

STATE OF THE NATION ADDRESS OF THE PRESIDENT OF  
SOUTH AFRICA, THABO MBEKI, Houses of Parliament, Cape  
Town: 14 February 2003

Madame Speaker of the National Assembly;  
Chairperson of the National Council of Provinces;  
Deputy Speaker and Deputy Chairperson of the national Houses of  
Parliament;  
Deputy President of the Republic;  
Honourable leaders of our political parties and Honourable  
Members of Parliament;  
Ministers and Deputy Ministers;  
Our esteemed Chief Justice and members of the Judiciary;  
Heads of our Security Services;  
Governor of the Reserve Bank;  
President Mandela and Mrs Graca Machel;  
Distinguished Premiers of our Provinces;  
Mayors and leaders in our system of local government;  
Our honoured traditional leaders;  
Heads of the state organs supporting our democratic system;  
Directors-General and other leaders of the public service;  
Your Excellencies, Ambassadors and High Commissioners;  
Distinguished guests, friends and comrades;  
People of South Africa:

Ten years ago in 1993, we began the last mile of the long march  
against the system of white minority domination. In that year, we  
finalised the interim constitution that set the stage for the first  
democratic elections and our transition to democratic majority rule.  
It is also the year in which we lost that indomitable giant of our  
struggle, Oliver Tambo, and the people's hero, Chris Hani.

To Sis' Limpho Hani and Mme Adelaide Tambo - who need no  
introduction in this House - and members of their families with us

today, we wish to say that, the memory of these heroes will continue to inspire all of us as we enter the Second Decade of Freedom.

I am also privileged to recognise eight veterans who are with us here today, the first time in their lives that they have visited this seat of democracy, for which they struggled throughout their lives. These are Mr Marcus Mbetha from the Northern Cape, Mr Johannes Maseko from Mpumalanga, Mr Lesley Monnanyane from the Free State, Mrs Nontsomi Qwati from the Eastern Cape, Mr Marcus Makinta from the North West, Reverend Hamilton Mbatha from KwaZulu-Natal, Mrs Martha Motswenyane from Limpopo and Mrs Magrita Benjamin from the Western Cape. To them all we say many thanks for everything you did to enable all of us to enjoy the freedoms, which many in our country already take for granted.

As we meet at this place at the southern tip of Africa that houses our national legislature, on the Eastern shores of the Atlantic Ocean, the youth of the world is engaged in a sporting contest that will answer the question - who is the cricket champion of the world!

We salute this city, Cape Town, our legislative capital, that successfully hosted the opening ceremony and first game of the 2003 ICC Cricket World Cup. Today, as before, this great metropolis has provided us with the venue for the commencement of the fifth session of our second democratic parliament.

On this important day on our national calendar, once more we say welcome to the outstanding sportsmen who have gathered in our country, in Zimbabwe and Kenya, to test one another in a peaceful contest of human skill, ingenuity and endurance. We extend our best wishes to all of them, and say to all of them - let the best win!

We thank the International Cricket Council for the opportunity it has given our country and continent the possibility to host the Cricket World Cup.

Once again, we extend our best wishes to our warriors, the Proteas, confident that at the end of the day they will win, because they are the best.

In the next few months South Africa will launch its bid to host the 2010 Soccer World Cup. Government wishes to assure our Soccer World Cup Bid Committee of our fullest support as they go into the bidding process. We are certain of victory this time round, a victory that will be for all Africa.

On this day when we meet at this place at the southern tip of Africa that houses our national legislature, the eyes of the peoples of the world are also focussed on another place this time on the Western shores of the Atlantic Ocean, the great city of New York, which hosts the parliament of the world, the United Nations Organisation.

Today, the inspectors charged with the responsibility to ensure that Iraq rids itself of weapons of mass destruction will report to the United Nations Security Council about whether or not they are succeeding in their task.

Their report may very well decide the question whether the peoples of the world will continue to enjoy a global peace.

This we must say, that for us as Africans to host the Cricket World Cup, like the President's Golf Cup later this year, communicates the message that we were not wrong when we said that this, the 21st century, will be an African Century.

However, for us to realise this objective, we require that, unlike the 20th, the 21st century should be a century of African peace. It should also be a century of world peace.

Hopefully, today's report of the United Nations weapons inspectors to the United Nations Security Council will not serve as a signal to some that the time has come to unleash the fury of war.

Today, on the 14th of February, two great world cities, New York and Cape Town, have to grapple with the fundamental human question of war and peace. They have to choose sides in the contest between human hope and human despair, between war and peace.

As we speak, a number of our citizens are preparing to travel to Iraq. These are the experts who led our country's programme to destroy our nuclear, chemical and biological weapons of mass destruction, as well as the missiles for the delivery of these weapons in conditions of combat. The work they did has now resulted in the South African example of disarmament being recognised internationally as an example of best international practice.

Recently, we proposed to the Government of Iraq and the Secretary General of the United Nations, Mr Kofi Annan, that this team should visit Iraq to share with the government, scientists, engineers, technicians and people of Iraq our experience relevant to the mission of the United Nations and Iraq to eradicate weapons of mass destruction, under international supervision.

