

# Cabinet Statement



## Cabinet Meeting of 6 June 2018

Cabinet met on Wednesday, 6 June 2018, at the Union Buildings, Pretoria.

### 1. ISSUES IN THE ENVIRONMENT

#### Economy

- Cabinet has noted the decline of 2.2% in the Gross Domestic Product (GDP) in the first quarter of 2018.
- Statistics South Africa (StatsSA) released the figures this week. The agriculture, mining and manufacturing industries contributed to the decline in this first quarter.
- Cabinet has mandated the Economic Cluster Ministers to urgently meet to discuss the way forward with regard to these figures.
- The GDP figures bring into sharp focus the need for all sectors of the country to work together to support South Africa's local economy.



National Economic Development and Labour Council for their role in reaching this agreement.

- This begins a process towards narrowing the wage gap, especially for the low-income earners.
- Approximately 6.4 million workers in South Africa will benefit once the Bill has been signed into law.

- The partnership between SASSA and the South African Post Office is yielding positive results as more beneficiaries have since May 2018 been coming forward to swap their cards.

**Cabinet urges communities to ignore recent short messages directing social-grant beneficiaries to re-register for their social grants to avoid not being paid.**

- Such misleading messages seek to create confusion amongst the poor and derail government from ensuring that social grants are seamlessly paid to beneficiaries without failure.

**Cabinet, however, acknowledges that more work still needs to be done to close the wage disparities that still exist in the country.**

- The NMW Bill will now be sent to the National Council of Provinces for concurrence before the President signs it into law.

**Basic services**

- Cabinet is pleased with the results of the Non-financial Census of Municipalities 2017 that showed more consumers received the following free basic services in 2017 as compared with 2016:
  - electricity
  - water, and
  - sanitation.

**Government remains committed to providing daily basic services to all its citizens, especially poor people. The most recent water-related project is the R96-million Mhlathuze Water Project in Richards Bay in KwaZulu-Natal, which will deliver running tap water to more than 6 000 households.**

**Public Service wage negotiations**

- Cabinet received a briefing from the Minister of Public Service and Administration on the Public Service wage negotiations.
- Cabinet appreciates the commitment by all stakeholders in finding an amicable solution that would benefit all role players and the country.

**Cabinet reaffirms government's commitment to fully engage with labour so as to arrive at a workable deal for all involved.**

**Social grants**

- Cabinet reassures beneficiaries of social grants that government will continue providing this important service, as mandated by the Constitution of the Republic of South Africa of 1996.
- Social grants will continue to be paid and the process to replace the old South African Social Security Agency (SASSA) card with the new one will continue until the end of September 2018.

**Business and labour need to continue to work with government in support of initiatives such as the Nine-Point Plan to stimulate economic growth and create much-needed jobs.**

- One of its key pillars is the Industrial Policy Action Plan (IPAP), which focuses on increasing manufacturing, employment creation and exports. Cabinet is confident that the IPAP will help grow our industrial sector and economy.
- Later this year, government will host an International Investment Summit to profile South Africa as an investment destination.
- The aim of the event is to generate R1.2 trillion in new investments over the next five years, which will have a significant impact on economic growth and employment creation.

#### Investments

- Cabinet welcomes the launch of a new world-class factory that manufactures information and communications technology products in East London in the Eastern Cape on 5 June 2018 by Yekani Manufacturing, a wholly black-owned company.
- This R11-billion investment will create 1 000 new quality jobs in addition to the existing workforce of 450, mostly youth and women.
- This investment has benefited from both the:
  - Special Economic Zone Infrastructure Incentive and
  - Black Industrialist Scheme (BIS).
- The BIS saw the Department of Trade and Industry approving incentive support to 103 black industrialists over the previous two financial years. Forty-eight companies were also provided with market access support, eight of which are in the Eastern Cape.

#### National Minimum Wage (NMW)

- Cabinet welcomes the passing of the NMW Bill by the National Assembly.
- It expresses its appreciation to all stakeholders at the

operations, continuous roadblocks and relentless search for wanted suspects – will go a long way in ensuring that people in our country are and feel safe.

- Communities are encouraged to provide information relating to their safety to a local police station or call the **101-free Crime Stop number: 086 00 10111**. Cabinet appeals to the public to use the Crime Stop line responsibly. An abuse of this facility may affect a legitimate emergency call that may have saved a life.

**All people must continue partnering with government to conserve water so as to ensure there is sufficient supply for all.**

- As we enter the winter season, Cabinet also calls on communities to take extra care to prevent shack and veld fires.
- Government continues to work with communities to promote safety measures at this time when many use various forms of fuel and heating to keep warm.

#### Youth Month

- When:** June.
- Theme:** 'Live the legacy: Towards a socio-economically empowered youth'.

**Cabinet urges all South Africans to play their part in youth-empowerment programmes and projects during Youth Month in June.**

- Youth Month 2018 is embraced under the centenary of Tata Nelson Rolihlahla Mandela and Mama Albertina Nontsikelelo Sisulu.
- Inspired by their iconic legacies, young people need to be empowered to take up a more active role in developing their communities with a view to working together to develop South Africa.
- Government is working hard to ensure that youth are able to access the many support and educational government programmes that would enhance their participation in the economy.
- commit to catch-up programmes.

