REPLY BY PRESIDENT CYRIL RAMAPHOSA TO THE DEBATE

ON THE PRESIDENCY BUDGET VOTE 2021

NATIONAL ASSEMBLY

3 JUNE 2021

Speaker of the National Assembly, Ms Thandi Modise,

Deputy Speaker, Mr Lechesa Tsenoli,

Deputy President David Mabuza,

Ministers and Deputy Ministers,

Honourable Members,

Thank you for the opportunity to reply to the debate on the Presidency Budget Vote.

True to form, the engagement was lively and robust.

It was a demonstration that our democracy is vibrant and that our perspectives are as diverse as the South African people we represent.

It is a matter of great significance and value that this Parliament provides space for conflicting views to be aired and debated and for competing interests to be mediated.

We must never forget how far we have come from the conflict of our past, from the silencing of dissent, and from the banning of the legitimate voices of the people.

I therefore welcome and appreciate yesterday's debate, not only for what was said, but also for what that kind of debate represents.

But while there are areas of public life where we have made a decisive break with our apartheid past, we all know very well that this country's divided and violent history lives on in the lives of millions of South Africans.

Several speakers spoke of the difficult, sometimes desperate, conditions under which many people live.

Over the last 25 years, we have done much to give effect to Madiba's call that the responsibility of government is to "redress the centuries of unspeakable privations, by striving to eliminate poverty, illiteracy, homelessness and disease".

But, as we all know, there is so much more that we need to do.

It is true that 5 million subsidised houses and housing opportunities have been provided for the poor since 1994, but still millions of people live in informal settlements.

It is true that the proportion of homes with access to water has increased from around 60 per cent in 1994 to 88 per cent today, but still many do not have access to a reliable supply of water or sanitation.

It is true that the murder rate per capita has nearly halved in the last 25 years, but still communities are ravaged by crime, gangsterism and violence.

It is true that 6 million more people are employed now than 25 years ago, but it is also true that in the first quarter of this year the unemployment rate in our country reached its highest level ever.

This reality demonstrates the enormous burden of our fractured past, of the depth of deprivation, disempowerment and deliberate neglect.

It demonstrates how difficult it has been to break the cycle of poverty.

But we are not only grappling with the undeniable effects of our past.

We are also having to confront many of the challenges of the present.

The most immediate of these is the impact of the COVID-19 pandemic, which has caused massive damage to economies around the world – and which has set our own economic progress back many years.

It has made South Africans poorer, it has made hunger more widespread and it has directly affected the health and well-being of hundreds of thousands of people.

It has made the task of growing an inclusive economy and transforming our society that much more difficult.

But it is equally important that we recognise that our own weaknesses and shortcomings have hampered the task of building a new society and achieving a better life for all.

We must – as we have done – acknowledge that there have been failures of governance in several municipalities, in departments and in state-owned entities.

As the NPC Diagnostic Report identified, development has been constrained by poor planning and inadequate coordination.

And perhaps the most debilitating of factors has been corruption, nepotism and patronage in many parts of the state and the private sector.

While we are now aware of the billions that were stolen from state-owned enterprises, there is no form of corruption – no matter how seemingly insignificant – that does not damage society.

Corruption is not a victimless crime.

It deprives the poor of resources that are rightfully theirs, it starves the economy of investment in that those who would want to invest in our economy are kept away by the stench of corruption.

It leads to a degradation of public infrastructure and services, and, tragically, it ultimately costs lives.

This is the context in which this Budget Vote of the Presidency must be understood.

It is these challenges that the Presidency is determined to address, both those rooted deep in our past and those that manifest themselves today.

In the State of the Nation Address in February, I compared our nation to the fynbos of the Cape, which emerges from the most intense flames even stronger than before.

Our country has suffered great devastation.

And as COVID-19 continues to spread within our communities and as it continues to take people's lives, we cannot yet say that we have extinguished the flames of this pandemic.

But what we can say, is that we are now seeing some of the green shoots of recovery.