I am pleased to inform the Honourable Members that Iraq has accepted our offer, which we have already discussed with the leadership of the weapons inspectors. We trust that this intervention will help to ensure the necessary proper cooperation between the United Nations inspectors and Iraq, so that the issue of

weapons of mass destruction is addressed satisfactorily, without resort to war.

I would also like to take this opportunity to express our appreciation to the Government of Iraq for its positive response to our suggestion, as well as the recent decisions it has taken to allow the U2 and other aerial surveillance flights, to encourage its citizens to be interviewed at any location decided by the inspectors without any Iraqi officials present, and to adopt legislation prohibiting the production of weapons of mass destruction.

To assist with regard to this last matter, we have given Iraq copies of our own legislation dealing with weapons of mass destruction, the Non-Proliferation of Weapons of Mass Destruction Act of 1993, as well as Notices and Regulations published in terms of the Act in the period between 1997 and 2002.

We have done all this because we prefer peace to war. We have taken the positions we have, not to oppose or support any country, nor to seek any glory. We have done what we have because, as South Africans and Africans, we know the pain of war and the immeasurable value of peace. During the last century, South Africans lost their lives in the titanic battles of the First and Second World Wars and the Korean War.

Many paid the supreme sacrifice in a protracted contest within our country and a dishonourable confrontation with the peoples of the rest of Africa, especially Southern Africa, as we struggled to end the system of apartheid. At that time, some among us worked to develop and accumulate exactly the terrible weapons that the Security Council is demanding that Iraq should destroy.

As we meet here for the first time this year, we trust that this democratically elected forum of the people of South Africa will pronounce itself unequivocally in favour of peace, against war.

We urge that our national parliament should express itself in favour of the peaceful eradication of any weapons of mass destruction in Iraq, for Iraq's respect for the decisions of the United Nations Security Council, for respect by all countries of the principle and practice of multi-lateralism, for the continuing responsibility of the United Nations with regard to issues of international peace and security, and the peaceful resolution of international conflicts.

On this day, February 14th, both Cape Town and New York must respond to all these challenges honestly and frankly. I dare say that this national legislature will choose to give peace a chance.

I am convinced that this representative body of the masses of our people will do what it can to contribute to the international effort to ensure that our country, our continent and the rest of the world avoid an immensely destructive war.

We speak in favour of peace because our people prefer peace to war. They yearn for peace because they know from their experience that without peace there can be no development. Without development we will not be able to realise the goal of a better life for all. Without peace we will fail in the effort in which we are engaged, to transform ours into a country of hope, and revert to the past on which we have turned our backs, a past of misery and despair.

Madame Speaker:

With regard both to changing the lives of South Africans for the better, and building relations of human solidarity with peoples of the world, the tide has turned. Our task is to take this tide at the flood, further to progress towards the achievement of the goals for which so many of our people sacrificed. This is the perspective that

will inform our work as we strive to meet our obligations to our people, and the peoples of Africa and the world.

Last year when we spoke from this podium, we said our country has a continuing task to push back the frontiers of poverty and expand access to a better life for all. The challenge we all face as South Africans is to put our shoulders to the wheel to accelerate the pace of change.

To address this goal, we called on our people to offer their time and skills to the nation, as letsema volunteers for reconstruction and development. We also urged the nation to follow the example set by some of our nationals resident in the United States, who had decided to support the development of the country of their birth. As they engaged this task, they adopted the call - vuk'uzenzele!

Madame Speaker:

I would like to take this opportunity to extend a word of thanks and appreciation to the thousands of our people who rolled up their sleeves to lend a hand in the national effort to build a better life for all South Africans.

This includes some of the Honourable Members of Parliament present here today. Their involvement in practical work to improve the conditions of the people - be it in the campaign to register people for social grants, assistance at police stations, izimbizo, or improvement of learning, teaching and discipline in our schools - emphasises the partnership that should exist between the various arms of government to ensure that life changes for the better especially among the poor. It underlines the importance of the contact we must maintain continuously with the people of our country who elected us.

Of course, our thanks also go to the ordinary citizen letsema volunteers, some of whom participated in the spectacular opening ceremony of the Cricket World Cup, as they had done when we hosted the launch of the African Union and hosted the World Summit for Sustainable Development. In addition, these ordinary citizen volunteers had participated in all the initiatives undertaken throughout the year.

As we continue to respond to the challenge to put our shoulders to the wheel to accelerate the pace of change, we reiterate the appeal to all our people to sustain the volunteer letsema campaign and respond to the call - vuk'uzenzele!

Madame Speaker:

Honourable Members will remember that, in our address to the House last year, we expressed the confidence of government in the health of our economy. We asserted then that, despite the difficulties that we may experience from time to time and despite the economic downturn across the globe, our economy was robust and had the potential to perform relatively well.

Indeed, the country has managed to stay the course of growth, with the growth of the Gross Domestic Product for 2002 estimated at 3,1%. Gross fixed capital formation grew by almost 8% during the year. We have now had 10 consecutive years of positive growth. Manufacturing grew by 5,4% in 2002, the fastest growth since 1995. Our currency has wrested back the losses it suffered during 2001. During 2002, it recorded its first annual gain against the US Dollar in 15 years.

In the first three quarters of 2002, household consumption expenditure grew by an average of 3,2% while disposable income increased by over 3,5%. Household debt as a percentage of disposable income is at its lowest level since 1993. In the third



quarter of 2002, gross savings as a percentage of GDP increased above 15% for the first time since 1999.

