrades, and yet another patriot, Eric Molobi, whose body succumbed a few days ago to cancer, his cousin and patriot Frank Molobi who died of diabetes as well as one of our veterans, Uriah Maleka, who also passed away a few days ago.

In two months time we will also observe the 50th anniversary of the march to the Union Buildings by the women of our country.

As we commemorate the anniversaries of the youth uprisings, the women's march and the centenaries of the Bambatha Rebellion and Mahatma Gandhi's Satyagraha, as well as other historical moments that we referred to in the State of the Nation Address, and others afterwards, we have to ask ourselves the self-critical question constantly, whether we have done and are doing enough to create the non-racial, non-sexist, equitable and prosperous society for which many sacrificed their lives.

Necessarily, this introspection must also include the Presidency, given especially its place at the apex of our system of governance, as prescribed by our Constitution. As the Honourable Members are aware, among other things, the Constitution states that:

- the President must promote the unity of the nation and that which will advance the Republic;
- exercise executive authority, together with the other members of the Cabinet, and, in that context,
- develop and implement national policy; and,
- co-ordinate the functions of state departments and administrations.

Guided by these Constitutional provisions, we would like to use the opportunity of the Debate of the Budget Vote of the Presidency to reflect on a few areas that bear on our obligations as reflected in the Founding Provisions of our Constitution. I refer here specifically to the values stated in the Constitution as:

- Human dignity, the achievement of equality and the advancement of human rights and freedoms;
- Non-racialism and non-sexism;
- The supremacy of the constitution and the rule of law; and

- The accountability, responsiveness and openness of our system of governance.

We will therefore make some comments on a few broad areas, these being:

- Building a developmental state;
- Monitoring, evaluating and measuring socio-economic progress;
- Deepening democracy;
- Management and resolution of social conflicts;
- Discharging our international obligations.

With regard to the first of these, the matter of a developmental state, which constitutes the central subject of our Address today, our Constitution directs that "All spheres of government and all organs of state within each sphere must...secure the well-being of the people of the Republic."

It goes without saying that our spheres of government and organs of state cannot secure such well being outside the context of the all-round development of our country. Necessarily, therefore, our democratic state cannot walk away from its developmental responsibilities.

To indicate what we are talking about in this regard, I would like to cite, at some length, some remarks made by our Minister of Finance, the Hon Trevor Manuel, when he addressed the public sector Senior Management Service on 20 September 2004. And here is part of what he said:

"I've been asked to reflect on the challenges faced in budgeting in a developmental state. What is a developmental state?..."

"Amartya Sen, in his book 'Development as Freedom' says, "Development can be seen... as a process of expanding the real freedoms that people enjoy". He goes on to say that "Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states".

"In defining our concept of a developmental state, Sen's concept of removing poverty and tyranny is key, expanding economic opportunities and fighting social deprivation is critical, and providing public facilities and services to the poor is paramount..."

"In my 2004 Budget speech, I quoted Joseph Schumpeter, who said that the "public finances are one of the best starting points for an investigation of society. The spirit of a people, its cultural level, its social structure, the deeds its policy may prepare - all this and more, is written in its fiscal history..."

"The two main thrusts of the budget of a developmental state must be how much the state spends fighting poverty and deprivation, and how much of the country's resources go towards expanding the economic opportunities of all its citizens. The budget of a developmental state must balance these two main pillars. If one dominates, then the outcome is likely to be a reinforcement of poverty in the long term. The budget must be about balance."

The Minister had begun his speech by saying:

"You, as senior managers (in the public sector)...have the opportunity to be part of a campaign to improve the quality of lives of our people, of putting into practice one of the most wide-ranging and comprehensive programmes anywhere in the world to fight poverty and create work. You are an essential part of the machinery tasked with delivering a better life for all South Africans..."

"In most developing countries, the senior civil service becomes a self-serving elite, interested only in their own welfare, their own empowerment and their own bank balances. Because of the huge income inequality in many developing countries, senior civil servants become part of the elite..."

