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AND EVALUATION & CHAIRPERSON OF THE NATIONAL
PLANNING COMMISSION (NPC); ON THE OCCASION OF THE NDP
ANNUAL PUBLIC LECTURE; THEO VAN WYK BUILDING, UNISA,
PRETORIA**

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Thank you, Programme Director;

Vice-Chancellor and Principal of the University of South Africa (UNISA),
Prof Mandla Makhanya;

Members of the UNISA Council present here;

Deputy Chair of the National Planning Commission (NPC), Prof
Malegapuru Makgoba;

Secretary of the NPC, Mr Tshediso Matona;

Fellow Commissioners from the NPC;

Members of the Diplomatic Corps;

Distinguished Guests;

Ladies and Gentlemen.

We are honoured to present this fourth edition of the lecture on the 6th year of the implementation of the NDP. This gathering is hosted under the theme "*The Place and Role of Governance in the Radical Socio Economic Transformation, Inclusive Growth and Development*".

Prior to attending to the entirety of the topic we must ask why we need radical socio economic transformation and inclusive growth?

Radical Socio Economic Transformation is necessary because, we still live in an unequal and divided society with high levels of poverty and unemployment despite having recorded progress in key areas such as:

- (1) Education wherein we are close to reaching universal access to basic education, at 98% of 7 to 15 year olds in schools;
- (2) Electrification wherein 95% of our households are connected; and
- (3) The Comprehensive Social Security System, with its 17.5 million recipients which has reduced the poverty head count rate by 7.9% and the poverty gap by 29.5%.
- (4) Reduced infant and maternal mortality
- (5) Increased life expectancy

These are just a few examples where progress has been recorded, however our society continues to be bedeviled by the triple challenges of unemployment, poverty and inequality.

Unemployment rates recorded the highest figures of 27.7% in the three last quarters of 2017. Currently the unemployment rate stands at 27.2% and poverty and inequality persist.

The World Bank report titled “Overcoming Poverty and Inequality in South Africa” as well as the ILO Global Wage Report confirm that **South Africa remains one of the most unequal societies in the world**, with:

- (1) **Inequality of wealth** – wherein the top 10% controls 75% of the country’s wealth,
- (2) **Consumption inequality** – showing a Gini coefficient of 0.66 with a further analysis of consumption expenditure trends evidencing that the very poor—those in the bottom 10 percent—grew at a slower pace than the rest of the population
- (3) **Wage inequality** – with the top 10% receiving half of all wage income and the bottom 50% receiving just 12% of all wages
- (4) An estimation of the **inequality of opportunity index** and its ratio to overall inequality found that inequality of opportunity in South Africa is high relative to its comparators.
- (5) **Intergenerational mobility** in South Africa is low in comparison to other countries indicating an enduring link between life outcomes for a given generation versus those of the previous generation, which is an obstacle to inequality reduction.

It has been widely accepted that there is a need for this economy to reflect our demographics.

We stand the danger to promote instability if this is not corrected for the world has an abundance of evidence that points to the fact that it is in the most unequal societies where instability and violent crimes thrives.

Essentially, **radical socio economic transformation is about changing the structure, systems, institutions, patterns of ownership, management and control of the economy in favour of the poor**, the majority of whom are African and female. Given our historic realities and strategic choice to pursue a mixed and pro-poor economic model. The Freedom Charter advances this strategic objective by asserting that “the People Shall Govern” and that:

“South Africa belongs to all who live in it, black and white and that no government can justly claim authority unless it is based on the will of all the people; that our people have been robbed of their birth right to land, liberty and peace... that our country will never be prosperous or free until our people live in brotherhood [and sisterhood], enjoying equal rights and opportunities, and that only a democratic state based on the will of all the people, can secure to all their birth right”

Our Constitution lays a *“foundation for a democratic and open society in which government is based on the will of the people”*. Our Constitution also seeks to *“improve the quality of life of all citizens and free the potential of each person”*.

Therefore, **our state is a democratic development state** which, according to Professor Thandika Mkhandawire, must *“facilitate and promote economic growth and structural transformation, [in pursuance of] social policies that ensure equitable entitlements of all citizens to ensure their capacities and functioning are adequate for a decent inclusion in societal affairs”*.

The pursuance of the Radical Socio Economic Transformation Agenda is therefore a distinguishing responsibility flowing from the character of the strategic choices our developmental state has opted for. **That Agenda has as its pillars as agriculture, industrialization, infrastructure, tourism, fourth industrial revolution, services sector, creative economy, gender equality and youth participation.**

Ladies and gentlemen, in pursuing the priority related to agriculture brings to sharp focus the dispossession of the **land** from the majority of the people, as result of colonialism and Apartheid. Today, what is perpetuating economic inequality is the continued lack of access to productive land for the majority. Without land there cannot be a dignified existence and there can be no meaningful productivity.

It is for these reasons that government is exploring mechanisms by which land redistribution can be accelerated, this includes the Inter Ministerial Committee on Land Reform which is chaired by the Deputy President as well the recently appointed Advisory Panel on Land Reform.

