

Speech on the Occasion of the Consideration of the Budget Vote of the Presidency

National Assembly 13 June 2000

Madame Speaker,
Deputy President,
Honourable Members:

As the House knows, the Budget Vote we are discussing today encompasses three budgets, those of the President, the Deputy President and the Minister in the Presidency.

The three of us will therefore address the House on various aspects of the work of the Presidency.

Accordingly, I will address the House on issues of governance. The Deputy President will speak on matters of delivery while the Hon Essop Pahad will deal with questions affecting women, the youth, children, the disabled and their relation to the struggle against poverty.

When our first democratically elected government assumed office six years ago, it inherited a dismal but challenging situation which demanded that the government and our society as a whole should engage in a sustained process of the fundamental transformation of our country.

Some of the features of this situation were:

- deeply entrenched poverty affecting millions of our people, especially the black majority;
- a racially divided society in which the distribution of wealth, income and opportunity favoured the white minority;
- a society marked by intolerably high levels of violence, corruption and a crisis of social morality;

a public administration that had been trained and utilised for population control and oppression rather than the development of society in the interest of all citizens;

- a national budget directed, first and foremost, at serving the needs of the white minority;
- a declining economy that had developed behind high tariff walls, among other things making it internationally uncompetitive; and,
- a country and society that had, more generally and for decades, positioned themselves as international outcasts and therefore suffered from a weak system of international relations.

Significant progress has been made in addressing all these challenges and many others we have not mentioned.

Nevertheless, it remains true that much work still remains to be done before we can say that our country has made a decisive break with its colonial and apartheid past.

We still have some way to go before we can say that our society functions in a way that is truly and structurally focused on the provision of a better life for all.

A critical and central instrument to help us reach that decisive point is the state and the system of governance.

I have argued in this House before that this issue is also directly relevant to the question of the distribution of power in our society.

The comprehensive, all-round disempowerment of the black majority was a strategic objective and a distinguishing feature of the system of colonialism and apartheid in our country.

It therefore follows that by establishing a democratic, non-racial and non-sexist state we seek, among other things, to end this situation of disempowerment.

We seek to do this in particular by ensuring that all our people have the possibility to determine our system of governance and to interact with this system, and that it works in a manner that serves the interests of these masses.

The democratic state must therefore function as a social institution that empowers the millions in our country who have been disempowered.

I raise these questions because there are some inside and outside this House who proceed from the proposition advanced among others by the British philosopher, John Locke, generally considered the first systematic theorist of the philosophy of liberalism.

In his "State of Nature" Locke argued:

" All men are naturally in...a state of perfect freedom to order their actions and dispose of their possessions and persons as they think fit, within the bounds of the law of nature, without asking leave or depending upon the will of any other man."

It is on the basis of such theses that some argue that the greatest freedom the individual, Locke's "state of perfect freedom", is achieved in a situation in which there is less government, leading some in our country to agitate for the radical weakening of the state.

We have responded to this by pointing out that in reality this amounted to a call to protect the power of the powerful and to perpetuate the disempowerment of the powerless. It is therefore not a line of march we will pursue.

In its 1997 World Development Report entirely devoted to "The State in a Changing World", the World Bank says:

"Around the globe, the state is in the spotlight. Far-reaching developments in the global economy have us revisiting basic questions about government: what its role should be, what it can and cannot do, and how best to do it."

Having pointed to some of the reforms that have taken place, it remarks as follows:

"Many have felt that the logical end point of all these reforms was a minimalist state. Such a state would do no harm, but neither would it do much good."

In its 1999/2000 World Development Report, entitled "Entering the 21st Century", the World Bank makes the following important observations:

"Policymakers in the 21st century will find themselves pursuing development goals in a landscape that has been transformed economically, politically and socially. Two main forces will be shaping the world in which development policy will be defined and implemented: globalisation (the continuing integration of the countries of the world) and localisation (the desire for self-determination and devolution of power)."

