

# Cabinet Statement

Statement on the Cabinet Meeting of Wednesday, 4 September 2024



## ISSUES IN THE ENVIRONMENT

### ECONOMIC IMPERATIVES

- Government remains steadfast in its quest to:
  - grow the economy;
  - reduce unemployment; and
  - create a more resilient investment climate.

### Notable developments on economic-related imperatives:

#### Gross domestic product (GDP) growth

- Cabinet noted the slight increase in the growth of the South African economy by 0.4% in the second quarter of 2024, which sets a positive tone for our overall economic performance for the year.
- The growth is largely attributed to the finance, real estate and business services industry, which increased by 1.3%, each industry contributing to 0.3 of a percentage point to the GDP growth respectively.
- The trade, catering and accommodation industry, manufacturing industry and electricity, gas and water industry contributed 0.1 of a percentage point to the GDP growth, whilst household final consumption expenditure contributed 0.9 of a percentage point and final consumption contributed 0.2 of a percentage point to GDP growth. These industries have noted an increase in economic activity in the last quarter.
- South Africa's economy remains robust and Cabinet encourages all sectors of

society to build on this momentum going forward.

- When all sectors build on this momentum as a nation, we will realise the creation of more jobs and improve the living standards of all South Africans.

**Cabinet has prioritised inclusive economic growth and job creation for the Seventh Administration and therefore existing interventions will be intensified to achieve this objective.**

#### Massive automotive sector investment

- South Africa's investment appeal continues to draw catalytic investments that affirm the government's intent to drive economic growth and create jobs. Cabinet welcomes the launch of a R1.1-billion automotive components manufacturing facility at the Dube Trade Port Special Economic Zone in KwaZulu-Natal.
- The massive investment by Toyota Tsusho Africa (Pty) Ltd and Oghihara Thailand Corporation Ltd is a vote of confidence on South Africa's position as a formidable destination for foreign direct investment.
- The investment also underscores the progress made under the stewardship of President Cyril Ramaphosa, who championed an investment drive that

has attracted more than R1.51 trillion in investor commitments since 2018.

#### Boost to South African exports

- The first batch of South African avocados arrived in Japan at the end of August 2024, marking a significant boost for the local avocado sector and demonstrates the positive impact of the Agriculture and Agro-processing Master Plan, which aims to expand access to key new markets for South African producers.

**South African avocado growers now stand to benefit significantly as efforts to increase market access for our agricultural produce continues. India, China and Japan represent a combined market opportunity of over 2.5 billion people.**

#### Energy security

- Cabinet commends Eskom, its board, management and all its employees who have worked tirelessly to ensure that South Africa will have no load-shedding this summer, as the power utility continues to add more electrons to the grid through its Generation Recovery Plan.
- Eskom aims to keep unplanned losses at power stations below 13 000 megawatts,

as it works on improving the reliability of its power-generation fleet.

**A reliable energy supply is vital for growing our economy, boosting confidence and enhancing the quality of life of our citizens.**

- Government continues to execute the Energy Action Plan, which has been instrumental in reducing the frequency of load-shedding through planned maintenance of Eskom's power-generation fleet.
- The reform of our energy sector is a critical component of our efforts to create a secure energy future for our people.

#### State-owned entities' (SOEs) reform

- In line with an undertaking that President Ramaphosa made previously before Parliament to recalibrate SOEs, the responsibility for all strategic SOEs has been transferred to the various line ministries, after the President had signed the relevant proclamation to this effect.
- This step coincides with plans to create a centralised shareholder model through which the State seeks to better leverage the capabilities of our SOEs to grow the economy, improve service delivery, and infuse the SOEs with the requisite commercial and strategic agility.

**The responsibility for power utility Eskom has been transferred to the Ministry of Energy and**

**Electricity and Transnet, South African Airways and South African Express to the Ministry of Transport.**

**The state-owned diamond mining company Alexkor will be managed by the Ministry of Mineral and Petroleum Resources, aerospace and military technology conglomerate Denel will fall under the Ministry of Defence and Military Veterans while South African Forestry Company SOC Limited, which is responsible for state forestry, will report to the Ministry of Forestry, Fisheries and the Environment.**

#### Funding for development

- The recently approved R17.8-billion funding from the BRICS New Development Bank (NDB) for infrastructure projects in water and sanitation will reduce infrastructure backlogs and ensure the provision of basic services to poor households.