We are now seeing signs that the focus of this administration on economic reform – which began before the pandemic – is steadily but surely paying off.

As a result of the devastation caused by COVID-19, we are starting from a low base.

However, most economists and agencies have adjusted their growth projections for South Africa, including the International Monetary Fund, which has revised upwards from 2.8 per cent to 3.1 per cent for this year.

According to the South African Reserve Bank's first Financial Stability Review for this year, released last week, our economy continues to rebound from last year's recession, albeit at different rates across sectors.

By a number of indicators, economic activity is returning to pre-pandemic levels at an encouraging pace.

One such indicator is the performance of our currency.

The rand is at its best levels since 2019, and is currently outperforming the currencies of our major trading partners.

This is being aided by high commodity prices.

Our favourable position as a commodity producer should attract capital inflows and boost the fortunes of domestic producers as well as retailers.

Salaries are recovering to pre-pandemic levels.

An index of take-home salaries in the private sector shows that typical take-home pay increased by 2.2 per cent after inflation in its most recent reading in April.

Aided by low interest rates and some income growth, household demand is picking up, with the growth rate on household credit picking up to pre-pandemic levels.

A leading company that provides payments processing services for small businesses reports that the turnover captured by point-of-sale devices is increasing to levels last seen in March 2020.

For the first time in 18 years, in 2020 we recorded an annual current account surplus.

This was aided by a R270 billion trade surplus last year, the fifth in a row and the highest on record.

The trade surplus comes from commodity exports, particularly platinum, but also from agricultural exports.

Last year, South Africa recorded its second highest agricultural export earnings on record, and is headed for a second bumper year.

The manufacturing sector is recovering and expanding at a faster pace.

Despite the impact of the pandemic on the sector globally, automotive component exports increased last year to a record R54 billion.

Exports of commercial vehicles, especially so called heavy commercials like tractors and trucks, are also performing strongly.

Mining and manufacturing were also sectors were jobs were created, according to the latest Quarterly Labour Force Survey.

One of the sectors that has also proven most resilient and fast-growing is the financial services sector.

According to the Reserve Bank's Financial Stability Review examples of improved economic activity in this sector are recovering asset prices, the stabilising of bank loan default rates, and that financial institutions remain well capitalised.

This sector has improved on a year-on-year basis with regards to job creation, managing to recover 215,000 jobs in the last quarter.

Even preceding the pandemic, we have been positioning ourselves as a growing hub for the digital economy, including technology start-ups.

The first African Tech Ecosystems of the Future index published this year ranked South Africa first on the continent for economic potential, start-up status and business friendliness.

We have the second highest number of tech start-ups in Africa and also receive the highest number of foreign direct investment projects in software and IT services.

South Africa is also still ranked highly as an export destination for global business services.

These are all priority sectors we have defined in the Economic Reconstruction and Recovery Plan.

We need to acknowledge that a number of important sectors, such as tourism, are still not fully operational and will take a time to recover.

At the same time they are a cause for optimism.

What we have to ensure now is that these green shoots lead to a sustained acceleration in growth.

We are keenly aware, as several members said yesterday, that the pace of structural reform needs to speed up.

The Presidency continues to drive the structural reforms that are necessary to overcome bottlenecks that are deterring investment and slowing our progress.

In the State of the Nation, we undertook to address the issue of spectrum allocation.

The legal case that is underway threatens to delay the progress that we have all anticipated.

All social partners must work together to ensure speedy and successful implementation of the identified economic stimulus measures.

Government has noted and welcomes the extension of temporary spectrum assignment by ICASA for a further period.

However we would like to see the spectrum allocation finalised without delay.

I appeal to all stakeholders to speedily resolve the litigation as soon as possible to enable the licensing process to be concluded for the benefit of all South Africans.

In SONA, we said that the long-awaited digital migration would proceed, and the switch off of analogue transmission towers has begun in a number of provinces after a six year delay.

Significant work is underway to improve efficiencies at our ports.