The Report continues:

"At the end of the 20th century, globalisation has already demonstrated that economic decisions, wherever they are made in the world, must take international factors into account. While the movement of goods, services, ideas, and capital across national borders is not new, its acceleration in the last decade marks a qualitative break with the past. The world is no longer a collection of relatively autonomous neighbourhoods that are only marginally connected (by trade for example) and are generally immune to events in other neighbourhoods. Information and ideas can be accessed in all corners of the globe at the push of a button...So closely interwoven are financial markets that exchange rates, interest rates, and stock prices are intimately linked, and the amount of private capital circulating in financial markets dwarfs the resources of many countries."

It is within the context of all these considerations - against notions of a minimalist state and responding to the twin pressures of globalisation and localisation - that we have been working to transform the state and our system of governance.

In its Preamble, our Constitution states one of the objectives we must pursue in the following words:

"To improve the quality of life of all citizens and free the potential of each person, and
"Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations." (Preamble.)

Where it discusses the National Executive, the Constitution says:

" The executive authority of the Republic is vested in the President. The President exercises the executive authority, together with the other members of the Cabinet, by -

- (b) developing and implementing national policy;
 - (c) co-ordinating the functions of state departments and administrations..."
- (Chap 5, Art 85.)

A central matter of concern to our Government has therefore been to develop national policies and to implement these policies in a co-ordinated manner, through effective state departments and administrations.

Among others, our objectives are to improve the quality of life of all our people and to ensure that we do indeed take our rightful place as a sovereign state in the family of nations.

The fact however is that we inherited a state system substantially ill-suited to meet these objectives.

The first of the problems we have to mention is that the National Executive itself operated according to structures and procedures we inherited from the previous political and constitutional dispensation.

In time, we came to understand that inherent in this manner of proceeding were two major problems.

The first of these was that it limited the possibility for the government jointly to discuss issues relating to strategy and fundamental policy unless these matters happened to be presented by the individual ministers.

The second was that there were no standing structures designed to ensure the co-ordinated, inter-departmental implementation of programmes that would give effect to agreed policy positions.

To respond to these problems of joint policy formation and co-ordinated implementation programmes, the Cabinet decided to transform and expand the system of Cabinet Committees.

This has resulted in the increase of Cabinet Committees from three to six, with a more effective and rational clustering of the ministries to ensure that we function as a unified government rather than a collection of semi-autonomous ministries.

As the House is aware, we have also established the President's Co-ordinating Council constituted of the Provincial Premiers, the Ministry of Provincial and Local Government and the Presidency.

This body also meets regularly to address all issues pertaining to achieving better co-operative governance between the national, provincial and local spheres of government.

Further to increase the effectiveness of the National Cabinet, we have also restructured and expanded the focus of the Cabinet Secretariat. The central objective of these changes is to ensure that the Cabinet system is supported by an executive organ capable of ensuring the implementation of all decisions taken within this system.

This restructuring has also extended to the Departments, involving, in the first instance, the Directors General.

Consequently, FOSAD, the Forum of South African Directors General has been established and meets regularly, among other things to ensure the proper co-ordination of all elements of the work of the government at both the national and provincial levels.

The Directors General are also grouped into clusters similar to those that group Ministers together.

The Co-ordination and Implementation Unit, formerly in the Deputy President's Office, has been transformed into a Policy Co-ordination and Advisory Services unit in the Presidency.

Its responsibility is to work with the restructured and expanded Cabinet Secretariat to provide the necessary support to the Presidency and the Cabinet with regard to such issues as the co-ordination of the processes of policy formation, programme design and implementation.

Together, the Policy Unit and the Cabinet Secretariat constitute the main elements of what in some countries such as the UK would be described as the Cabinet Office.

In its Report, the Presidential Review Commission says that the creation of a professional service ethos in the public service

"is one of the nine enabling objectives for a democratic and efficient public administration set out in the Constitution. As such it is of considerable strategic importance for the enhancement of the Government's capability, and should be fully understood." (p 21).

It was in response to this that the Government introduced legislation, which was approved by Parliament, giving powers to the President to appoint Directors General, which powers he or she could delegate to the Ministers.

This was done precisely to ensure such professionalisation by making tenancy of their posts by DG's independent of particular ministers under whom they appointed and served.

The existence of such a professional service ethos among the senior echelon of the public administration is clearly a critical element in achieving the effective governance we are working to realise and for which we have been restructuring government in the ways I have described.

Later, we will return to the matter of skills development within the public service as a whole.

