

ADDRESS BY DEPUTY PRESIDENT TM MBEKI, TO THE NATIONAL COUNCIL OF PROVINCES

13 MARCH 1997

Chairperson of the National Council of Provinces;
Deputy Chairperson;
Honourable Councillors;
Ladies and gentlemen

When our elected representatives, including most of you present here today, gave birth to the National Council of Provinces and defined the procedures it would follow, they were following no precedent.

They were seeking the way to secure a place for our provinces and local government within the national legislative process.

They were responding to our people's wish for government that is a servant of the people; for a system of government that has the capacity to bring about the changes they deserve taking in to account our nation's regional diversity.

They were trusting our people's experience of overcoming the most daunting difficulties by joining hands and uniting to reach shared goals.

And so, the National Council of Provinces emerged as a key institution of co-operative governance. Not a Senate under another name. Not a detached institution to mediate between provinces and the centre. But the apex of our provincial and local structures in a dispensation that allows the most appropriate division of labour among elected representatives.

Whether or not this new institution fulfils the trust which is being placed in it, will depend on all of us. Especially at this early stage, our actions and understanding of these matters are critical because they are filled with consequences for the future.

It is therefore of the greatest importance to us that the Presidency has the opportunity to appear before you so early in the existence of this august council. It affords us an opportunity to engage with provincial representatives in a way that has never before been possible.

Ladies and gentlemen;

We are in a period, it seems, when good omens abound, as we begin to reap benefits of our hard work as a nation.

The Mother City is still celebrating its bold achievement in inserting itself onto the short-list of venues to host the 2004 Olympics. Our Western Cape Councillors should know that the whole nation celebrates with them and that our continent regards it as their achievement too.

The President has just returned from a visit to South East Asia which was successful beyond our wildest expectations. These are nations which have overcome problems like those we face; which have turned a legacy of colonialism into sustained growth and development. And they are

reaching out to us in a most concrete and practical way, to build a partnership of peace and prosperity.

The agreements that we concluded will have a tangible impact on the economic life of several of our provinces, as well as on the nation as a whole.

Chairperson;

If we were successful in these matters it is because we were able with confidence to report, as was done in the President's State of the Nation Address at the Opening of Parliament, that in our first two and a half years of democratic government, we have laid a solid foundation for the building of a better life for all South Africans.

We have already shifted the emphasis from planning, preparation and policy development to implementation; whether it be through legislation and the constitution; in our economic policy for growth and redistribution; our strategy for the combating of crime; or our programmes for socio-economic change.

We would reflect with conviction that in all these ways we have begun to change the lives of our people for the better.

In this context the weight must now fall not so much on policy development, but on implementation; not on exhortation but on targets to be achieved in this year and beyond. We have therefore outlined programmes of action for delivery in line with the Reconstruction and Development Programme. We identified the weaknesses that hinder implementation and cause blockages, so that steps may be taken to deal with them.

The allocation of public resources for the achievement of these targets is summed up in the budget presented yesterday by the Minister of Finance. It is a budget that firmly advances implementation of our macro-economic strategy for growth, employment and redistribution, and thereby promotes the achievement of the goals of the RDP.

The budget combines plans for a reduced deficit with a range of measures that will shift resources towards the poor. Tax relief measures favouring the lower paid; increases in social welfare grants with particular emphasis on pensioners and others most in need; and the maintenance of social service spending through an increase of 8,8% which more than compensates for last year's inflation of 7,4 per cent; together these represent significant redistribution through the instrument of the budget.

The high priority accorded to combating crime is reflected in the increased spending on police (14.4%), prisons (23.5%) and the courts (13.3%).

The combination of sound fiscal management with redistribution is made possible by the effects of economic growth, restructuring of state assets and good governance, in particular improved tax collection and management of public finances.

One consequence of this approach is that we have now turned the corner in containing the high level of debt interest payments as a proportion of the nation's wealth. This inherited constraint on our capacity to achieve our goals, which still consumes a fifth of the budget, will recede as we continue to reduce our deficit.

The relaxation of exchange controls makes good our commitment to a phased reduction of those controls, and expresses our confidence in the soundness of our economic fundamentals.