Through tax reform, we have since 1999, cumulatively increased the income of citizens by a total of R 38,1 billion. At the same time, the introduction of minimum wages for domestic and farm workers should help improve the income of the most vulnerable workers. This process will continue in a few other sectors, in consultation with the relevant role-players.

We also pride ourselves on the contribution that the government has made directly to the income of citizens. Through two increases in social grants announced in April and October last year, a total of R1,5-billion was made available to the most vulnerable in our society. This will be augmented by further increases this year. Over the last decade, including the period when we had to correct the macro-economic imbalances, expenditure on social services grew by 4 per cent per year in real terms.

Government has put in place various measures to deal with the emergency arising from high food prices. In addition to medium-term measures that include the setting up of the Food Monitoring Committee, government made R400-million available for food parcels and agricultural starter-packs, as well as other resources for food relief in Southern Africa.

These direct contributions to the income of citizens, especially the poor, serve to complement the "social wage" that has improved with each passing year.

This "social wage" includes the increased number of water and electricity connections, the patent improvements in teaching and learning in our schools, the acceleration of the land restitution and redistribution programme, which includes hundreds of thousands of title deeds in urban areas, primary health care and free housing.

It complements the efforts of government to contribute to economic growth, to expand and modernise the economic infrastructure and the substantial resources allocated to the development of small, medium and micro-enterprises.

Madame Speaker:

Over the past few years we have worked hard to lay the basis for the advances we must make to meet the goal of a better life for all. At the centre of this are the related objectives of the eradication of poverty and the fundamental transformation of our country into one that is non-racial, non-sexist and prosperous.

We have no doubt that our policies have been and are a correct response to the practical reality we inherited. The changes taking place in our country attest to this. The lives of our people are changing for the better. Gradually we are moving away from the entrenched racial, gender and spatial rigidities of the past. Our economy is demonstrating a resilience and dynamism that is the envy of many across the world. Truly, the tide has turned.

Despite resistance among some, our people are developing a strong sense of a common patriotism. Our country occupies an honoured place among the nations of the world as part of the global forces working for the progressive transformation of our common universe. None of this happened of its own. It is the outcome of the elaboration and implementation of correct policies since 1994.

Because of all this, let us again affirm that with regard both to changing the lives of South Africans for the better, and building relations of human solidarity with the peoples of the world, the tide has turned. Our task is to take this tide at the flood, further to progress towards the achievement of the goals for which so many of our people sacrificed.

This is the perspective that will inform our work as we strive to meet our obligations to our people, and the peoples of Africa and the world. In this regard, we must pay the closest attention to issues of implementation and as practical an approach as possible to the work we all face as South Africans.

Building on the foundations we have laid down, we must, once more, set ourselves the necessary realistic tasks for the year. Needless to say, these must be located within the broad perspective we have just indicated. These tasks encompass such areas as:

- \* expanded service provision;
- \* improvements in the efficiency of the public service;
- \* increased social and economic investment;
- \* black economic empowerment;
- \* greater all-round attention to the challenge of human resource development, to help reduce the unemployment levels;
- \* further improvements within the criminal justice system;
- \* further work on the important matter of moral renewal;
- \* expanding our system of relations with the rest of the world;
- \* accelerating the process of the formulation and implementation of the first NEPAD projects; and,
- \* advancing the African Union agenda, including the important issue of peace and security.

With regard to the foregoing, Madame Speaker, we would like to emphasise that this programme is informed by the experience we continue to gain in implementing practical projects; by the interaction through iimbizo and other means with the people who, more than any consultants, know what their needs are and how these needs can best be met; and by the continuing research that we are conducting to collate and distil the experience of the First Decade of Freedom.

I wish to assure the thousands of South Africans who attended these izimbizo with Ministers, Premiers, MECs and Councillors that we have listened; we have heard; and we have better understood what the people want.

For instance, having listened to the people of Bekkersdal during the Presidential imbizo in Gauteng, national government will work with both the Province and local government to introduce public works programmes in this area. We shall find safe and secure land for settlement and upgrade community infrastructure both to improve social services and provide some employment.

As the Honourable Members and the country are aware, we have, for some years, implemented GEAR, among other things to generate the resources for us to address the social needs of our people. As a result of our successes in this regard, this year will see a further expansion of services to the people.

This will cover a number of areas including old age and disability pensions, the child support grant which will be extended progressively to cover children up to the age of 14, the school feeding scheme, food and nutrition, education, health, water and electricity. As we are extending unemployment insurance to workers that have previously been excluded, such as domestic, seasonal and agricultural workers, we urge all employers to ensure that their workers are properly registered. Our specific objective with regard to all these interventions is to reach as many of the most vulnerable as possible.

To ensure an integrated approach to this matter of the further expansion of services to the people, this year we will complete our work on a Comprehensive Social Security System as well as the Social Health Insurance Scheme.

Some of the measures we will take in the context of our expanded service delivery include provision of free health care to persons with disabilities, reaching the 50% of those who are eligible for a supply of free basic water who still have no access to this service, providing poor households, in areas connected to the grid, with up to 50kW of free basic electricity. In non-grid areas, such households will be provided with a subsidy of up to 80% of the market cost to provide access to electricity systems.