**The NDB has also entered into an agreement with Transnet for a government-guaranteed R5-billion loan to improve the freight rail sector. Cabinet expressed appreciation for the funding, which will greatly accelerate infrastructure development in our nation and contribute to improving the lives of people.**

### SOCIAL WELL-BEING IMPERATIVES

- Government strives to:
  - build a better South Africa for all; and
  - ensure equity, access and inclusion to services.

### Notable developments on social well-being imperatives

#### Presidential Health Compact

- The quest for quality and affordable healthcare for all has moved a step closer with the signing of the second Presidential Health Compact.
- The health compact is a framework for cooperation between critical sectors and stakeholders such as government, business, labour, civil society, health professionals, unions, service users, statutory councils, academia and researchers.
- It seeks to strengthen the health system, and monitors and evaluates preparations for implementing the National Health Insurance.

**The health compact seeks to bolster human resources while improving access to medicine, vaccines and health products, along with upgrading infrastructure and ensuring private sector engagement.**

### GOVERNANCE IMPERATIVES

- The Government of National Unity (GNU) is focused on enhancing state capacity to deliver on key government objectives.

**GNU partners are committed to harnessing their collective will to improve the lives of all South Africans. We have a clear resolve to foster a more responsive approach across all spheres of government – at national, provincial and local levels.**

### Notable developments on governance imperatives:

#### Improving the management of water resources

- Efforts to improve the management of existing water assets and ensure water security over the next decade have been boosted with the assent by President Ramaphosa of the South African National Water Resources Infrastructure Agency SOC Ltd Bill, which establishes a new agency that will be responsible for developing and managing national water infrastructure.
- Cabinet welcomes the new legislation as signifying a critical step in the reform process to increase investment in the maintenance and construction of water infrastructure and improvement of water quality.

#### Local government audit outcomes

- Cabinet notes the Municipal Audit Outcomes by the Auditor-General of South Africa (AGSA) for the 2022/23 financial year that show a gradual improvement in financial management within some municipalities.
- Nevertheless, there remains more work to be done to improve compliance across many municipalities that continue to receive negative audit outcomes.
- The AGSA report shows that only 34 out of 257 metropolitan, district and local municipalities received clean audit outcomes.
- On a positive note, the number of disclaimed audits decreased, while 45 municipalities improved their audit outcomes since 2020/21 and those that submitted their financial statements on time improved from some 81% in 2020/21 to 94% in 2022/23.
- Cabinet is encouraged that the Department of Cooperative Governance and Traditional Affairs, together with the AGSA, continue to support and implement initiatives aimed at consolidating the improvements recorded in some municipalities.
- The department has also prioritised assisting the worst-performing municipalities in the country by improving the competency of personnel through training and skills transfer, as well as enforcing regulations on minimum standards for municipal managers and senior officials.

### FIGHT AGAINST CRIME AND CORRUPTION

- Government has zero-tolerance for crime, fraud and corruption; and will hold those who violate the laws of our country accountable.

#### Unrelenting fight against crime

- Cabinet remains determined to ensure that South Africa is a society where all people feel safe; and the recent arrests and conviction of suspects involved in various serious crimes demonstrates the commitment to push back against crime.

