

SPEAKING NOTES FOR MEC MAMIKI QABATHE

DEBATE ON ECONOMIC DEVELOPMENT

DATE: 25 JULY 2012

FOURTH RAADZAAL

Honourable Speaker

Honourable Members

This important debate takes place at the backdrop of many important milestones reached by our country and the African National Congress. Two of the most important milestones are the ANC's 4th National Policy Conference held last month and of course the election of the Dr Nkosazana Zuma as the Head of African Union last week. These are indications that South Africa is both bold and frank to assess the progress it has made in over the last eighteen years and that it strengthened its international relations.

Speaker, the Policy Conference gave us the opportunity to assess the impact of our policies meant to transform our society but above all to assess the extent to which we have succeeded or failed to create a caring society with visible signs of reversing the exclusion of the majority of the people of this land from economic activity and subjecting them to poverty, unemployment and inequality.

All our endeavours are therefore meant to create a prosperous Free State that enhances the quality of life through integrated and sustainable economic growth. Hundred years since the birth of the ANC and eighteen years since democracy, we now have to confront the difficult question of how far have we gone in transforming the economy to ensure that we uplift the majority of the people of this country from the huge burden of poverty.

The impact of apartheid misrule expressed itself more pointedly on the economic landscape of our country. South Africa is largely divided into two economies; the 1st economy is sophisticated and adept to business networking, syndication and global imperatives. We all know that this level of the economy boasts a highly skilled labour force, advance technologies and elaborate infrastructure. Black people largely participate in the 1st economy at the pleasure and mercy of White business. The second economy is occupied by Black people and is largely depended on the 1st economy. The second economy comprises high unemployment of people locked in rural, semi rural and peri-urban areas who leave these areas in numbers for the urban areas in search of jobs and a livelihood. Black people are forced to embark on survivalist economic activities such as spazas, taverns, second hand clothing etc.

Honourable Speaker, our belief is that to attain our goals, the economic transformation should be guided by the following pillars:

- Restructuring the economy so that it meets the basic needs of all South Africans and the people of the region, especially the poor.
- Democratizing ownership and control of the economy by empowering the historically oppressed, Africans and the working class in particular, to play a leading role in decision-making.
- Creating decent employment for all South Africans,
- Eliminating poverty and dealing decisively with the extreme inequalities in our society.
- Ensuring equitable and mutually beneficial regional development in Southern Africa, thereby fostering the progressive integration of the region.
- Limiting the negative environmental impact of our economic transformation programme.

To turn the tide, we need a major up-scaling of our efforts towards economic emancipation, consistent with our vision of a better life for all. Some of the factors that undermined our efforts and perpetuate the situation of our people are;

- Inequalities in ownership of productive assets and access to finance
- Inequalities in education
- Unequal access to infrastructure and market institutions
- High unemployment
- Inequalities in pay

In addressing some of these challenges, the ANC led government introduced pro poor policies and regulations. These include but are not limited to

- Preferential Procurement Act
- Employment Equity Act
- BBBEEE and all related sectoral charters.

The National Planning Commission was also established primarily to speed up delivery and of course to create a conducive environment for economic growth. This Commission championed the process of the development of the The National Development Plan. This government has also established state-owned enterprises with the aim of restructuring the economy, among others to create decent job opportunities, improve disparities with respect to income distribution, enhance the quality of service delivery, skills development and to address social concerns.

Speaker, let us now try to present the situation our country finds itself in after all these interventions. The latest Employment Equity Report paints a worrying picture. The 2011 Report confirms that transformation remains an extremely slow process. In the last reporting period 73% of top managers in South Africa are whites which is six times more than anybody else in the Economically Active Population with 81% of

those being male representing almost double of their Economically Active Population and four times more than women .

At senior management level, Africans are still less than a quarter of the Economically Active Population with whites at nearly five times more their Economically Active Population.

In the Public sector, however, the picture looks much better - 43% of Top managers are African males with white males occupying 14.2%, African females are occupying 23% with white females occupying 3.2%. On middle management, African males occupy 37.2 % with white males occupying 20% compared to African and white females occupying 20.5% and 8.5% respectively.

Available statistics reveal that there are 4 million economically active white people in South Africa compared to 11 million economically active black people. This means that the purchasing power that was traditionally in white hands is no longer growing and may even be shrinking.

On employment and unemployment, the 2011 Free State Provincial Economic Review & Outlook reveals that the Free State economy created about 58 000 jobs between the 3rd quarters of 2010 and 2011. Whilst this is the case there has been marginal decrease of employment of women in the Free State though there was a marginal increase in the employment of women managers and professionals. By September 2011 men accounted for more than half of total employment in the Free State.

Speaker on average men represent 26.1% of unemployed population with women representing 43.7%.

In conclusion, we would like to reiterate our call that SMMEs and Cooperatives are the answer to economic challenges in South Africa. The success and sustenance of many economies is anchored around increased participation of the SMMEs and Cooperatives in the mainstream economy. SMMEs and Cooperatives are a key driver of economic growth and development.

This government is resolute in increasing the uptake of SMMEs and Cooperatives as their dynamism and the ability to innovate will assist us in creating much needed jobs in our economy.

Thank You