We will pay similar attention to a comprehensive response to the health challenges facing our country. This must include responses to the fundamental problem of poverty eradication and better nutrition, lifestyles, observance of legal and social norms with regard to road safety, the social fabric within especially those communities living in poverty, and the culture of observing treatment regimes with regard to such curable diseases as tuberculosis.

We will continue the work to eradicate malaria in our country and the other SADC countries by 2007. We will further intensify the efforts to reduce the incidence of the leading killer-disease, TB. Similarly, we will continue to focus on the treatment of sexually transmitted infections.

Working together with SANAC, we will continue to implement the government's comprehensive strategy on HIV and AIDS, relating to all elements of this strategy. This includes implementation of the decisions of the Constitutional Court.

Madame Speaker:

With regard to the accomplishment of the task of ensuring a better life for all, we must make the observation that the government is perfectly conscious of the fact that there are many in our society who are unable to benefit directly from whatever our economy is

able to offer. Obviously, this includes those on pension and the very young.

But it also includes people who are unskilled and those with low levels of education in general. This reflects the structural fault in our economy and society as a result of which we have a dual economy and society. The one is modern and relatively well developed. The other is characterised by underdevelopment and an entrenched crisis of poverty.

We have to respond to the needs of the fellow South Africans trapped in the latter society in a focussed and dedicated manner to extricate them from their condition. The expansion in social provision must reach this sector of our society, to relieve the poverty and suffering afflicting these masses of our people.

As we will indicate later, other government interventions will also focus on this sector in a particular way. Critically, some of these interventions must aim at ensuring that as many as possible of those who fall within this category move out of the trap within which they are caught.

Accordingly, the government must act to ensure that we reduce the number of people dependant on social welfare, increasing the numbers that rely for their livelihood on normal participation in the economy. This also especially relevant to the accomplishment of the goal of enhancing the dignity of every South African.

We must also refer to the important matter of gender equality. Some progress is being made in government to address this issue. And in the private sector and civil society, the campaign on the rights of women has started at least to form part of the national discourse. But society still lags far behind in terms of actual implementation, particularly in mainstreaming gender issues on development and poverty-eradication.

Within government, we will continue to insist on the implementation of the National Framework for Women's Empowerment and Gender Equality. Concretely, we will soon introduce a system through which gender representation targets and content of programmes become part of the core performance criteria of every government institution and manager.

The effective delivery of the expanded services to the people requires that we improve the efficiency of the public service. Without an efficient and effective public service, it will be impossible for us to register the advances that we are capable of. Again, this will require that we make a number of determined interventions.

By the middle of this year, the national and provincial governments will complete the process of auditing the public service personnel in these spheres of government and determining their personnel needs in terms of the tasks that confront government. This will enable us to effect the necessary adjustments to ensure that the public service has the people with the right skills, at the right places, in the right numbers.

To overcome the problems that we have continued to experience in the distribution of social grants, with an adverse impact on people in need, we shall speed up the process to set up a National Social Security Agency.

Cognisant of the critical role of local government, the central and provincial governments will work together to extend assistance to this sphere of our system of governance, in particular to improve its managerial, technical and administrative capacity.

The government will create a public service echelon of multi-skilled community development workers who will maintain direct

contact with the people where these masses live. We are determined to ensure that government goes to the people so that we sharply improve the quality of the outcomes of public expenditures intended to raise the standard of living of our people.

It is wrong that government should oblige the people to come to the government even in circumstances in which the people do not know what services the government offers and have no means to pay for the transport to reach government offices.

It will be particularly important that we attract the right people into this cadre of community development workers, train them properly, and supervise them effectively. These development workers must truly be inspired by the letter and spirit of batho pele! Among other things, these workers will help to increase the effectiveness of our system of local government, strengthening its awareness of and capacity to respond to the needs of the people at the local level.

To ensure the proper execution of multi-sector projects, we will appoint dedicated Project Managers accountable to teams of relevant officials and the Executive, with the authority and responsibility to ensure implementation across departments and spheres of government. At the same time, monitoring capacity at the level of the Presidency will have to be strengthened. A framework for this approach will be ready in the next four months.

The process to set up a government-wide Call Centre will be speeded up. In addition, we will start this year to phase in an electronic system, an e-government Gateway, in which the directory of government services will be available, according to citizens' needs rather than the silos of the state bureaucracy, an electronic version of the Multi-Purpose Community Centres.



As Parliament and our people know, for two years we have focused on particular rural and urban nodes in the context of the drive to assist the poorest in our country to achieve development and an improved standard of living. To improve our work in this regard, steps will be taken to ensure proper coordination, cooperation and operational integration among the three spheres of government.

We will this year also finalise the proposal for harmonisation of systems, conditions of service and norms between the public service in the national and provincial spheres on the one hand, and the municipalities on the other.

This year we also have to finalise the long-running debate about the role and place of the institution of traditional leadership, bearing in mind that this is one of our constitutional organs of government. The necessary national framework legislation will therefore be tabled, which will enable the provincial legislatures to approve legislation specific to each of our provinces.

In cooperation with the provincial government, a multi-disciplinary national team is working in the Eastern Cape to contribute to the solution of the problems facing this Province. This work will continue with the necessary speed and intensity. It will also help the government as a whole to understand what needs to be done to improve our overall system of governance.