#### Drought and fire

- Cabinet reminds South Africans that the country is still experiencing drought. South Africa is one of the 30-driest countries in the world and the lower-than-normal rainfalls have worsened the situation.

#### Science and Technology

- Cabinet notes astrophysical developments over the past weekend when astronomers working with the Catalina Sky Survey in Arizona, USA, discovered a small asteroid (2018 LA) near the orbit of the Moon, which hours later made contact with Earth.
- The resultant explosion which sent waves of low-frequency sound (infrasound) rippling through the atmosphere were detected by an infrasound monitor in South Africa, which was deployed as part of the International Monitoring System of the Comprehensive Nuclear-Test-Ban Treaty.
- This highlights the growing capability of modern sky surveys to discover asteroids targeting Earth and South Africa's internationally recognised capability.

### 2. CABINET DECISIONS

#### 2016/17 report on the performance of the Research and Development (R&D) Tax- Incentive Programme

- Cabinet approved for the submission of the report to Parliament.
- The incentive programme has enabled companies to diversify their R&D portfolio, generate intellectual property and create new products.
- The incentive programme was introduced in November 2006. The programme is being implemented by the:
  - Department of Science and Technology;
  - South African Revenue Service; and
  - National Treasury.
- From March 2016 to February 2017:
  - 153 R&D tax-incentive applications were received from 117 companies.
  - 58 of them were first-time applicants.
- The applications were for 571 R&D projects worth an estimated R3, 6 billion.
- Cabinet is pleased with the growth in the number of companies that invest in R&D and continues to call on business to invest more in R&D, which remains an important pillar of our efforts to grow the economy.
- Cabinet approved the publishing of the survey.
- The survey annually monitors the performance



of the science and technology sector, and its contribution to South Africa's growth and development.

- Cabinet has noted the budget constraints that have resulted in slow growth in their R&D expenditure across departments.

#### Policy Framework for Accreditation of Diversion Services in South Africa

- Cabinet approved the reviewed policy framework, which was put in place in 2010 in line with the Child Justice Act, 2008 (Act

- The reviewing process seeks to ensure that diversion service providers and diversion programmes are at all times compliant with the minimum standards.
- Six of the chapters have been amended to improve on the quality and standards of services provided to children found in conflict with the law.

#### Regional Engagement Strategy for Biosafety

- Cabinet approved the strategy and its

- Biotechnology is recognised as an important potential driver of economic growth and a major tool in the fight against hunger and poverty, especially in developing countries.
- This strategy will facilitate intra-African trade and improve the region's competitiveness in global markets.
- It will improve South Africa's collaboration and cooperation within the African region.

#### THE CHILD JUSTICE ACT, 2008 (Act No 75 of 2008)

The CJA seeks to ensure that child justice matters are managed in a rights-based manner and to assist children suspected of committing crime to turn their lives around and become productive members of society by engaging with the child in restorative justice measures, diversions and other alternative sentencing options.



### 3. BILLS



#### National Health Insurance (NHI) Bill of 2018

- Cabinet approved that the Bill be published in the *Government Gazette* for public comment.
- The Bill seeks to establish the NHI Fund of South Africa, as a public entity, so as to provide for a sustained universal health access that is affordable and of high quality. It also sets out its functions, powers and duties.
- The Bill provides a framework for the active purchasing of healthcare services by the fund on behalf of users and creates mechanisms for the equitable, effective and efficient use of the resources of the fund to meet the

- health needs of users.
- The Minister of Health will next week hold a full media briefing to unpack this Bill.