"Let me state unequivocally that public service is a calling and a responsibility- it is a choice exercised. We choose to serve and accept that we will be comfortable or, we enter the private sector in pursuit of wealth - we cannot do both! In a developmental state, the civil servant is professional, skilled, adequately rewarded but humble. Humility towards the poor is the greatest attribute of a civil servant..."

"You as senior civil servants have a critical role to play in translating financial resources into real inputs. You have the task of ensuring that these real inputs lead to better quality education, an improved health profile and in the final instance, genuine empowerment of people to lift themselves out of poverty."

"Please remember that your enemy is poverty and deprivation, that your key weapon is your skill and professionalism and that your modus operandi is your humility. You are, with us, custodians of a value system that defines our objective as demonstrating every single day that we are a caring democracy."

Given the challenges of the developmental state as correctly posed by our Minister of Finance, we must ask ourselves and answer the question as to what we need to do next to ensure that our democratic state has the capacity and actually discharges its developmental responsibilities.

This must include an assessment of the work of the Presidency in this regard, given its Constitutional responsibility among other things to help develop and implement policy, and co-ordinate the functions of state departments and administrations.

For some time now, we have been attending to the issue of the strengthening of the Presidency to enable it to carry out these and other responsibilities. Arising from decisions taken at the last Cabinet Lekgotla, we are working to expand and strengthen the Policy Coordination and Advisory Services (PSAC) directorate in the Presidency. At the same time, we will improve the interaction between PCAS and the political principals in the Presidency further to improve their capacity to discharge their Constitutional responsibilities.

Of course, another important feature of our developmental state must be the provision of a seamless system of government, even as we continue to respect that it is constituted in three spheres.

In this regard, among other things, our Constitution says, "All spheres of government and all organs of state within each sphere must...cooperate with one another in mutual trust and good faith by...assisting and supporting one another, (and)...coordinating their actions and legislation with one another."

At the national level, the system of clustering departments to coordinate their work has taken root. We will continue to work further to deepen this cooperation, joint planning and implementation of a coordinated programme.

Our approach is informed by the perspective projected by the Public Service Commission in its latest Report, in which it says: "At the heart of effecting change is the need for a strategic management capacity in the Public Service that shifts the silo-approach in which government tends to work. The Cabinet cluster system needs to focus on improving the capacity of departments to collaborate on common projects."

To promote this approach affecting all spheres of government, we have developed the National Spatial Development Perspective (NSDP) and operate within the context of the Medium Term Strategic Framework (MTSF). In the past year, Provincial Growth and Development Summits were held in the provinces to address matters pertaining to these frameworks.

Simultaneously, national government, the provinces, the municipalities and the state-owned enterprises held hearings around Integrated Development Plans (IDP) to ensure alignment between local, provincial and national strategies.

To ensure that the national government implements its undertakings, departments report every two months on progress against set deadlines and targets. In addition, as the House knows, we publish this information online, to make it available to all spheres and organs of government and our people as a whole. Work is proceeding to improve and enhance the effectiveness of this reporting System.

In the past year, the provincial governments have been fully integrated into the national Cabinet Makgotla and the local sphere of government participates through the South African Local Government Association (SALGA). The FOSAD clusters have for some time integrated both national and provincial DG's. Similarly, Premiers have established co-ordinating forums in line with the recently promulgated Inter-Governmental Relations Framework Act, to give effect to the principle of cooperative governance between the provinces and the municipalities.

In the coming year, we will integrate all the transversal systems to improve coordination among national and provincial departments of Treasury, Provincial and Local Government, Public Service and Administration, the Public Service Commission and the Presidency, as well as sector departments of Housing, Social Development, Health and Education. Work is also underway to enhance the capacity of our statistical system.

This also relates to the acceleration of the work further to improve our system of Monitoring and Evaluation to ensure that the governance system as a whole meets the agreed development targets.

Government is also working to finalise the single public service framework to include local government, which will also deal with the allocation of powers and functions across the three spheres, in order to improve effectiveness and efficiency of government.

With regard to the overall framework within which the Presidency has to work, as part of the developmental state, we would like to say that we remain firmly convinced that we have already put in place the policies and the legislative framework we need to address the developmental challenges identified by our Minister of Finance.