In this regard, we will pay particular attention to five departments, these being finance, education, social development, health and public works. All these must have the necessary capacity to do their work properly. They must function in a manner that will enable us to meet our national goals.

The work being done in the Eastern Cape will also assist us greatly further to intensify our offensive against the cancer of corruption

within the public service. This work will be intensified in all three spheres of government, building on the experience accumulated within departments and through the efforts of such institutions as the Public Protector, the Auditor General and the Public Service Commission.

Further improvement in the quality of the lives of our people also requires that we take new measures to increase the volume and quality of our investment in the social infrastructure. This includes such areas as housing and municipal infrastructure, hospitals and clinics, schools, roads, water, electricity and government facilities. In all these areas, we must improve our performance relative to the previous year.

Accordingly, additional resources will be set aside to meet this obligation. We will ensure that these resources are actually used, consistent with what we have said about the need to ensure that we have the necessary mechanisms to implement our policies and decisions.

In this regard, we must commend the Provinces for significantly improved efficiency in the area of capital investment. For the period of 9 months of the current fiscal year, expenditure in this area has increased by 48 per cent compared to the same period during the previous fiscal year. At the same time, it seems clear that not all the allocated funds will be spent by the end of the financial year. It is precisely this shortcoming that we must address this year.

With regard to this social investment, we will pay particular but not exclusive attention to the nodal points already identified in the context of our Urban Renewal and Rural Development Programmes. It is in these areas that we find the largest concentration of the marginalized sections of our population, which require dedicated interventions to extricate them from

conditions of underdevelopment and entrenched poverty. This dictates that we focus on them with regard to our social spending as well as social and economic infrastructure investment.

To address this investment in social infrastructure, the government has decided that we should launch an Expanded Public Works Programme. This will ensure that we draw significant numbers of the unemployed into productive work, and that these workers gain skills while they work, and thus take an important step to get out of the pool of those who are marginalized.

We will also further expand the network of the Multi-Purpose Community Centres.

The government will also make various interventions in the economy in general further to encourage its growth and development. In this regard, we must mention that it is planned that the Growth and Development Summit that we mentioned last year is now scheduled for the beginning of May.

Among others, the Summit should address issues of higher rates of investment, job creation, economic restructuring and improved efficiency and productivity, and greater social equity. All the social partners will have to indicate what they will contribute to the common effort to tackle these various challenges.

For its part, the government has been working on its own contribution, some of which is indicated in this State of the Nation Address. We will complete our submission in the near future and make it available to the participants at the Growth and Development Summit. We urge our social partners to finalise their own inputs so that the next stage of the preparations for the Summit can commence as soon as possible.

In addition to what we have said, the government's economic programme will focus on:

- \* continued implementation of our existing micro-economic reform programme;
- \* investment in the economic infrastructure and other measures;
- \* small and medium business development;
- \* micro-credit for productive purposes;
- \* black economic empowerment; and,
- \* job creation.

The Honourable Members will remember that three years ago, we announced a micro-economic reform programme, which took advantage of the achievements we had made in stabilising our macro-economic environment.

This included focussed action in specific growth sectors such as agriculture, mining, tourism, cultural industries, information technology, clothing and textiles, vehicle manufacturing and chemicals. We will now add to this list the aerospace sector, as well as Call Centres and Back Office Business Processing.

In addition, specific programmes will be put in place this year to improve assistance to, and expand the pool of exporters. These include changes to the Export Marketing Assistance Scheme and upgrading our representation in strategic markets abroad. The successes in the automobile and components sector also point to the work that needs to be done to use a simplified tariff book as an instrument of industrial policy. Greater focus will also be paid to the service sector, including the expansion of the ICT youth internship programme.

More than R100 billion has been set aside for capital expenditure in the MTEF period, including, at the national level, R55 billion

for infrastructure. Planned investment by the major state corporations for 2003 is at least R32 billion.

This investment will include key economic infrastructure projects such as the construction in the coming period of the John Ross Highway to Richards Bay, a dam on the Olifants River in the Limpopo Province to provide water for platinum mining and agriculture, the construction of Ngqura (Coega) port and concessioning of the Durban Container Terminal.

The improvement of infrastructure at the KwaZulu/Natal coast includes the relocation of Durban International Airport to La Mercy and the establishment of the Dube Trade Port. Within 8 months details in this regard should be finalised for the private sector to be invited to take part in the project. Massive investments will be dedicated to upgrading and acquiring railway rolling stock as well as the Taxi Recapitalisation Programme, which, after extensive consultations, should start this year.

Further work will also be done to improve the infrastructure at our major border posts to facilitate movement of people and goods. Necessarily, this must be accompanied by the appropriate staffing of these transit points to eliminate inefficiencies that derive from under-trained personnel.

Further to reduce the cost of doing business in our country, with regard to liquid fuels, the government has decided to replace the In Bond Landed Cost pricing mechanism with what is referred to as the Basic Fuel Price formula.

This new approach, which we believe will save fuel users more than R1-billion a year, will be phased in, starting in April this year. We wish to assure the industry that this process will be handled in a manner that does not adversely affect the sustainability of the

industry and elements of Black Economic Empowerment already agreed upon.