**The increase in contact crimes in the latest quarterly crime statistics for the first quarter from April to June 2024 indicates that more still needs to be done to ensure that every citizen feels safe.**

- The South African Police Service (SAPS), led by the Ministry of Police, is actively fighting these crimes. Recent operations include:

- a confrontation with suspects in Milnerton, Cape Town, resulting in fatalities and arrests;
- operations in the Eastern Cape, focusing on Mthatha and Nelson Mandela Bay; and
- arrests made in Gauteng, Mpumalanga and the Free State related to extortion activities.
- Government is implementing a whole government approach, including:
  - signing cooperative agreements with provincial and local governments;
  - rolling out operational plans in Cape Town and Nelson Mandela Bay, with plans to replicate in all metros; and
  - engaging with sister departments to improve collaboration against crime.
- The National Policing Policy is set to be completed and adopted by the end of October 2024 to address issues such as police stations and infrastructure based on norms and standards.
- Cabinet welcomes the signing of the Cooperation Agreement to Combat Crime in the Western Cape, which enhances collaboration and coordination among all stakeholders to address safety and security concerns. Through community-driven initiatives, the integration of resources and the development of innovative strategies, the agreement allows for a united front between SAPS, the province and communities to combat crime and promote public safety.
- Consistent with the commitments made by President Ramaphosa during his Opening of Parliament Address on 18 July 2024 to build a safer country, our law-enforcement agencies have stepped up the fight against crime.
- The Directorate for Priority Crime Investigation (DPCI), also called the Hawks, arrested 673 suspects during the first quarter of 2024/25, of which 506 were convicted and 77 court orders granted for the seizure of assets connected to criminal activities. The police also arrested 14 422 suspects for various crimes through Operation Shanela from 19 to 25 August 2024.
- A multidisciplinary raid operation by the police, metro police, correctional services, Home Affairs and other law-enforcement agencies in six hijacked buildings in Durban led to the discovery of R4 million in counterfeit United States dollars, seizure of drugs, 117 rounds of ammunition and liquor, and the arrest

of more than 150 allegedly undocumented foreign nationals.

- These successes follow significant inroads made in dismantling a transnational crime syndicate in the country since the beginning of the year. The DPCI uncovered 10 clandestine drug laboratories and arrested 34 persons for manufacturing, dealing and possession of illicit drugs.

**Cabinet calls on all South Africans to continue to work with law-enforcement agencies by reporting illegal acts to the police on 10111 to help keep criminals off our streets.**

- The fight against crime is a shared responsibility and government will continue to champion all initiatives that will mobilise all people in society to work together towards a better and safer South Africa.



#### Holding the corrupt accountable

- Cabinet welcomes the preservation order of R6.5 million against those involved in looting funds at the National Lotteries Commission. These actions support the implementation of the Anti-Corruption Strategy, which brings together law-enforcement agencies in the fight against corruption.
- Cabinet further welcomes the ruling by a London Court to allow the extradition of British national and former Eskom contractor, Mr Michael Lomas, to South Africa to face corruption charges. Mr Lomas will be extradited to face 41 serious corruption charges related to the construction of the Kusile Power Station. This ruling is also a vote of confidence in our criminal justice system and affirms our commitment to comply with international human rights obligations.
- In his ruling, Judge Charles Bourne stated that the South African prison system has appropriate measures and can meet the needs of Mr Lomas.
- The signing of a proclamation by President Ramaphosa authorising the Special Investigating Unit (SIU) to investigate allegations of corruption and maladministration at Eskom strengthens efforts to hold those involved in corruption activities at the State entity accountable.
- The proclamation covers allegations of unlawful and improper conduct that occurred between 1 March 2006 and 30 August 2024, and nine contracts will be investigated. The President also amended a proc-

lamation authorising the SIU to investigate further areas of allegations of corruption at the Department of Rural Development and Land Reform.

- Cabinet applauded the 15-year sentence of the former Head of Engineering at the Passenger Rail Agency of South Africa, Mr Daniel Mthimkhulu, by the Palm Ridge Commercial Crimes Court. This sentence marks a significant victory in the fight against corruption and fraud within the country's institutions. It further demonstrates government's commitment to rooting out dishonest practices and ensuring accountability at all levels.

