

## **Economic crisis might affect pace of service delivery – President Zuma**

By Bathandwa Mbola

**Parliament** - The economic downturn will affect the pace at which South Africa is able to address its social and economic challenges, President Jacob Zuma said on Wednesday.

However, it will not alter the direction of the country's development, said Mr Zuma, delivering his first State of the Nation Address to a packed joint-sitting of Parliament.

"The policy priorities that we have identified, and the plans that we placed before the electorate, remain at the core of the programme of this government," he said.

Referring back to the popular statement that he made during his inauguration as President of the Republic, Mr Zuma reiterated again today: "As long as there are South Africans who die from preventable disease; as long as there are workers who struggle to feed their families; as long as there are children who do not receive a decent education; as long as there are people who are unable to find work, government will not rest."

In pursuit of these goals, Mr Zuma said his government had identified 10 priority areas, which form part of our Medium Term Strategic Framework for 2009 to 2014.

The President acknowledged that these will be introduced under difficult economic conditions.

"The past year has seen the global economy enter a period of crisis unprecedented in recent decades.

"While South Africa has not been affected to the extent that a number of other countries have, its effects are now being clearly seen in our economy. We have entered a recession," he told parliamentarians.

The president's speech comes a week after South Africa officially entered its first recession in 17 years as the economy contracted 6.4 percent in the first quarter, a figure which shocked economists.

The announcement brought with it further fears of job cuts, and interest rates were slashed another full point to 7.5 percent, although unions demanded they be cut even further to stimulate the economy.

Earlier this year, economists predicted that up to 250,000 jobs would be lost as the mining and automotive industries suffer.

There is also pressure from a recession and union demands for economic policy changes that could scare off foreign investors.

President Zuma called on civil society, government and businesses to unite against this crisis.

"It is more important now than ever that we work in partnership on a common programme to respond to this crisis."

As a starting point, Mr Zuma indicated that government would implement South Africa's response to the international economic crisis, concluded by government, labour and business in February this year which will among other things reduce job losses.

There is an agreement in principle between government and the social partners on the introduction of a training layoff, said Mr Zuma.

He said this will among other things see workers who would ordinarily be facing retrenchment due to economic difficulty would kept in employment, for a period of time and re-skilled.

President Zuma said government will support the work of the Commission for Conciliation Mediation and Arbitration (CCMA) to assist employers and workers to find alternatives to retrenchments through the relevant legal process.

To date, CCMA commissioners have saved over four thousand jobs through facilitation processes, and provided ongoing advice and support to retrenched workers.

Mr Zuma also assured that government will buy more goods and services locally, without undermining the country's global competitiveness or pushing up costs beyond acceptable levels.

Building on the successes of our industrial policy interventions, Mr Zuma went on to say that a scaled up Industrial Policy Action Plan will be developed.

The lead sectors already identified are automobile, chemicals, metal fabrication, tourism, clothing and textiles as well as forestry.

In addition, he said attention will also be paid to services, light manufacturing and construction amongst others, in the quest to create decent jobs.

"... we have to forge ahead to promote a more inclusive economy.

"In this regard, we will utilise state levers such as procurement, licensing and financial support to assist small medium enterprises as well as to promote the implementation of Broad-Based Black Economic Empowerment and affirmative action policies. "

The implementation will be done in recognition of the need to correct the imbalances of the past.

The transformation will be undertaken in support of women, youth and people with disabilities.

We will reduce the regulatory burden on small businesses. The matter of being stifled by regulations has been raised by the sector several times.

In another intervention to create an enabling environment for investment, government will move towards a single integrated business registration system.

This will improve customer service and reduce the cost of doing business in South Africa. -  
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