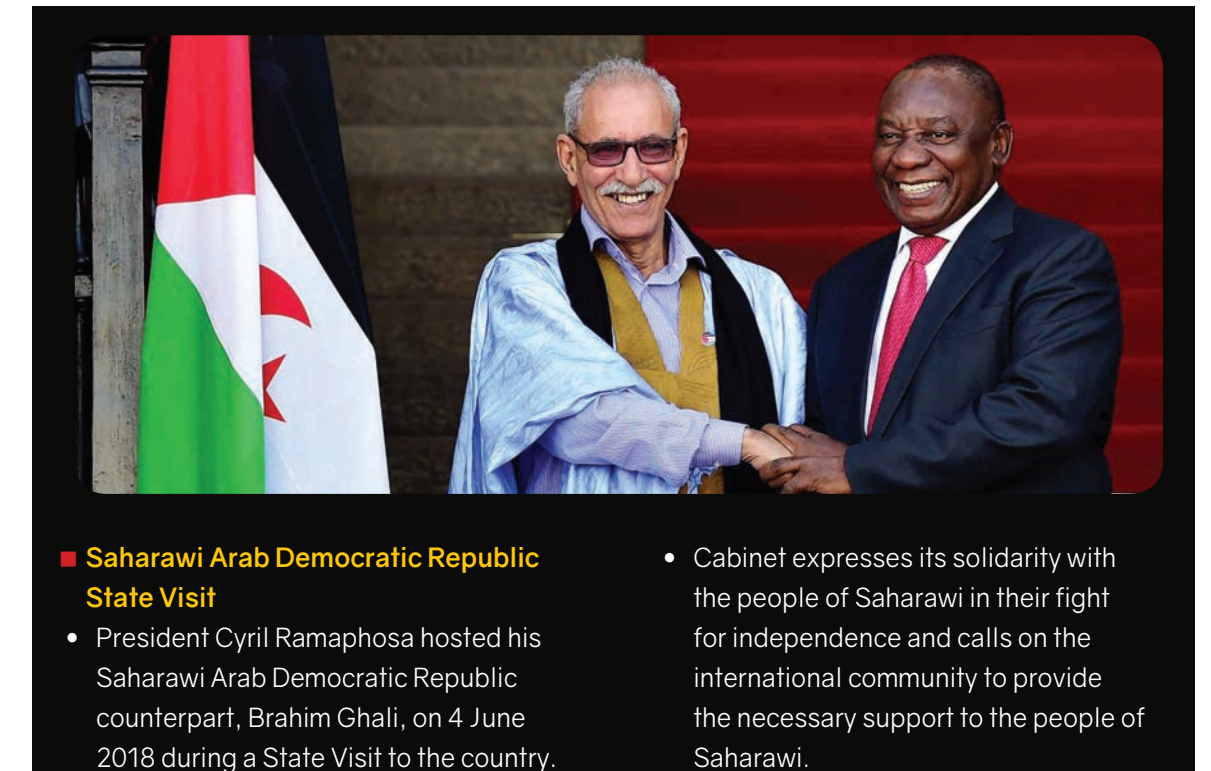
### 4. UPCOMING EVENTS

#### Group of Seven (G7) Summit

- Cabinet welcomes South Africa's invitation to attend the upcoming G7 Summit in Canada. South Africa participated in the summit seven years ago and this invitation is an indication of renewed confidence in the South African economy.
- Our government will seek to use the opportunity to invite investors to inject capital into our economy. Investment is necessary for economic growth and job creation on a scale that will significantly reduce current levels of unemployment.

#### South Africa-India 125 Years Anniversary Event

- When:** Thursday, 7 June 2018.
- As part of the Nelson Mandela and Albertina Sisulu centenary celebrations, Cabinet welcomes the commemoration of Mahatma Gandhi's removal from a train at Pietermaritzburg Station 125 years ago.
- This event spurred Gandhi's philosophy of Satyagraha ('truth-force'), which had a significant influence on our political leadership and contributed to our liberation struggle.



#### Saharawi Arab Democratic Republic State Visit

- President Cyril Ramaphosa hosted his Saharawi Arab Democratic Republic counterpart, Brahim Ghali, on 4 June 2018 during a State Visit to the country.

- Cabinet expresses its solidarity with the people of Saharawi in their fight for independence and calls on the international community to provide the necessary support to the people of Saharawi.

### 5. MESSAGES

#### Condolences

- Cabinet joins President Ramaphosa in sending heartfelt condolences to the family and friends of the **five boys who died in a blaze** at the Masiya informal settlement in Philippi, Cape Town.
- The fire also displaced 30 residents of the informal settlement.
- Government is working hard to ensure that there is housing, security and comfort for all South Africans.

South Africa and after being arrested on his return, he was found



- Cabinet congratulates Proteas fast bowler **Kagiso "KG" Rabada**, who stole the show at the Cricket South Africa Awards held recently in Sandton, Gauteng.

He was recognised with six awards, including the Cricketer and Players' Player of the Year awards. It has been a remarkable year for young Rabada who among other achievements, rose to the No 1 bowling ranking in the world in Test match cricket.

- Cabinet welcomes the appointment of **Siya Kolisi** as the first black captain of the Springbok team for the three match test series against England. We are confident that he will do South Africa proud as our captain, and will inspire others by his actions and leadership on and off the field of play.
- Cabinet welcomes



the appointment of Finance Minister **Nhlanhla Nene** as Chairperson of the New Development Bank (NDB) Board of Governors. The NDB is a multilateral development bank established by Brazil, Russia, India, China and South Africa (BRICS) in 2014. It is mandated to mobilise resources for infrastructure and sustainable development

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**YOUTH MONTH 2018**  
LIVE THE LEGACY TOWARDS A SOCIO-ECONOMICALLY EMPOWERED YOUTH

**Preliminary and mid-term exams**  
Cabinet calls on parents and guardians to support, within necessary means, children who are writing preliminary and mid-term examinations taking place across the country.

- Cabinet warmly appreciates the vital role child caregivers play in shaping our future leaders whilst creating conducive and safe environments for our children to learn. We also encourage all learners to continue studying and striving to do their best.
- Cabinet also welcomes the reopening of schools in various parts of North West, including Koster and Rustenburg. This comes after weeks of protests and disruptions in teaching and learning in the areas. Cabinet urges parents, learners and teachers to collaborate in trying to recover the lost time and fully

**PREPARE PERFORM**