Similarly, our resource allocation, as reflected in the National Budget, properly reflects the determination of our government to respond to these challenges, the deeds intended by our policies, to use Schumpeter's words.

In this context we must pay tribute to the South African Revenue Service for the excellent work it is doing in terms of revenue collection and thank our people as a whole for the tax morality that has improved steadily over the years.

As against this, we must again draw the attention of all our spheres of government to address the continuing under-spending of allocated budgets, which, among other things impacts negatively on our ability to use a higher but perfectly manageable budget deficit to make available more resources to accelerate investment especially in social and economic infrastructure, and provide for higher economic spending by the public sector.

Consistent with the obligations of a developmental state, we must and will continue to attend to all the factors that result in the unacceptable under-spending to which we have referred.

One of these factors relates to the capacity challenges facing the Senior Management Service. In particular we must do everything possible to fill all vacancies in this upper echelon of the public service. This must include filling similar vacancies in the professional and technical categories.

More recently, government has decided to address three other matters that relate to these senior echelons. These are the difficulties experienced in recruiting people with the necessary skills, a worrying rate of intra-governmental mobility among our senior civil servants, and reassessment of earnings levels at these senior levels.

As the Honourable Members are aware, we have also introduced various measures, such as Performance Contracts, declaration of assets, and procedures under the Finance Management Act to address the concerns expressed by the Minister of Finance when he spoke about the "challenges of being a senior civil servant in a developmental state".

To help meet our development goals, we will intensify our engagement with our business and civil society partners to strengthen the National Anti-Corruption Forum (NACF) and ensure the implementation of the National Anti-Corruption Programme (NAP). We are greatly encouraged by the increased utilisation of the National Anti-Corruption Hotline that was established in 2004.

More generally, we will continue to attend to the challenge to improve the efficiency and effectiveness of the public service as a whole, working further to entrench the principles and practice of Batho Pele!

In this regard, the recently released Report by the Public Service Commission to which I have referred earlier, is instructive. The Report, the fifth since 2002, evaluates the state of the Public Service on the basis of the nine values and principles of public administration as set out in Chapter 10 of the Constitution.

Generally, the Report observes that our public service has made significant progress in transforming itself. Among the achievements, in this regard, are that the Public Service has been consolidated into one single service at national and provincial levels and that legislation, regulations, systems and procedures have been put in place to ensure effective execution of mandates. Progress has also been made in ensuring that the Public Service is representative, while efforts continue to be made to bolster its capacity to deliver better services to the people.

However the Report also says: "It was found that many of the standards have not been met, for example, project management plans that are not to the required standard or integrated into local development plans. This shows that a lot more effort is required to improve the planning and formulation of development projects targeted at reducing poverty."

This underlines the critical importance of continuously attending to the challenge to improve the performance of the public service as a vital element of constructing the effective developmental state we need. In this regard, we will continue to focus especially on the centrally important sphere of local government.

Within the context of the effort to improve the performance of the developmental state, I must also underline our determination to ensure that all the state-owned corporations and development institutions make their contribution to the realisation of the goals we have set ourselves in ASGISA, as well as our economic growth and development in general.

I would also like to take this opportunity once more to appeal to all the trade unions active in the public sector, as well as community-based and other non-governmental organisations, to join in the process of further enhancing the effectiveness of our developmental state.

In this regard we must recall the words of our Minister of Finance when he said: "In defining our concept of a developmental state, Sen's concept of removing poverty and tyranny is key, expanding economic opportunities and fighting social deprivation is critical, and providing public facilities and services to the poor is paramount."

Precisely because we have to use the developmental state to achieve the well being of all our people, we must continuously monitor, evaluate and measure our socio-economic progress. This must go beyond such standard and important statistical indices as the economic growth rate, per capita incomes, and so on.

In this regard, later this month, the Presidency, on behalf of Government, will launch what is called the Macro-Social Report, which deals with the centrally important issue of social cohesion, and therefore the progress we are making towards creating the united, equitable and caring society for which many of our people sacrificed their lives.