With regard to the restructuring of state assets, the Honourable Members know that we will soon proceed with the listing of Telkom. Work will also go ahead towards the introduction of a second national telecommunications operator. We have already mentioned the initiatives affecting the transport sector. Further work will be done relating to electricity.

The government will also continue to work on public-private partnerships to increase its capacity to respond to the needs of our people. 50 of these are already operational in such areas as health, education, transport, housing, information technology, tourism, and government accommodation.

The development and support for small and medium business and the cooperative sector remains a priority for government. Accordingly, more financial and other resources will be committed to the development of this sector of our economy. This will also see increased support for business chambers and business development organisations, and the expansion of the business mentorship programme.

Women-owned businesses will receive additional support through the South African Women Entrepreneurs Network (SAWEN), which was launched last year. Similarly, we will continue to pay attention to the important area of agricultural development.

We will table legislation amending the Small Business Act, among other things to establish a nationwide advocacy body to act as the voice of this sector and to ensure that support to SMMEs are available at the local level throughout the country.

With regard to the rural areas, this year we will complete the processing of the Communal Land Bill, not only to ensure certainty in the ownership of assets by families in rural areas, including women, but also to encourage small-scale and co-operative agricultural production and thus improved food security. As the Bill indicates, this will be done in such a way that communal relations and elements of culture consistent with democracy and human rights are not undermined. In this context, certainly government has no intention to marginalize the traditional system of government.

The government recognises the importance of the micro-enterprise sector with regard to the task of poverty alleviation. We have therefore established an Apex Fund to provide micro-credit to people at the grassroots level. Discussions with institutions active in this field will be concluded soon so that the funds set aside reach the people in need as soon as possible.

Despite continuing improvements in the capacity of the economy to create new jobs, the issue of unemployment remains one of our major challenges. Fundamentally, the solution to this problem is dependant on our achieving the necessary rates of economic growth and development. Accordingly everything we have said about the economy also relates directly to the issue of job creation.

In this context we must raise the critically important matter of human resource development. As the Honourable Members know, we launched our Human Resources Development Strategy in June 2001. This Strategy covers the entire spectrum from Early Childhood Development, primary and secondary education, technical and vocational training, through Adult Basic Education, to skills enhancement through the Sector Education and Training Authorities, on-the-job training in the public works programmes, and specialised institutions such as the projected Advanced Institute for Information and Communication Technology.

As we have already indicated, by the middle of the year we should have an accurate picture of the skills profile and skills shortages in the public service. Progress is also being made in identifying such shortages in the private sector. We are doing this work so that we are able to focus our human resource development strategy correctly.

Despite the problems they have experienced, the SETAs have already shown what can be achieved. By the end of last year, over 23 000 learners had or were participating in training programmes ranging from entry level programmes to professional level and post-professional training across the entire spectrum of occupations and sectors.

To increase access to these programmes by the unemployed, the government will take the lead in bringing more of these into its own training programmes. We trust that the private sector will also do the same as part of the common contribution to the objectives of the Growth and Development Summit.

As we have also indicated, we will use the Expanded Public Works Programme to provide on-the-job training to the workers that will carry out this programme. Again this will concentrate on the section among our working people that is marginalized by virtue of low educational and skills levels.

We are convinced that sustained and correctly focused work in the area of human resources development, together with the varied economic interventions we have mentioned, will help the country in the effort to attend to the important challenge of unemployment. In this regard, the government will also present to our social partners a Framework for an Employment Strategy to ensure that we create the best possible conditions for a concerted drive to reduce the levels of unemployment.



As we approach the end of the first decade of our new democracy the need for an economic transformation that brings about effective and significant black economic empowerment becomes more pressing. We believe that it is in the interests of all citizens that we succeed in this endeavour. Through a far-sighted partnership between all sectors of our society we can ensure a stable and growing economy that erases the inequities of the past and draws us all - irrespective of our race, sex or creed - into a more prosperous and equitable future.

The Government concurs with the view of the Black Economic Empowerment Council Report that it is now necessary to make our policies on Black Economic Empowerment more explicit. In the light of the important developments in industries such as liquid fuels, fishing and mining we need to ensure clarity and certainty for all economic actors.

The government is firmly of the view that economic growth, development and Black Economic Empowerment are complementary and related processes. The empowerment we speak of is an inclusive process and not an exclusive one. No economy can meet its potential if any part of its citizens is not fully integrated into all aspects of that economy. Equally it follows that an economy that is not growing cannot integrate all its citizens into that economy in a meaningful way.

The government has prepared a detailed set of proposals on Black Economic Empowerment and the Minister of Trade and Industry and the Department of Trade and Industry, on behalf of government, have consulted extensively. Today I will set out the basic framework and approach. On Budget Day the Minister of Finance will deal with the government's positive financial and macroeconomic assessment of the BEE process and shortly

thereafter the Minister of Trade and Industry will publish the detailed documents and processes that I will now outline.

We will introduce into Parliament early this year a basic enabling piece of legislation that will establish broad parameters for the policy and allow for the publication of the Strategy Document and Guidelines dealing with good practice in terms of the policy, all of which will make up the Global Transformation Charter. This approach has been adopted to allow pragmatism and flexibility within the different components of the economy. A rigid and inflexible approach is not in the best interests of a modern and globally competitive economy.