#### Fight against extortion

**Cabinet takes a zero-tolerance approach against extortion**

- South Africa is learning from international best practices to develop strategies to deal decisively with incidents of extortion.
- A whole-of-society approach and a unified effort from government, law-enforcement agencies, businesses and communities are needed to create a united front to combat this crime.
- Extortion does not just harm individuals; it also undermines our entire economy. By fighting crime, we are protecting jobs, encouraging investment and promoting economic growth.
- We are empowering communities to stand up against extortion through education, support networks and confidential reporting systems, making it safer for people to say no to criminals.
- The SAPS is being equipped with the latest tools and techniques to combat extortion, including advanced intelligence gathering and specialised task forces, to stay ahead of criminal tactics.
- Extortion often thrives where there is a lack of economic opportunity. Government is addressing the root causes by investing in education, job creation, and community development alongside our law-enforcement efforts.
- Government is working closely with international partners to share intelligence, track criminal networks and bring offenders to justice.
- Our efforts are particularly focused on protecting vulnerable individuals and businesses who are often the primary targets of extortion. No one should have to live in fear in their own community.
- Government is committed to a sustained, long-term effort to root out this crime and create lasting safety and security for all South Africans.

#### Fraudulent medico-legal claims

- Cabinet is appalled that some unscrupulous and greedy lawyers and advocates have attempted to swindle billions of rands from the State through fraudulent and irregular medico-legal claims.
- These wrongdoings were uncovered in a far-reaching investigation by the SIU into alleged fraudulent medico-legal claims against the State since 2017.
- The ongoing investigation revealed that some legal practitioners at times, with the help of health practitioners working for the State, have been targeting provincial departments of Health, and matters completed by the SIU have resulted in at least R3 billion in savings for various departments of Health.

## UPDATES TO CABINET

#### National Police Commemoration Day

- Cabinet received a briefing about the National Police Commemoration Day, which was held on Sunday, 1 September 2024.
- The Commemoration Day is aimed to honour the women and men in blue who lost their lives in the line of duty, and to take the necessary steps to support their families – especially their children of schooling age.
- Government takes exception to the killing of 39 police officers in the line of duty and will deal decisively with anyone involved.
- Government is prioritising the fight against all acts of criminality and will strengthen the law to enhance crime-fighting efforts.

#### South Africa's progress in addressing grey-listing and anti-money laundering deficiencies as assessed by the Financial Action Task Force

- Cabinet received the fourth progress report by the Interdepartmental Committee on Anti-Money Laundering and Combating the Financing of Terrorism (IDC-AML/CFT) since South Africa was grey-listed in February 2023. It gives effect to the Cabinet decision of 27 September 2023, that the IDC-AML/CFT progress reports be tabled three times a year.
- There has been significant progress for South Africa to address technical compliance deficiencies and of the 20 technical compliance requirements, 15 have been fully addressed.
- South Africa had 22 actions identified as deficiencies on effectiveness, of which eight have been fully addressed. For South Africa to completely exit the grey-listing, 14 items need to be addressed by February 2025.
- Cabinet notes the complexity of issues to be addressed; however, remains committed to ensuring that efforts are heightened to address these and also takes note that South Africa's efforts are yielding better out-



comes compared to well-developed countries such as the United States of America.

#### Cannabis Master Plan

- Cabinet received a briefing on the progress made in the development of the Cannabis Master Plan, which aims to provide a framework for the establishment, growth and development of the cannabis and hemp industry in South Africa to contribute to economic growth, poverty alleviation and job creation.
- The Cannabis Master Plan is anchored on nine pillars, namely: Effective Regulatory Services; Sustainable Seed Supply Systems; Research and Technology Development; Producer Support Systems; Market Development; Enterprise and Supplier Development; Manufacturing and Product Development; Education and Training; and Communication and Awareness.
- The following is a summary of progress made to date:
  - Following the declaration of hemp as an agricultural crop, 1 110 permits have been issued for hemp cultivation.
  - President Ramaphosa approved the Cannabis for Private Purposes Bill in May 2024.
  - The Department of Justice and Constitutional Development has initiated the process of drafting regulations in support of the Cannabis for Private Purposes.

- The Department of Health, through the South African Health Products Regulatory Authority, has concluded consultations on changes to the Schedules of the Medicines and Related Substances Act, 1965 (Act 101 of 1965).

