



NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

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08 September 2017

ADDRESS BY DEPUTY PRESIDENT CYRIL RAMAPHOSA ON THE OCCASION OF THE 22ND ANNUAL NEDLAC SUMMIT

EMPEROR'S PALACE, EKURHULENI

Programme Director,
Minister of Labour, Ms Mildred Oliphant,
Minister of Economic Development, Ebrahim Patel,
Deputy Minister of Labour, Nkosi Patekile Holomisa,
Executive Director of Nedlac, Mr Madoda Vilakazi,
Members of Parliament,
Representatives of organised business, labour, government and
community,
Distinguished Guests,
Ladies and Gentlemen,

I am honoured to address this 22nd Annual Summit of NEDLAC.

We must commend our social partners in Nedlac for choosing to focus in this summit on good governance and the fight against corruption.

Good governance is a pre-requisite for an effective developmental state and more sustained investment, both of which are needed to fuel growth and job creation.

As the centre of social dialogue in our economy, Nedlac is strategically positioned to build consensus among government, labour, business and community on promoting the values of our Constitution and tackling corruption in all its forms.

In his 1998 lecture on 'Economics in Government', renowned economist Joseph Stiglitz warns against the use of public interests for private advancement.

He defines corruption as a threat to public trust and confidence.

He decries the culture of wrongdoing and secrecy in the state, which frustrates public accountability.

He says:

“In a world of secrecy, you will always suspect that some interest group is taking advantage of the secrecy to advance their causes over yours, to steal, if not directly from you personally, more broadly from the public...

“Making government processes more open, transparent, and democratic, with more participation and more efforts at consensus formation is likely to result not only in a process that is fairer, but one with outcomes that are more likely to be in accord with general interest”.

In South Africa, it is appropriate to reflect on Stiglitz’s insights at a time when we are seeing the first green shoots of what will hopefully be a sustained recovery of our economy.

As we shake off the psychological and material constraints of a technical recession, we recognise that progress has been made in several areas of our economy.

While we have cause for hope, we remain conscious that business confidence is at its lowest level in 32 years.

At the same time, our unemployment levels remain little changed, with more than half of our population living below the poverty line.

These realities require that sound policy choices and effective implementation be accompanied by the use of public funds solely for the benefit of the public.

Our National Development Plan says a developmental state comprises “efficiently coordinated state institutions with skilled public servants who are committed to the public good and capable of delivering consistently high quality services, while prioritising the nation’s developmental objectives”.



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It pays close and critical attention to efficient spending and the achievement of value for money – money that comes from the hard work of citizens.

As social partners, we proceed from the understanding that public budgets are a democratic instrument by which we can better the lives of citizens, stimulate growth and provide socio-economic infrastructure.

Fruitless and wasteful expenditure should therefore not be viewed only through the prism of administrative efficiency, but through the prism of social development and shared prosperity.

Corruption impedes growth and redistribution.

We are only now beginning to understand the depth and scale of corporate capture of public institutions and its devastating effect on the economy.

While many are bewildered by the audacity of some of the alleged schemes, the dreadful reality is that the poor of this country have been made even poorer.

Our economy has been weakened.

Several components of the state have been undermined.

The features of government failure identified by Joseph Stiglitz include the inability of public accountability mechanisms to appropriately effect oversight.

If we fail, as a country, to ensure the integrity of our public institutions, if we do not hold those responsible for public resources accountable, then we risk the erosion of the state and the economic damage that would inevitably accompany it.

Today, we find our country at an inflection point.

Either we confront corruption decisively and deliberately and thereby nurture the green shoots of an economic recovery, or we allow corrupt practices to continue unchecked and consign our people to poverty for generations to come.

Unless we tackle corruption, patronage and state capture now, we will not be able to radically transform our economy, stimulate growth and create jobs.

This is the time when we must take a stand as business, government, labour and community to end wrongdoing, punish those responsible and recover stolen resources.

The dividends of confidence and growth must be earned through our investment in ethical renewal across the public and private sectors and in the conduct of every individual South African.

By demanding openness and transparency, we must deepen democratic participation in governance in our country.