However, by passing such an enabling Act we wish to signal to all that meaningful economic transformation is fundamental to our collective prosperity. As with all Acts the Bill will be open to comment in the Parliamentary process.

With the publication of the guidelines shortly we intend to establish certainty and stability. It is not in the interests of the economy that we have continuously moving goal posts. However, we also need to ensure that we respond effectively to changing circumstances - as we do with all policy - and to this end we will establish a non-statutory Advisory Council.

Empowerment is defined as a broad-based process and the scorecard approach - covering ownership; management; employment equity; skills development; procurement; corporate social responsibility; investment and enterprise formation - developed in the Mining Charter has been adopted.

The guidelines will provide more precision as to what can be defined as black owned enterprises. The actions and outcomes that are within BEE policy will be spelt out. Government does not seek to encourage charters for every sector of the economy. This is

unrealistic and not necessarily useful. The basic guideline is that where government disposes of any right, licence or partnership arrangement then BEE components to the arrangement will be clearly spelt out. This is in line with existing practice. A charter therefore best serves certain sectors.

Accordingly government is supportive of the work being done in the financial sector. If enterprises in a sector feel that they need a charter they should be clear on their objectives and take advice from government. The Guidelines will set out the basic principles that should be contained in any charter and will make it clear that there needs to be consultation at all times so as to involve stakeholders.

We would stress however, that all enterprises will be encouraged to utilise the guidelines on empowerment and to develop their own scorecard approach. Certainly in any dealing of significance with the public sector this will be expected of an enterprise.

The government will lay greatest stress on black economic empowerment that is associated with growth, development and enterprise development and not merely redistribution of existing wealth. We will work in partnership with the private sector and will further ensure that government actions are coordinated and monitored.

Madame Speaker;

Over the past three years, our security agencies have been hard at work implementing the National Crime Combating Strategy targeted at priority crimes and policing areas with the highest incidence of serious crimes. We can say with confidence that definite progress is being made in this regard. We will continue to improve the capacity of the Police Service to discharge its crime prevention and combating responsibilities in these priority areas.

Since 1999, the rates of serious crime in targeted areas has either been reduced or stabilised. Murder has been reduced by almost 17%. Case backlogs and the number of awaiting trial prisoners have been reduced as a result of the implementation of Saturday Courts and improvements in the integrated justice system.

Crimes against women and children have received priority attention, including the establishment of more Sexual Offences Courts. 11 of these were launched in the past 6 months alone. Better intelligence capacity has improved the prevention and combating of crimes such as bank robberies, cash-in-transit heists and hijacking of vehicles.

Before we identify the challenges for the coming year, we take this opportunity to thank all the security agencies for the sterling work that they did during the course of last year in securing both the launch of the African Union and arguably the biggest international conference ever held, the World Summit on Sustainable Development, and now the ICC Cricket World Cup.

I am pleased to convey to the Ministers and Deputy Ministers responsible as well as the leaders and members of these agencies the congratulations of many leaders across the globe for the excellent work they have done to guarantee the security of important visitors to our country.

Last year, we were suddenly confronted with terrorist attacks, for which a number of people have now been arrested and charged. Our security forces will continue to work on this challenge. At the same time, we will do everything possible to get to the bottom of this matter, being convinced that no normal South African has any reason to resort to force to communicate his or her views.

The campaign to reduce the number of illegal firearms and other weapons will continue. A considerable proportion of crimes against the person including murder, the abuse of women and children, assault with intent to cause grievous bodily harm and common assault, take place among the most marginalized sections of our population. In many instances, these are also connected to alcohol and drug abuse. It is therefore necessary that we adopt a multi-sector approach to deal with these crimes in the poor and underdeveloped areas of our country.

Measures will be taken to ensure that the structures meant to support the security agencies, such as the SANDF Commandos and police reservists are properly regulated to do what they were set up for. In this regard, in order to ensure security for all in the rural areas including the farmers, government will start in the near future to phase out SANDF Commandos, at the same time as we create in their place, a new system whose composition and ethos accord with the requirements of all rural communities.

More attention will be paid to stricter border control. This will require, among other things, improving the capacity of the Department of Home Affairs to carry out its tasks, including the implementation of the new immigration legislation. Critical posts will be filled, and the automated Home Affairs National Identification System will be launched. It will also be necessary to upgrade the Population Register, and deal with corruption across the board, including security at Government Printers where identity and other documents are produced.

The programme to deal with case backlogs will continue, including increasing the number of Saturday and specialised courts. In this regard, the letsema of legal practitioners from outside of government in this programme is highly appreciated. We are pleased that this year the Constitutional Court will move into its new and permanent home on Constitutional Hill in

Johannesburg. Further improvement in the physical infrastructure required by our judicial system is also represented by the new Khayelitsha Magistrate's Court, nationally the second biggest after Johannesburg, which we will open officially later this year.

Taking advantage of the findings of the Jali Commission, we will launch a determined programme to root out the corruption and mismanagement found in sections of our Correctional Service.

Our success in the sphere of the criminal justice system will also depend on strengthening the partnerships of the letsema campaign, with communities volunteering to assist the security agencies in their work. Again, in this area, as in all others, conditions are ripe for us to forge a people's contract for a safer and better South Africa.