We must therefore fast track land redistribution, to the benefit of our urban and rural masses. In most successful redistribution programmes the common thread is the presence of accountable and transparent institutions. There are several successful examples, we can quote, including:

- (1)the Ireland Land Commission successfully transferred over 90% of the land from the English landlords to the Irish tenants. And

(2) The Government of South Korea successfully facilitated for equitable land ownership in the 1940s, this created a new class of independent proprietors who were key in driving national development and growth.

Our people **need land for agricultural, commercial, residential and recreational use in order to advance their own development.** The state therefore has the responsibility to assist our citizens in land utilization as well as spatial planning so as to ensure that there are Agri-Parks as well as development zones closer to where they live and work.

Such an outlook can facilitate the creation of new and small towns nearer to where our people are currently living and located, which could curb the urban migration to the few cities we currently have.

These zones and small towns could also facilitate for the **promotion of industrialization** with the processing and beneficiation of raw materials. Local beneficiation can create jobs instead of exporting them. We must develop and grow our manufacturing sector within the context of an overarching policy of industrialization. The state has an important policy and infrastructure development role in this regard. The local private sector has an investment role to play and must work with government to develop specific sectors. The private sector has a major role in ensuring that the requisite job targets are met, whilst government must facilitate for an enabling environment.

The academia also has a research and development support role in this regard. We all have a role to play, since local beneficiation is critical for industrialization, job creation, economic growth and global competitiveness. This we must do in close collaboration with each other and we must target specific growth sectors.

The growth sectors will require new entrants so that we may break monopolies which generally behave in uncompetitive ways, often to the detriment of the people. These new entrants should be black, female and youth owned. Government mainly through its buying power needs to drive the creation, growth and nurturing of these entities through procuring goods and services from them.

Our procurement systems ought to facilitate for their participation, whilst we also secure markets for them in the areas of their current activities which could include established township and rural bakeries as well sewing and small retail small industries. Agriculture is another area which are people through chicken, goat and cattle farming have been involved in since time immemorial. We must infuse business principles to grow and sustain what is currently subsistence in nature.

To do successfully do so the state must intensify its support and remove barriers for small and medium enterprises sector, which has long been identified as critical to economic growth, employment creation and transformation.

We must also **identity key sectors of the economy which can create new entrants** relatively easily such as the blue oceans economy, tourism, and the creative industries which we have neglected over the years. These industries have a high potential for job creation as well as import and export benefits.

Through initiatives such as Operation Phakisa government is putting in place the necessary infrastructure such as small harbours, ports, as well as tourism and performance hubs so as to fully unlock the potential of this sector.

Ladies and gentlemen, a critical component of our economy is the **financial sector**. This sector remains highly untransformed and perpetuates financial exclusion of the majority. Black people, women and youth struggle to access finance as a result of our history. The majority of us do not have any collateral to offer the banks. The banking sector is also dominated by monopolies and the lack of competition further disempowers its clients. It is therefore important that we transform this sector.

The **transformation of our economy will require the requisite skills**. That is why we have called for a skills revolution. We need to educate our people in order for them to not only be skilled job seekers but job creators and innovators.

We need to ensure that our youth are educated in big numbers to fill the skills gap in our economy. This includes ensuring that our young people are skilled in the fields of science technology engineering and maths as well as vocational and artisanal training. We need more plumbers, boiler makers, welders, engineers, technicians, actuaries, innovators and researchers.

A skills revolution is a prerequisite to radical socio economic transformation and therefore it is imperative that no child is denied an education at any level on the basis that they come from a poor background. We also need to ensure that our education system is transformed from a content and approach perspective at all levels and that our children are taught a patriotic curriculum which reflects the values of a democratic and free South Africa

As we do so we must ensure that our skills development plans and education curricula remain relevant to industry needs. Our priority is to equip young women and men with the necessary acumen and skills to take advantage of the fourth industrial revolution. This must be complemented by investments in research and innovation, which the private sector and the academia can contribute immensely in.

Creativity is at the center of the approaches we must employ because there are areas which will not completely be replaced by machines; for even the machines will require people to create them or improve them.

It is critical that as we advance radical economic transformation women are not excluded. **Women** are not only more than half of the population but we also produce the other half. We cannot leave half of the population behind because it means we are leaving out half of our talent and therefore can never achieve our full potential. There is also a growing amount of evidence that shows that women inclusion in companies at senior levels means better financial performance. Therefore, women and the youth need to form an integral part of transforming our economy.

Ladies and gentlemen, to drive this Radical Socio Economic Transformation agenda we will require cooperative governance, with a capable state with work oriented and qualified responsive civil servants as key enablers.

We have examples in the continent and beyond, of countries who have demonstrated that good governance matters a great deal in getting development results. Strong vision and leadership at the political level, backed by a high quality public service contributing to the design and execution of policy, is transforming these countries into modern, competitive and entrepreneurial nations.