Through this Report we attempt to answer various important questions, such as those that relate to:

- the manner in which the material conditions impacting on the quality of life of South Africans have changed since the advent of democracy;
- the way in which the structure of the South African society has changed since 1994;
- the trends in the organisation of social life;
- the identity or identities through which South Africans define themselves and how the diverse and overarching identities and value systems affect the self-worth and aspirations of our citizens; and
- what characterises the emerging sense of South African-ness.

All these issues have an important impact on the social cohesion of our diverse society, as well as the design of our policies and programmes intended to ensure the well-being of all our citizens.

I hope that when the Macro-Social Report is made available later this month, we will engage one another in constructive discussions, the better to understand ourselves as a people, and the better to join hands in building a society that cares.

Apart from anything else, this will help us to sustain the momentum of the immensely valuable self-critical assessment we are about to conclude, as we finalise the Country Assessment Report prepared for the African Peer Review Mechanism, the APRM.

As government we will be greatly interested to ensure that our programmes respond both to the APRM and Macro-Social Report outcomes, especially as these must help to fashion what I would like to describe as "the soul of the new nation", or what Joseph Schumpeter characterised as "the spirit of a people, its cultural level, its social structure".

As we have already indicated, we are convinced that a thriving democracy is fundamental to the success of our developmental state. We are therefore determined further to deepen our democracy, to increase the participation of the masses of our people in determining their future.

In this regard:

- we will sustain and intensify our Imbizo Programme and ensure that we follow up on the observations made by the people;
- we will work to ensure better all-round coordination of the Imbizo process as it relates to the Presidency, the Ministers, the Provincial and Local Governments;
- we will assist the municipalities to improve the functioning of the Ward Committee system and the interaction between the Councillors and their constituencies; and,

- we will continue to improve the effectiveness of the Presidential Working Groups, enabling our system of governance to benefit from the views of the various sectors of our national leadership.

We will continue to work with all these partners and the masses of our people, including on-going consultative processes with leaders of different communities such as the Jewish Board of Deputies, representatives of the Afrikaner community and others, to encourage all our citizens to involve themselves in the historic national reconstruction and development project, true to the perspective we have projected from the very first day of our democracy, of a people-driven process of change.

Despite our vision to unite all our people behind a common development and transformation programme, we must also recognise the fact that it is inevitable that social conflicts will break out. Indeed, the very deepening of our democracy requires that we maintain maximum space for all our people, from all walks of life, freely to engage in struggle to pursue their interests.

Of central importance in this regard, is that these struggles must be pursued in a manner that respects the possibility created by our democracy for such struggles to be conducted in a peaceful manner, fully respecting the legal order established by our democracy. However, various incidents in the recent past have obliged us to speak on the matter of the management and resolution of social conflicts.

I have, on previous occasions, spoken from this very podium about the great gift our democracy has bequeathed to all our people in all their formations, to resolve all social conflicts through legal and peaceful means.

All of us in this House, and millions in our country who are watching or listening to these proceedings, will remember the truly terrible days when many died in our villages, our cities, towns and townships, on the trains and elsewhere, as the old order resisted the birth of the new.

Over the recent past, all of us have experienced the intense pain inflicted on the millions of our people by a tiny minority of individuals that holds the people's democratic victory in contempt.

This minority, which obviously believes that it has the right to do as it pleases, with impunity and outside the parameters of our democratic order, has sought to drag our country back to the killing fields that marked the dying days of the apartheid system.

I am talking here of the people who have, since the victory of democracy, committed murder to advance their social and political goals. I am talking of those who are throwing people off moving trains and assassinating workers in the private security sector. I refer also to those who have murdered local government councillors.

When I speak of people who hold the people's democratic victory in contempt, I refer to those who burn down private and public buildings. I am talking about those who march down our streets, as the law allows, and then abuse this hard earned freedom to damage, vandalise or destroy property, loot shops and thrash our streets and other public spaces.

When I speak of people who hold the people's democratic victory in contempt, I am talking of those who have carried posters proclaiming that to win their victories, they must kill one police officer everyday. I speak of those who commit murder as part of the continuing but isolated taxi wars, and those who deliberately burn down the commuter trains on which the workers depend for transport to and from their places of employment.