The 1997 World Bank Report we have already cited, devoted to the subject - "The State in a Changing World" - has this to say:

" Although the precise institutional arrangements vary, effective public sectors the world over have generally been characterised by strong central capacity for macro-economic and strategic policy formation; by mechanisms to delegate, discipline, and debate policies among government agencies; and by institutionalised links to stakeholders outside the government, providing transparency and accountability and encouraging feedback...Systems in many industrial countries and in much of East Asia exhibit many of these characteristics. Their absence in many developing economies is a major obstacle to building a more effective state." (p 81).

More specifically with regard to our situation, the Presidential Review Commission commented as follows in 1998:

" The wholeness of government is weakened, indeed threatened in South Africa by both structural and functional defects. Structurally, the national machinery is too fragmented...Functionally, there exists what many have described to us as a vacuum at the centre of government. Somewhere between the offices of the President and Deputy President, and between these and the departments lies a space which is conventionally filled in virtually all systems of government by a central secretariat or cabinet office. The function of such an office is to ensure that issues and policies requiring consideration by the President, Deputy President and Cabinet are identified, that the ground work for their presentation is thoroughly prepared with all the relevant departments involved, that there is comprehensive and comprehensible briefing, that policies and outcomes are properly and promptly secured and recorded, that implementation follows, and that progress is effectively monitored." (p 25).

The steps I have described respond to these critical remarks by the World Bank and the PRC to address the issue of what the former describes as "strong central capacity for macro-economic and strategic policy formation", whose absence the PRC decries as "a vacuum at the centre of government."

I trust that those who believe they have discovered what they describe as 'an imperial presidency' will take some time to study both what we are doing and the very active international discussion about precisely the same matters we are addressing.

From the very beginning of the construction of our democratic society, we have insisted that we sought a people-centred society characterised by a people-driven process of change.

Our approach to the issue of governance must therefore respond to these strictures, bearing in mind also the observations made by the World Bank about the universal tendency towards what it defines as localisation, which it says "reflects the growing desire of people for a greater say in their government..."

As part of the process of the reform of our system of governance, we have therefore also paid some attention to the functioning of the provincial sphere of government.

In discussions in the President's Co-ordinating Council we have agreed that we must work together to strengthen the structures of provincial government to enable it better to meet its obligations to the people.

Among other things this will focus on the ability of provincial government to influence the formulation of national policy as well its ability to support local government.

When he spoke on the occasion of his budget vote, the Hon Minister Mufamadi reported to the House that the audit on inter-governmental relations has now been submitted to the national government.

This will help us further to improve the system of co-operative governance, affecting all the relevant institutions and procedures.

Undoubtedly, the most extensive process of transformation of our system of governance relates to the critical sphere of local government which is the closest to the people.

Again as the House knows, a central objective of the changes being brought about relates to the strengthening of this sphere of government so that it is better able to respond to the needs of the local communities it serves.

This should also provide us with even better possibilities to look further into the question of the involvement of the people in the process of government, especially in the light of the greater capacity that local government should have to make a significant impact on the issue of the improvement of the quality of life of all our people.

I would therefore like to take this opportunity to urge all the political parties represented here as well as organisations of civil society to consider the question how best they can help to mobilise the masses of our people themselves to get involved in the struggle to create the kind of society we all desire.

Local government transformation has, of course, brought to the fore the question of the finalisation of the issue of the role, powers and functions of the institutions of traditional leadership.

I am certain that discussions on this matter are going on throughout the country, on the basis of the Discussion Document that was issued earlier by our Ministry of Provincial and Local Government.

As we agreed with the traditional leaders, I hope it will be possible that we meet with them as early as July this year to hear their views so that we can move quickly to resolve all outstanding questions relating to the role and place of the system of traditional government.

In the context of the larger question of bringing more people into the process of governance, I must also mention three other important initiatives with which this House is familiar.

The first of these is that the four working groups bringing the national government together with organised labour, big business, black business and agriculture have all met and have started working.

The government deeply appreciates the possibility we have to interact with these important sectors of our society, together to discuss various matters affecting our common future.

Secondly, we are very pleased that the team charged with the task of helping to prepare the legislative framework to enable us to create the Commission for the Promotion and Protection of Cultural, Linguistic and Religious Rights has submitted its report.