Our greatest challenge remains job-creation, and the key to that is continued and increased growth. To the measures which government has already adopted to maintain and strengthen the positive trends, the budget brings it sown triggers of growth.

There will be more money in the pockets of taxpayers and recipients of grants. The increase in capital expenditure registered in 1996 (a real increase of 4,8 per cent for government and of 8 per cent when public corporations are included) should be maintained; and efforts should be made to expand it.

One can add, too, the allocation of R300m to poverty relief programmes, of R200m to the Maputo Development Corridor and similar initiatives, and the continuation of the Municipal Infrastructure Programme and the developmental Investment involved in social service spending.

Honourable delegates;

In sum, this is a budget that vindicates our fiscal policies and which advances implementation of our macro-economic strategy as a path towards increased resources for reconstruction and development.

But it has a further aspect of particular significance to us today, in the shift of responsibility it brings to provinces and municipalities.

In harmony with the principles of our new constitution, this is the first budget which makes bulk allocations of funds to provinces and leaves to them the responsibility of allocating the resources to the various portfolios of government. After debt service costs, 57 per cent of the current budget, more than half, goes to provinces, to be spent by them or the municipalities.

The implications of this shift are substantial. It imposes on us the heavy responsibility of aligning those budgets within a single national framework.

The impact which provinces now have on the implementation of national policy is substantial. Well-aligned and complimentary policies and programmes of action, efficiently managed, will advance transformation. Lack of co-ordination and failure of capacity will seriously undermine progress.

Roll-overs and unspent allocations are, in fact, symptoms of insufficient capacity to use allocated resources. And we cannot say that there has been a significant improvement over the past year.

Just one illustration of the consequences of this problem underlines its impact: almost 50 civil engineering contracts were cancelled by government during 1996, most of them relating to provincial, local and metropolitan government projects.

Problems of this kind retard delivery, cause unnecessary expense through the borrowing of unused funds, and dampen economic growth. We cannot afford to allow this to continue.

Such is the context in which the National Council of Provinces assumes such importance.

Two weeks ago the inter Governmental Forum met in conference for the first time since the adoption of our new constitution. It set itself the task of addressing the imperatives of growth and development in a global context.

The outcome of the conference deliberations are to be considered by Cabinet, but suffice it to say that the participants lost no time in getting down to identifying what is needed to implement our policies.

And so it was that urgent attention was given to the preparations needed to move towards multi-year budgeting within a medium term expenditure framework, as a necessity for bringing policies into line with resources and ensuring congruence of provincial practices.

We can only benefit from the discussions on ways of strengthening and co-ordinating efforts of local government, provinces and national government in the drive for investment and increased trade; and on the steps to align provincial growth and development strategies with our national strategy.

The Conference endorsement of provincial summits on the National Crime Prevention Strategy; practical discussions on speeding up socio-economic change; and recognition of the need for more effective co-ordination in the restructuring of the Public Service all testify to the seriousness with which provinces are approaching their responsibilities.

They reflect their determination to get down to the business of implementing policy, so as to make this a year of speedier delivery.

Chairperson;

We have used the opportunity you have afforded us to touch not the complex problems and challenges which face provinces. Not because it is the function of central government to instruct provincial government on the exercising of its responsibilities. But because the problems of provinces are those of national government, in the same measure that the problems and challenges of national government are those of provinces. That is the essence of co-operative government.

And if we are to take this responsibility seriously, then we should choose the most suitable moment in our annual cycle of governance for the President to account to the National Council of Provinces.

In this regard it has been agreed that the President will address the National Council of Provinces towards the halfway mark of the parliamentary session, when there has been time enough to take account of the implementation of the government's programmes.

A review of the state of the nation through the eyes of the provinces at such a moment will of course uncover practical problems to be addressed. But without doubt there will also be cause to celebrate progress in the co-ordinated reconstruction and development of our provinces and therefore of our nation as a whole.

This august body's responsibility for securing that goal is of the greatest importance in our national task of building on the foundation that has been laid.

Together, let us get down to work!

Thank you.