Madame Speaker;

As Honourable Members are aware, we returned some ten days ago from the Extra-Ordinary Summit of the African Union in Addis Abba, where Africa reasserted the wish of the continent for global peace, security and development. In this context, it expressed itself in favour of the peaceful resolution of the question of Iraq.

At this Summit, the AU took specific decisions on proposed amendments to the Constitutive Act of the Union, and steps towards the setting up of the Commission of the AU and the ratification of the Protocols on the Peace and Security Council and the African Parliament.

This year marks the 40th Anniversary of the formation of the Organisation of African Unity. This Africa Day, May 25, 2003 will be an opportunity for South Africa to host dignitaries from across the continent as we affirm continuity in the objectives of the

African continent, and at the same time celebrate the positive changes that the formation of the AU will certainly bring. I am certain that all our people will celebrate this day with the honour and dignity it deserves.

A critical part of the positive changes heralded by the formation of the African Union is its programme for development, NEPAD. Considerable progress was made during the course of last year to cement partnerships within Africa and further afield, so that we can translate NEPAD, without delay, into concrete projects that will impact positively on the lives of the people of the continent. We are heartened by the fact that Africa's sense of urgency to start implementing this programme is shared by governments, the private sector and civil society on all continents.

Within weeks, the NEPAD Implementation Committee will finalise criteria, standards, institutions and legal instruments for the Peer Review Mechanism, pending the setting up of relevant institutions within the African Union. More critically, in various regions of the continent, work continues to identify and start implementing the projects that will give practical meaning to the beginnings of Africa's renewal.

We take this opportunity to congratulate the people of the Kingdom of Lesotho who last year conducted a peaceful, free and fair election. We will also continue to work with the people of Zimbabwe as they seek solutions to the problems afflicting their country. We hope that sooner rather than later, these solutions will be found through dialogue among the leaders of this neighbouring country. In the Kingdom of Swaziland, we hope that efforts at constitutional reform will soon bear fruit.

Conditions for peace and development are steadily taking shape in the Democratic Republic of the Congo, Burundi, Sudan and Angola, and South Africa will always be ready to assist where we

can to ensure that the peace, prosperity and national reconciliation that these sister-peoples deserve are achieved. We remain firm in our hope that the long-delayed issue of Western Sahara will be resolved without further delay.

The international community also has an urgent responsibility to help resolve the issue of the establishment of an independent State of Palestine, side by side and at peace with the State of Israel.

In a number of African countries, South Africa's sons and daughters serving in our National Defence Force are working to contribute to peace as a critical condition for development. We are proud of their efforts, and dip our banners in honour of those who have fallen on duty.

We will continue this year to strengthen our relations with countries of the South, and improve our multifaceted relations with the developed world. This will include continued trade negotiations with Mercosur, China, India and the United States.

Our role in international relations is enhanced by our responsibility to take forward decisions of the Non-aligned Movement and the African Union which we chair and to assist the United Nations in realising the commitments of the World Conference Against Racism and the World Summit on Sustainable Development which we hosted.

Honourable Members;

In carrying out these our international responsibilities, we proceed from the premise that our success in social change and nation-building is conditional on the progress that humanity makes in building a caring world. Inversely, building a new and prosperous nation is itself our own humble contribution to the well-being of humanity as a whole.



In the implementation of our programmes, we need to pay particular attention to culture, music and the arts, as manifestations of our self-image as a nation. This year, we will strengthen the partnerships aimed at identifying and nurturing South African talent, at affording the creativity of our artists free reign, and at giving appropriate promotion of our talents.

As a contribution to building the self-image that attaches to a proud nation, we shall continue this year with the project to build the first phase of the Freedom Park Monument, following on the introduction of new National Orders last year and others that will be launched this year.

We are confident that the best of our architects, designers and other creative workers, together with others from the rest of Africa and other parts of the world will avail their talent for the construction of a Freedom Park that we hope will stand out as an important tribute to the dignity of Africans and all human beings.

The self-image that we speak of includes the values that should define us both as a nation and as its individual components. It should also find expression in the people's contract for Moral Regeneration, as we all strive to become a caring society of up-standing citizens.

The South African people's contract for a better tomorrow is starting to express itself also in the campaign of citizens, across the diverse identities that define us, to build pride in our country and promote its attributes abroad. The efforts of the International Marketing Council, Proudly South African and the many individual initiatives in this regard require our support.

It is in this spirit that we should engage in a national dialogue on how we take forward the Report and Recommendations of the

Truth and Reconciliation Commission, which we hope will be presented to government in the next few months. This will afford us the opportunity to understand a critical part of our past and join hands in forging a people's contract for a better tomorrow.

As we enter the last year of the First Decade of Freedom, we will heed the lessons of these first ten years and build on what has been achieved. Through dispassionate research and systematic planning, and with renewed courage, we must together approach the Second Decade of Freedom (2004 - 2014), as one in which the tide of progress will sweep away the accumulated legacy of poverty and underdevelopment. It is in this spirit that we shall prepare for a fitting celebration of our ten years of freedom next year.

I wish our national, provincial and local legislatures success as they discharge their responsibilities to our country and people during this final year of our First Decade of Liberation.

The tide has turned. The people's contract for a better tomorrow is taking shape. I trust that all of us will identify with this historic process. Given the great possibility we have to move forward, we dare not falter. Thank you.

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