I sincerely hope that we will now be able to move with greater speed to create the possibility for us to deal properly with all matters relating to these important rights.

I am convinced that if we handle this matter properly, as we must, it will not only be of great benefit to us as a country but will also make an important contribution to the global effort to address the issue of the exercise of these rights in other countries.

Again as the House knows, the National Development Agency has been established and some funding provided.

As the Hon Minister Alec Erwin has explained, when a respectable resource base has been established out of the contributions from the National Lottery, more funds will be made available to finance good causes.

Accordingly, we hope that this will increase the involvement of the non-governmental sector in meeting the common challenges we face as a country.

I have already mentioned the effort we are making to encourage the development among the senior echelons of the public administration of what the PRC referred to as a professional service ethos.

In this context I must add that FOSAD itself has decided that all Directors General will undergo a continuous process of education and training further to improve their professional capacity.

The Cabinet fully supports this decision which will be implemented in co-operation with the South African Management Development Institute.

The system of governance we are working to create is radically different from the one we inherited. It is focused away from repression, control and management of people.

It is targeted at helping us to meet the provision laid down in our Constitution of "improv(ing) the quality of life of all citizens and free(ing) the potential of each person." Accordingly, ours must be a truly developmental state.

One of the most important challenges this throws up is the need for us sharply to improve the professional competence of members of the public service and otherwise to increase this capacity within the public service.

I refer here to the technical, scientific and technological, accounting, economic, managerial and other professions and not those that relate mainly to the administrative-bureaucratic sphere.

Raising the skills level in such areas is consequently one of the targets we are pursuing as an integral part of the process of the reform of our system of governance.

According to the latest available figures, going up to the end of 1999, there were only 829 engineers and related personnel in the public service. Information technology personnel totalled 1 416. The figure of those with skills in the natural sciences and the economic professions stood at 4 575. Special scientists were 129 in total.

People working in economic services constituted 6% of the public service. Those working in infrastructure amounted to 7% of this service.

Clearly, this situation has to change fundamentally in favour of the kind of skills profile that would indicate that the public service is indeed geared towards meeting the all-round development needs of all our people.

This is particularly important in the light of the decision the Government has taken and which is being implemented to bring information technology aggressively into the process of governance.

For this purpose, the South African Information Technology Agency, SITA, has already been established. One of its lead divisions has correctly been named e-government.

Its task is to ensure that the government takes advantage of modern communication and information technology, including the Internet, among other things to improve service delivery and to improve two-way communication between the government and the people.

By itself the process of introducing e-government will have a profound effect on the composition of the public service, reducing the need for large numbers of administrators and their supervisors.

It will, of course, also increase the need for people trained to access and use modern technology for the purpose of improving the processes of governance and therefore its impact on the improvement of the lives of the people.

These developments and the need generally to raise the skills level within the public service further increases the pressure particularly on government and the public sector unions to conclude all matters that bear on the right-sizing of the public service.

The last major issue we would like to mention, affecting our work to reform the state and the system of governance relates to the issue of globalisation mentioned by the World Bank as one of the defining features of modern society.

I am certain that the Honourable Members will have made a special effort to inform themselves about the true import of this process of globalisation, its impact on our country and people and its wiping out of the boundaries of isolation which guaranteed the existence of relatively autonomous neighbourhoods.

In the Report, "Entering the 21st Century" to which we have referred, the President of the World Bank, Jim Wolfensohn, writes:

" Globalisation is praised for bringing new opportunities for expanded markets and the spread of technology and management expertise, which in turn hold out the promise of greater productivity and a higher standard of living. Conversely, globalisation is feared and condemned because of the instability and undesirable changes it can bring: to workers who fear losing their jobs to competition from imports; to banks and financial systems and even entire economies that can be overwhelmed and driven into recession by flows of foreign capital; and, not least, to the global commons, which are threatened in many ways with irreversible change." (p iii).

The additional point we want to raise is that this process of globalisation, with its threats and opportunities, has a profound impact on the sovereignty of states.

It is perfectly clear that the smaller the country, such as ours, the greater will be the loss of sovereignty as we get more and more integrated within the global community.