- The Department of Trade, Industry and Competition (the dtic) concluded situational and value chain analysis on the hemp and cannabis sector in South Africa, and will soon commence consultations on the Cannabis Commercialisation Policy.

- The Agricultural Research Council (ARC) developed two hemp varieties and with the support of the Department of Agriculture, Land Reform and Rural Development (DALRRD), is currently undergoing a second season of seed multiplication to make it available for the 2025 planting season.

- In May 2024, the Minister of Agriculture, Land Reform and Rural Development approved the Hemp Certification Scheme to regulate the varietal integrity and quality of hemp propagation material towards supporting the sustainable seed system of hemp.

- The DALRRD has commissioned research to the value of R124 million with the ARC which focusses on cannabis breeding for medicinal, fibre and other uses, cannabis plant disease surveillance, indigenous germplasm collection and cannabis seed system

- development.
- In Gauteng, through collaboration with the Council for Scientific and Industrial Research, 10 small, medium and micro enterprises were supported for product development. The DALRRD continues to consult provinces on commitments thus far.
- To improve the capacity of the department to monitor cultivation of hemp by permit holders, the ARC developed a detailed training programme for inspection services.

#### Integrated Public Service Month

- Cabinet received a briefing on plans to observe September 2024 as Integrated Public Service Month.
- This year's Integrated Public Service Month is celebrated under the theme: "Government that works".
- Public Service Month serves as a reminder of what it means to serve communities and to also look at the impact government has, especially around issues of service delivery.
- This year, South Africa celebrates 30 Years of Democracy and the 27th anniversary of the Batho Pele White Paper as a framework for the transformation of public service delivery in South Africa.
- The integrated government-wide programme includes Public Service Month, Heritage Month, Tourism Month and Arbor Month.

## UPCOMING EVENTS

#### Heritage Month

- In September, South Africa marks Heritage Month under the theme: "Celebrating the lives of our heroes and heroines who laid down their lives for our freedom". During this month, government will launch the Exile Repatriation Project aimed at bringing home the remains of freedom fighters who died in exile to help bring closure to families, and the healing and restoration of our nation. The initiative forms part of National Policy for the Repatriation and Restitution of Human Remains and Heritage Objects. Those who sacrificed their lives for our freedom have laid the path for our constitutional democracy founded on the principles of human dignity and equal rights for everyone. Government calls on all South Africans to use Heritage Month to foster greater social cohesion, national building and a shared national identity, as well as honour those who sacrificed their lives for us to gain freedom.

#### 79th United Nations General Assembly (UNGA)

- President Ramaphosa will lead the South African delegation to the General Debate of the 79th Session of UNGA in New York from 24 to 30 September 2024.
- This year the assembly is convened under the theme: "Unity in diversity, for the advancement of peace, sustainable development and human dignity for everyone everywhere".
- President Ramaphosa will address the General Assembly on 24 September 2024, providing an assessment of the current global and continental peace, security and development challenges.
- Preceding UNGA 79, the UN Secretary-General, António Guterres, will convene the Summit of the Future on 20 and 21 September 2024 at the UN Headquarters. The summit brings together world leaders to forge a new international consensus on how to deliver a better present while also safeguarding the future.

#### Africa Aerospace and Defence (AAD) exhibition and Airshow 2024

- President Ramaphosa will open the AAD expo, which will take place from 18 to 22 September 2024 at the Air Force Base Waterkloof in Gauteng under the theme: "Exploring new paths, sharing solutions, showcasing innovation and capability".
- The AAD is the only defence exhibition hosted on the African continent by South Africa and ranked with the top six in the global defence calendar with objectives to:
  - showcase defence and aerospace cutting-edge technology developed and manufactured in South Africa and around the world;
  - promote and drive exports which sustain the defence and aviation industries;
  - promote and reinforce South Africa's position as a key driver of international manufacturing;
  - facilitate international partnerships, business-to-business and government-to-government networks;
  - promote South Africa as a destination of choice for tourism and business;
  - contribute to job creation; and
  - create an educational platform to promote defence and aviation careers and innovation for the youth.