I must make this very clear to everybody involved in these criminal acts, intended to undermine our democracy, that they will not succeed to intimidate and terrorise into submission either the masses of our people and their organised formations, or our democratic state and government.

The law enforcement agencies will act vigorously to defeat this anti-democratic plague. I also call on all our people and their organised political, social and other formations to act with similar vigour to defeat the negative forces that believe that the liberation for which many sacrificed their lives, gives them freedom to act in a manner that fundamentally negates the very meaning of our emancipation.

I must also make the point that we will not allow that anybody serving within the machinery of state abuses his or her position of state power to subvert or undermine the democratic order, through acts of commission or omission.

Accordingly, all our political, executive and administrative authorities, and the individuals serving within these structures, must understand that the rule of law, which must protect our Constitution, our laws, the value system these represent, and the human rights of all citizens, will also apply to them, without fear or favour.

To ensure that we act in a manner consistent with the foregoing, and to improve the safety and security of all our people and our national security, our government will do everything possible to strengthen the entirety of our criminal justice system and ensure that it, too, works in a manner that promotes the people-centred goals of our developmental state.

In this regard, as the Honourable Members are aware, we are currently considering the Report of the Khampepe Judicial Commission, which considered the role and place of the Department of Special Operations - the Scorpions. We will also follow up on the various initiatives reported to Parliament by the Ministers of Justice and Constitutional Development, Safety and Security, Defence, Intelligence, Home Affairs, Correctional Services, Social Development, Public Service and Administration, and others.

We have always understood that the success of our development project would also depend on the success of this same perspective in our region, our continent, and the rest of the world. The discharge of our international obligations will therefore remain an important part of the work of the Presidency and the rest of our government.

In this regard, we will continue to work to:

- strengthen the African Union;
- improve the effectiveness of the NEPAD process, in all its elements;
- advance the peace agenda on our continent, including in the DRC, Cote d'Ivoire, Burundi, Sudan and Chad;
- contribute to the just resolution of the conflicts and tensions relating to Palestine and Israel, Iraq, and Iran;
- strengthen the Southern African Development Community and the Southern African Customs Union;
- enhance South-South cooperation through the Africa-Asia Forum, IBSA, and other initiatives;
- ensure the expeditious conclusion of the Doha Development Round; and,
- promote the democratic reform of the multilateral institutions, including the United Nations, the International Monetary Fund, and the World Bank.

The 2006 Soccer World Cup will begin three days hence. I would therefore like to take this opportunity to convey our best wishes to FIFA, the competing teams and nations, Chancellor Angela Merkel, and the German government and people, our best wishes for a successful 2006 FIFA Soccer World Cup.

In a month's time we will also be in Germany formally to assume the responsibility to host the 2010 FIFA Soccer World Cup. From that moment onwards, the eyes of the world will be on us, critically assessing whether, four years from the end of the 2006 Soccer World Cup, we will be ready to host the best ever FIFA Soccer World Cup tournament.

I trust that all the Honourable Members and our Parliament as a whole will join me as I take advantage of this important national occasion to make the commitment to the peoples of Africa and the world, that South Africa will, indeed, ensure that the 2010 Soccer World Cup stands out, forever, as a unique moment.

This will be the moment when our country and continent, in a practical and demonstrable way, makes the incontrovertible statement that we are, fully and without qualification, equal members of the international community of nations. Accordingly, while fully respecting the independence of these institutions, our government will work very closely with the Local Organising Committee and FIFA, relating to all elements relevant to our hosting the 2010 Soccer World Cup. In this regard, under no circumstances will we allow any selfish pursuits to take precedence over the interests of the nation, Africa, and the global community of soccer players and supporters.

In this Address we have sought to point to some of the critical issues on which the Presidency must continue to focus, to discharge its Constitutional responsibilities. In this regard, the work of the Presidency must continue to contribute to the realisation of the historic task of our generation.

Centrally, this is to lay firm foundations for the creation of the new South Africa that will, in time, and using the words in the Preamble of our Constitution, "heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights."

What we do today and tomorrow must demonstrate to the masses of our people that they have, indeed and practically, arrived at their Age of Hope.

I am honoured to commend the Budget of the Presidency to the National Assembly.

I thank you for your attention.