In the process, they have shown an ability to reinvent themselves continually to meet new challenges. The capacity to keep doing that will be critical to ongoing success. In reinventing the state we must take heed of **regional integration** in general and the opportunities offered to us by regional initiatives such as Agenda 2063: The Africa We Want, which has flagship projects such as the Continental Free Trade Area as well as the Open Skies Initiative.

The National Development Plan: Vision 2030 (NDP) sees **an active citizenry** and governance as mutually reinforcing goals, and says:

“Active citizenry and social activism is necessary for democracy and development to flourish. The state cannot merely act on behalf of the people – it has to act with the people, working together with other institutions to provide opportunities for the advancement of all communities.”

Indeed, our citizens want to be engaged in shaping their future, and want the government to be more responsive to their immediate needs.” As the citizenry evolves, it will require government to decisively address the challenges which have emerged to its current development model, specifically the rising inequality, and move to greater engagement of its people in pursuing equitable and sustainable development.

National development must be about securing human development which allows all people to exercise their choices and meet their aspirations, both in this generation and those to come. Good governance is essential to securing such a development. That governance must be on our people’s terms and in their interest, so that equitable and sustainable development is secured for the sake of our common future.

Ladies and gentlemen, allow me to use the opportunity highlight an essential but under-discussed aspect of what it will take to **create a capable developmental state**. Such a state requires active, effective, honest, and fair governance at all levels.

With regards to **active governance**, a key requirement is that we must anticipate and respond to the needs of its citizen in an environment of evolving development challenges. Our responses ought to be deliberate, targeted, and pro-active. This will also require detailed planning and specified delivery as an essential requirement to getting the business of development done.

Effective governance requires governing institutions which are capable of delivering reliable and quality services where and when they are needed. A prerequisite for such a governance is integrated and coordinated planning and implementation across all spheres of government and all sectors of society, including the private sector and civil society.

It also requires a **public administration which can collect revenues** honestly, allocate and invest public funds wisely, and manage public goods, including land and other natural resources, for the benefit of all. It also requires agency on the part of our people whose institutions, such as community based organisations and cooperatives, must be supported by all stakeholders without red tape or undue influence. *Effective governance* also needs integrated, non-contradictory policy which views economic growth, poverty reduction, social development, equity and sustainability as mutually reinforcing goals.

Achieving this puts a premium on having a **capable public service** and effective governance mechanisms which can bring the economic, social, and environmental strands of sustainable development together.

Such institutions need to be *free of corruption*.

Meaningful engagement and participation of citizens in shaping decisions which impact on them is also important, as is the existence of independent institutions which can hold government to account.

Fair, reliable, and accountable governing institutions build trust between people and government. We therefore all have the responsibility to build such trust, which also requires that we ensure that procured services are a fair value and to the societal benefit.

Going forward, new models of development are needed to meet existing and emerging challenges. We need to look beyond the speed of economic growth as a driver of development and examine its quality. The forty-year review of human development progress undertaken by UNDP for its 2010 global Human Development Report, found that it is the quality, more than the speed, of growth which matters most in lifting human development.

Thus **growth needs to be both inclusive and sustainable**. It needs to expand opportunities for decent livelihoods and ensure that all can benefit. Active, effective, honest, and fair governance is important in achieving that because market forces invariably create winners and losers. However, public policy and its implementation can give everyone a fair chance to succeed.

The challenge now for governance at all levels is to make it fit for purpose for equitable and sustainable development. In seeking a fit for purpose public service and institutions we must ensure that once we have jointly developed our plans, we **stay the course** with a sense of purpose and urgency.

At times Inertia and indecisiveness prevails in major areas where resolving long identified problems could create catalytic shifts in the economy and advance transformation and development. For example we have not put enough effort to ensure the implementation of:

- Broadband rollout
- Tariffs - especially at the ports
- Reducing the Cost of Data
- Dealing with the Issue of labour brokers
- ‘administered’ prices (notably Transnet and Eskom prices) which are within the regulatory competence of the state.

To successfully pursue these catalytic shifts, we need to **strengthen collaboration and partnerships** amongst the various social partners, especially business, civil society, state owned enterprises, academia, and the different spheres of government. The best economies worldwide underpin their economic development strategies on sound business strategies as the driving force.

It is against this backdrop that we cherish the partnership with UNISA as a highly reputable academic institution. This public lecture bears testament to our assertion that the NDP is not just a plan for government, but for the whole country. We need to join hands in building a better and more prosperous society. We also all need to actively engage in the delivery of the NDP.

Institutions of higher learning have a particularly important role to play in providing the necessary and relevant skills and knowledge to drive our economy and the NDP. They also have a particular role in innovating, researching and providing solutions to the daily challenges confronted by our people.

It is also our hope that this fruitful partnership we have developed with UNISA will grow from strength to strength. Hopefully we will return to UNISA soon for a more interactive and substantive dialogue which should aim at strengthening the capacities and innovative potentials of our public servants. We also look forward to receiving suggestions and concrete actions from you, in the implementation of the NDP and our other priorities so that we may grow our economy, create work and close the inequality gap, together.

Ngiyabonga.