We must promote the broad participation of citizens in the direction and exercise of political power.

We must create opportunities for citizens to make meaningful contributions to decision making.

All South Africans must take an active interest in governance and scrutinise performance in all sectors of our society and economy.

As a leader of society, Nedlac has a critical role to play in the promotion of ethics, values and socio-economic transformation.

This national endeavour should foster unity because corruption and unethical conduct threaten our shared future.

Nedlac should position itself as the spearhead of an ethical economy.

The policy discourse in South Africa, and by extension at Nedlac, has been in the spotlight in the year under review.

Of particular concern has been our responses to the challenges of poor economic growth challenges and its impact on labour market stability.



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Though we have done relatively well to respond to the post-2008 economic environment, we are now encumbered with sub-investment sovereign ratings.

Our unemployment levels are unacceptably high, with more than 9.3 million people unemployed.

Close to 4 million of those unemployed are young people.

The casualisation of employment is trapping many people in jobs with few benefits or prospects for development.

This means that we are in danger of creating a future where young people do not have the skills or experience to participate in the fourth industrial revolution.

We must therefore equip young people with suitable skills to unlock their latent potential.

Our agreement on a national minimum wage is a significant milestone for the country.

It is something that should be celebrated as an example of what is possible when social partners work together for the national interest.

It is an achievement that was carefully considered and balanced against the urgent need for the country to accelerate employment creation efforts through inclusive growth.

It is a measure that will lead to greater stability of the labour market.

Our emergence from a technical recession should spur us to continue to work together to entrench growth and long-term prosperity.

The rise in GDP to 2.5% in this quarter is a clear sign that we can, when focused, rebuild and working collectively to reap better outcomes.

This is only the beginning.

Our progress must be measured against the equally devastating reality that inequality and poverty are still on the rise.

We need to respond to this in a planned and accelerated manner to ensure stability and progress.

We have the tools at our disposal to improve our fortunes.

For instance, the 10 point plan that was adopted in the mining sector in 2015 is a good example of the measures we can develop to take strategic sectors of our economy to a higher level.

Through that plan, we have been able to delay retrenchments, enhance productivity and relieve crippling austerity measures.

Working together we have also played an active role in business rescue and helped facilitate the sale of distressed mines and mining assets.

We must sustain our implementation of the Nine Point Plan announced by President Jacob Zuma in the State of the Nation Address in February 2015.

We are working to foster greater competition and facilitate market entry for new enterprises.

We are building a strong cohort of black industrialists to expand and diversify our manufacturing base.

As government, we have taken measures to reduce the regulatory burdens of investing in the country and improve the ease of doing.

We are, for example, implementing a lower ports tariff strategy with a view to grow the oceans economy.

Through Operation Phakisa, we have thus far facilitated an estimated R24.6 billion in investment in the oceans economy, with government contributing R15 billion of this amount.



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The Department of Trade and Industry is currently providing incentive support of R428.9 million for various investment projects in ports, marine manufacturing and aquaculture.

Significant progress has been made to leverage ICT, energy and transport infrastructure programmes to promote manufacturing and localisation.

Through a collaborative effort, government and business have agreed to set up a Youth Employment Service to provide opportunities for one million young people to gain work experience.

Instruments like the Employment Tax Incentive and the Jobs Fund are contributing to the growth of employment.

Sectors are targeted for localisation and designation to leverage public expenditure for industrial development.

As part of improving the skills of workers, the post-schooling sector is focused on increasing the number of learnerships and apprenticeships, alongside increasing access to, and improving quality in, TVET colleges.

Through these and other programmes, government is working to create an environment that encourages investment in various areas of economic activity.

Yet, it is ultimately through the work of the social partners that progress will be achieved, for it is the social partners that represent the core constituencies of our economy.

We therefore look to Nedlac to play a more assertive role in defining the economic and social trajectory of our country.

The green shoots of an economic recovery are visible.

We look to you, our social partners, to feed them, to nurture them and to see them blossom.

We look to you, our social partners to cut away the weeds of corruption that threaten to choke them.

Together, as social partners, we must work together to overcome these constraints and build an economy that serves all our people.

I thank you.