Transnet has put in place mechanisms to enable greater private participation in port management and to attract investment.

Transnet Freight Rail is also working to allow private operators to access the rail network.

We said the Revised Critical Skills List would be published and have done so, with work underway to ensure that the final list is comprehensive.

We said we would work to resolve challenges in the water sector, and following a 12 year delay we are in the process of establishing a National Water Infrastructure Agency.

We are also steadily reducing the turnaround time for water use license applications, with the average now at 90 days from an over 300 day average.

We have resuscitated the renewable energy procurement programme, which had previously been stalled.

Bid Window 5 to procure 2,600 MW of wind and solar power has been opened, with a further bid window of the same size to be opened later in the year.

In line with our commitment to electricity regulation reform, municipalities are now allowed to purchase their own power, and discussions are underway to raise the licensing threshold for embedded generation projects.

The legal separation of Eskom into separate entities for generation, transmission and distribution is on track to meet its deadline of December 2021.

Through the Welisizwe programme we are making a difference in the lives of rural communities who need bridges to enable them to travel, to work and to access services.

Our quest to build a capable state is steadily gaining momentum as previously weakened state institutions are now performing more efficiently.

The South African Revenue Service has undergone a successful turnaround.

Tax collection is exceeding budget estimates for the first time in five years.

The fight against corruption is also gathering momentum because of improved state capacity and more effective collaboration

Yesterday, the Special Investigating Unit presented a report to SCOPA on its work around COVID-19 procurement.

Many of these investigations have been concluded.

There have been referrals for disciplinary processes of officials involved corruption.

Through the Special Tribunal which we established millions in stolen funds have been recouped.

Through the work of other entities like the Asset Forfeiture Unit, the NPA Investigative Directorate and the Hawks Clean Audit Task Team, there have been arrests, asset forfeitures and the freezing of bank accounts.

This progress is the direct result of the decision of this administration to drive a collaborative and inter-agency approach that allows all law-enforcement agencies to work together and share information.

The issue of National Health Insurance is also in process.

As the backbone of the NHI, the Health Patient Registration System has been implemented and over 50 million South Africans have been registered.

Key aspects of the Presidential Health Compact are being implemented, including the placement of interns and community service candidates.

The moratorium for health posts has been lifted and more than 28,000 statutory and critical posts were filled across provinces.

Honourable Members,

Sustaining current levels of growth as well as meeting our aspirational targets largely depends on the pace of the vaccine rollout.

As the Deputy President said yesterday, we are on track.

We have secured sufficient vaccine doses for the entire adult population of 41 million and the rollout is gathering pace.

We are now at above 70,000 vaccinations a day and will soon surpass 100,000 a day.

We expect that the J&J doses will be released soon, unlocking significant additional supply.

Our focus now is on making the right decisions, and staying the course on reform to restore our economy, attract new levels of investment, create jobs, boost wages and increase opportunities for all South Africans.

The principle is a simple one; when our economy thrives, we all thrive.

When our economy is better transformed and more transformative, inequality is narrowed.

Difficult though the past year has been, our economy has been resilient and durable, as have the South African people.

Like the green shoots of nature, these developments are a promise, a sign of hope.

It is our responsibility – each and every one of us, in this House and across this country – to nurture these green shoots, to give them water and sunshine and nourishment.

Certainly we will differ on what these developments signify.

As this debate has shown, we will differ on how to achieve progress and how to sustain it.

Some may offer sincere and constructive criticism. Some may offer only insults.

But as this Presidency, we are determined and willing to join forces with all those in this House and all those across society who want to see South Africa recover, grow and thrive.

We share the sentiments of those who spoke about the need to continue to expand the frontiers of hope, and we take to heart the words of the Honourable Buthelezi when he said, "in these dire circumstances we will be doomed if we abandon hope".

Like the outstanding sage amongst us, when he looks to the horizon he sees hope rising.

The challenges we face are immense, but by working together, by staying true to the path of renewal, we will surely reach our destination.

I thank you.

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