#### FIBA Under-18 AfroBasket Tournament

- South Africa is currently hosting a 12-nation U18 Basketball African Championship in Pretoria from 1 to 14 September 2024. The tournament features 12 male and 12 female national basketball teams divided into three groups, each consisting of four teams.
- Signing of the Implementation Protocol between the departments of Basic Education and Sport, Arts and Culture
- On 4 September 2024, the Ministers of Basic Education and Sport, Arts and Culture signed and Implementation Protocol to promote the essence of school sport, and also to support the importance of co-curricular activities in schools. This will help develop learners holistically and assist them in developing critical skills and abilities to be successful and active citizens of this country.
- The protocol incorporates a range of collaborative programmes such as sports ambassadors; National Youth Camp; indigenous games; reading clubs; Heritage Education Programme; Spelling Bee; The Young Patriots Programme; Physical Education; National Library Programme; The South African Schools Choral Eisteddfod and National Archives Awareness Week, among others.

## MESSAGES

#### Congratulations

Cabinet extended its congratulations and well-wishes to:

- South African researchers** involved in the groundbreaking study, BEAT-Tuberculosis (TB), which has become the world's first programme in the battle against drug-resistant tuberculosis for all population groups, influencing the International TB Treatment Policy of the World Health Organisation.
- Warona Tsiane and Onaleroa Tsiane** known as the Tee Sisters, for securing third place at the prestigious World Cup Competition of Entrepreneurship held in Japan. The Tee Sisters also won two Sustainable Development Goals awards from the UN, specifically for Goals 1 (No Poverty) and 16 (Peace, Justice and Strong Institutions).
- Our nation's athletes at the Under-20 World Championships and Paralympic Games, notably:
  - the fastest thrower in the world, sprinter **Bayanda Walaza** as his gold medal in the 100m and 200m final at the U20 World Championships. Walaza is currently doing his matric at Curro Hazeldean in Pretoria;
  - Bradley Nkoana** for a bronze medal for the 100m final at the Under 20 (U20) World Championships;
  - Udemé Okon** for a gold medal for the 400m final at the U20 World Championships;
  - Silver medal for 4x400m men's relay team (**Bryan Katoo, Sihle Mkhlangu, Njabulo Mbatha, Udemé Okon**) at the U20 World Championships;
  - JL van Rensburg** for a silver medal for the men's shot-put at the U20 World Championships final;
  - Hannah van Niekerk** for a bronze medal for the 400m hurdles at the U20 World Championships;
  - Mpumelelo Mhlongo** for a gold medal and new world record for the Men's



T44 100m at the Paralympic Games in Paris;

- Louzanne Coetzee** for a bronze medal for the Women's T11 1500m at the Paralympic Games in Paris.
- Ronwen Williams**, Bafana Bafana and Mamelodi Sundowns goalkeeper, on his nomination as one of 10 best

goalkeepers in the world at the Ballon d'Or Awards;

- Springboks**, for the Castle Lager Rugby Blacks during the Castle Lager Rugby Championship on Saturday, 31 August 2024;
- Passenger Rail Agency of South Africa (PRASA)** and **Gautrain**

for providing integrated transport services that enabled South Africans to physically watch the Springboks and All Blacks rugby match. Cabinet further encourages the public to spot and ride the 30 Years of Freedom and Democracy PRASA branded train.

#### Condolences

Cabinet expressed condolences to the family and friends of:

- Prof Brian O'Connell**, the former Rector and Vice-Chancellor at the University of the Western Cape. He served as Rector from 2001 to 2014;
- radio and television personality **Thabiso Sikwane**, a seasoned broadcaster who inspired many people throughout the country;
- praise poet **Bishop Jessica Mbanenge**, who was renowned for her powerful poetic skills. Her performances included at former President Thabo Mbeki's inauguration in 1999 and former President Nelson Mandela's 46664 concert;
- Mr Mphakamisi Ncweni**, the KwaZakhele Primary School teacher in the Eastern Cape, who was killed on the school premises by extortionists.



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