At the beginning of this address we indicated some of negative features we inherited from the apartheid system. The fact of globalisation means that we cannot overcome these negatives except within the context of the global community of which we are an integral part.

If the process of globalisation has the negative impact on us which President Wolfensohn describes, this means that, whatever the effort we put in, we would never be able to solve these problems.

The inescapable conclusion is that we must do everything we can ourselves to impact on the system of global governance that has developed simultaneously as globalisation gathered pace.

As the House is aware, in the last 8 weeks, we had occasion to visit a number of countries for various purposes.

These have included attending the South Summit in Cuba, the Africa-EU Summit in Egypt, making official visit to the UK and the state visit to the USA, attending the ECOWAS Summit in Nigeria, the Summit on Progressive Governance in Germany and the Nordic Summit in Denmark.

Later this week I will be travelling to Portugal to attend the EU Summit and, later, the Mercosur Summit in Argentina. In July we will have to attend the OAU Summit in Togo and the G8 Summit in Japan. In September we will travel to New York to address the UN Millennium Summit.

Of course, there have been other recent meetings which relate to the issue of global governance. These include the WTO meeting in Seattle, the UNCTAD meeting in Bangkok, the Annual Meeting of the World Bank and the IMF in Washington, the UN criminal justice conference in Vienna, the Beijing+5 conference on gender equality in New York and the forthcoming Copenhagen+5 meeting in Geneva to review the results of the Social Summit.

As the House is aware, our Government was and will be a very active participant in all these gatherings, with our voice carrying some weight, however limited.

At the centre of all the engagements I have mentioned is the critical question of our time, of how humanity should respond to the irreversible process of globalisation while addressing the fundamental challenges that face the bulk of humanity.

These include poverty, underdevelopment, the growing North-South gap, racism and xenophobia, gender discrimination, ill health, violent conflicts and the threat to the environment.

These problems cannot be solved except in the context of the global human society to which we belong.

We must and will continue actively to engage the rest of the world to make whatever contribution we can to ensure that the process of globalisation impacts positively on those, like the millions of our people, who are poor and in dire need of a better life.

This engagement must necessarily address among things the restructuring of the UN, including the Security Council, a review of the functioning of such bodies as the IMF and the World Bank, the determination of agenda and the manner of operation of the WTO and an assessment of the role of the G7.

Central to these processes must be the objective of reversing the marginalisation of Africa and the rest of the South, and therefore compensation for the reduction of national sovereignty by increasing the capacity of the South to impact on the system of global governance.

Some have said that in this international work we have been 'punching above our weight'. It is however very encouraging to note that South Africa's voice is indeed listened to with a certain degree of attention by many on our Continent and the rest of the world.

It had therefore seemed right, as we interacted with many world leaders in the last few weeks, that we should place before them the urgent need to confront the African challenge of ending conflict, poverty and underdevelopment on our Continent.

It was truly inspiring that all these leaders, who are faced with the task to continue to respond to the expectations of their own peoples, nevertheless also felt that there was a common human obligation to join the peoples of Africa in a common drive to overcome our Continent's historic problems.

As a consequence of this, we will soon start working jointly with other African countries and our partners in the developed world to elaborate a common agenda for a Special Programme for African Renewal.

It is good that we have a state and a system of governance, which we will improve in the directions I have indicated, that will enable us to participate in this process, confident that we cannot but continue to advance the project of the creation of a people-centred global community of nations.

It is good too that even as we engage in this joint international effort, we will continue to confront our own challenges as we will do at the Conference on Racism in August, even as our youth, both black and white, advance the cause of reconciliation as they jointly celebrate National Youth Day three days from now.

We and all who suffer must have a system of governance which not only constructs and repairs roads and bridges but also helps to repair broken souls; which helps to rebuild the pride, the self esteem and the dignity of those damaged by their poor circumstances.

We and billions across the globe are in need of the caring societies that will create a better life for all, a life that the millions will not merely hear about, but one they will themselves live and experience.

It is towards this end that we are engaged in a process of the fundamental restructuring of our state and system of governance, confident that, whatever the problems, we will succeed.

I would like to invite all South Africans of good will to join in the challenging work to turn our common dream into reality.

Thank you.