

## Summary of Mbeki speech

Pres Mbeki's speech at the opening of Parliament contained some specific objectives covering five broad areas. If half of them can be met, the climate in the country would improve considerably.

### 1. Economy:

Macro economic balance and stability have been achieved. Attention will now be focused on critical micro-economic issues. These are:

- Enhance competitiveness. This will be done by lowering the input costs to the economy originating from three critical industries i.e. energy, transport and telecoms. This will be achieved through the "managed liberalisation" of three sectors. It is clear that deregulation, more competition and privatisation will be enhanced.
  - Energy: allow independent energy producers to deliver power into the national grid; import gas from Mozambique and extend the supply of gas into the economy; and develop local grids in rural areas.
  - Transport: the construction of the harbour at Coega will proceed; roads and rail will be restructured; ports will be made more efficient through competitive tariffs and concessioning to private operators. More flights to and from SA will be facilitated. A final decision will be taken on King Shaka airport in Durban.
  - Telecoms: The Telkom IPO will proceed; the third cellular license will be allocated; further investments will be made in the application of modern technology in education, health, commerce and govt. Two task forces to assist the government have been formed.
  
- Some industries have been earmarked for specific support by government in an effort to promote growth and job creation. These are:
  - Exports from the following sectors.
    - ❖ agro-processing;
    - ❖ automobiles and components;
    - ❖ mining technology;
    - ❖ minerals beneficiation;
    - ❖ Textiles and clothes.
  - Tourism
  - Agriculture
  - Cultural industries
  - IT en communication

He made a very specific promise. " ... these sectors will be stimulated through specific policy and regulatory actions that will be effected this year."

- Lastly he also referred to "conditions that underpin and constitute the enabling framework for economic efficiency and competitiveness". These include more skills development in areas critical to the economy; relaxation of immigration laws; more investment in economic infrastructure; and a review of banking regulation to ensure greater access to capital.

## **2. Rural development and urban renewal:**

- Identified seven rural areas where development programmes will be implemented.
- Identified five urban areas. Work will commence immediately in Alexandra (R1,3 bio over seven years) and Kwa-Mashu. A White Afrikaans bureaucrat from the Gauteng govt has been put in charge of the Alexandra project.

## **3. Social sector:**

- Transfer remaining 350 000 government houses into private home ownership. About 120 000 houses have already been transferred.
- Extension of sanitation to prevent the spread of disease.
- Effective response to infectious diseases.
- Diseases resulting from a lack of vitamin, protein and energy will be addressed.
- A comprehensive social security system will be introduced.

## **4. Crime:**

- Govt will remain focused on the following priorities:
  - \* high crime areas;
  - \* organised crime, including urban terrorism;
  - \* crimes against women and children;
  - \* corruption;
  - \* cross border crime; and,
  - \* social crime prevention.
- 124 police stations in high crime areas will continue to get resources and attention.
- The Public Prosecutor will reduce the backlog of cases.
- The large number of trial awaiting prisoners will be reduced.
- The criminal justice system will focus on corruption amongst its own personnel. Thus new leadership will be installed at Correctional Services, increase in resources for more intelligence on crime, and, if necessary more anti-corruption units will be formed.
- 3 000 people, including 600 new appointees, are being trained on the collection and management of crime statistics.
- 30 000 reservists will be recruited.
- The SAPS will help metropolitan councils to appoint their own metropolitan police forces.

## **5. Ensuring efficiency of govt itself:**

Apart from the criminal justice system, which will be reinforced as discussed above, government will also take other measures to strengthen the capacity of the state.

- Local govt to be strengthened.
- Improve quality of service delivery.
- Introduce e-govt gradually (no details given).

- Continued implementation of govt's HRD (human resource development) programme.
- Corruption will be tackled with new vigour and resources.

### **Conclusions:**

- These objectives are largely business friendly. If they can be met, the investment climate will swing remarkably more positive.
- The uncertain areas are the cost of the promised social security system and the planned review of the banking industry.
- There is much more for business and investors in this speech than for labour.
- Mbeki has tied himself firmly to delivery on specific objectives. Progress against those objectives can be measured objectively.
- One gets the impression that there are very few new goals. Most of these have been in progress for a while. His speech is thus a "steady as she goes" approach. There is no panicky formulation of new priorities.
- The one aspect that is new, is the move away from using any form of divisive language (e.g. two nations or the emphasis on racism) to an emphasis on unity. However, not unity for its own sake, but to develop the country and uplift the poor.