



Chairperson: Matodzi Rathumbu

Secretariat:

**Minutes of the 5th Congress of the Public Sector Economists Forum (PSEF)
Held at Maropeng, Cradle of Humankind; 27th to 29th November 2014**

1 Attendance Register

The attendance register was circulated at the beginning of every session for all present to sign.

2 OPENING AND WELCOME

The Chairperson, Mr. Matodzi Rathumbu, opened the forum by welcoming all members present. A special word of welcome was extended to the different provinces present. A round of introductions followed.

DAY 1: WEDNESDAY 27 NOVEMBER 2013

**A.3. Presentation: Macro-economic Outlook and Fiscal Policies Presentation by
Dr. Mampho Modise**

The presentation highlighted the following salient aspects;

- Global economic development;
- South Africa as a consumption driven economy;
- Risks to the global economy;

- Rebalancing of global growth is taking place but there are still many risks to be considered;
- Domestic economic developments;
- Domestic consumption in South Africa is sluggish;
- Slow employment levels in the country;
- Commodity prices have moderated due to lower export value and strong import growth;
- The current account had widened due to lower export value and strong import growth;
- Public sector investment grow at around 5.7 % in the first half of 2013;
- Global and domestic factors have caused the depreciation of the rand;
- Employment in the country has recovered from the pre-crisis levels but job creation is still sluggish to impact on unemployment;
- The GDP growth is expected to average 2.1% in 2013;
- Economic and Fiscal outlook has weakened in the recent months;
- Weak economic growth affected revenue performance;and
- Containing expenditure growth by maintaining expenditure ceiling
- 1. Managing risks 1: Containing the wage bill;
 2. Managing risks 2: Managing government debt portfolio; and
 3. Managing risks 3: Balance sheet of public entities and state owned companies.

Questions and Discussions	
Questions from the floor	Responses from National Treasury
1. What measures are going to be put in place by the National Treasury to ensure adherence to infrastructure expenditure necessary for growth	<ul style="list-style-type: none"> • The National Treasury has to speed up expenditure of Presidential Infrastructure Priority Projecti avoid a further downgrade by Rating Agencies •
2. How is National Treasury going to give out grants?	<ul style="list-style-type: none"> • There was an under expenditure of R13 billion in 2012

	<ul style="list-style-type: none"> • The main concern is that there is no evidence of investment and there is a lack of spending. • Financial sector: The improvement of the investor confidence in financial sector is important. • In South Africa, the structural issues affect the foreign investments in the country.
3. How is National Treasury aim to stimulate national infrastructure investment?	<ul style="list-style-type: none"> • It is difficult for National Treasury to monitor the funds and expenditures given to departments.
4. How realistic are the targets in the National Development Plan (NDP)?	<ul style="list-style-type: none"> • When the MDP was drafted in 2010, the targets seemed to be reasonable and need to be reviewed to become more realistic. • The National Treasury aims to align the budget with the targets
5. Infrastructure plans: Does government have adequate human capital investment?	<ul style="list-style-type: none"> •
6. How much of South African debts is in dollar terms?	<ul style="list-style-type: none"> •
7. How is the National Development Plan (NDP) going to be funded?	<ul style="list-style-type: none"> •

Minutes of the Annual General Meeting of the Public Sector Forum (PSEF) as facilitated by Mr. Itumeleng Moses.

Held on the 27 November 2013

The chairperson Mr. Itumeleng Moses officially opened the meeting and welcomed all present.

Apologies

- The following apologies were noted;
 1. Dr. Clive Coetzee- Kwazulu-Natal
 2. Mr. Lennard van Vuuren-Mpumalanga
 3. Mr. Tumi Sibusi -Gauteng

4. Ms. Khanyi Walaza -
5. Mr. Thulani Guliwe -Gauteng

Adoption of the agenda

- Mr. Jansen moved for the adoption of the agenda and

Minutes of the previous Annual General Meeting (AGM)

- It was noted that the minutes of the previous PSEF AGM were not circulated to members.

Chairperson Annual Report

- The chairperson highlighted that the mandate of the committee was informed by the issues which were decided upon in the three Steering Committee Meetings. Of 2013 Among other issues the Committee had to fulfill the following;

1. The design of the PSEF Logo

- The PSEF logo was adopted by the Steering Committee and different symbols on the logo have different meanings;
 1. The Bar Graph: symbolizes the economists' profession of analyzing scenarios.
 2. The Colour: Symbolises the commitment to environment friendly and
 3. The Text: PUBLIC SECTOR ECONOMIC FORUM

2. Formalization of PSEF membership

- The membership forms in excess of 100 were circulated to members for completion during the term and unfortunately only 40 completed membership forms were received.
- Members were urged by the chairperson to complete and return the forms as soon as feasible.
- The chairperson mentioned that the forms would be made available during the course of the 5th Annual Congress.
- Funding for PSEF was still a major concern, given the voluntary nature of the organisation
- It was agreed in the last Steering Committee meeting that the initiatives on the National Development Plan (NDP) should still be considered as Research themes.

- The chairperson highlighted in his report that the Steering Committee had reached a consensus that outliers will be included in the Steering Committee Meeting
- It was also noted that Free state, North West, Eastern Cape (Limpopo or Western Cape) province were due to host the one of the Steering Committee Meetings in 2014 .
- Discussion were to be held with the Eastern cape to finalize its representation in the Steering Committee.

3. The development of the newsletter

- The chairperson indicated that since the establishment of the PSEF, the development of the newsletter has always been a serious challenge.

4. The journal or publication

- The issue of the journal or publication was deliberated by the Steering Committee and the conclusion was that the forum was not yet ready to develop its own journal.
- Eastern Cape had voluntarily offered sponsor the publication of the journal.
- The criteria of inclusion of papers on the journal: This issue was still to be discussed by the Steering Committee.

5. The PSEF Meetings

- The PSEF is expected to host three Steering Committee Meetings per annum.
- It was noted that national officials were also attending the Steering Committee meetings. However, they could not attend the 5th congress as they were attending the Legotla forum.
- The chairperson encouraged all PSEF members to continue showing interest in hosting the Steering Committee Meetings. He further highlighted that provinces are not expected to have any financial burden in hosting the Steering Committee meetings, given that the attendees are liable for own accommodation and food expenses

The chairperson reported to have made the following observations during his term of office;

- The lack of accountability by some of the Steering Committee members.
 - There was lack of reports and inputs from some of the members and
 - Lack of involvement by some members
- Despite the above observations, there is still a room of opportunities particularly youth potential to strengthen the PSEF.

6. Questions and interactions with the Chairpersons Report.

- **The Terms of Reference (TOR) on the establishment of PSEF maybe vague.** It must be made possible for all nine provinces to become members of the forum.
- **Mistake in the terminology:** It has been changed to Public Sector Economists Forum in order to enable all stakeholders to participate. The chairperson pointed out that it was on the old ToR and the new ToR's will be circulated .
- It was proposed that the **membership fee** should be introduced as the source of funding for the PSEF. However, the forum decided to defer this issue to be deliberated upon in the next Steering Committee meeting.
- **The expansion of PSEF to other layers of government:** It must still be explored to encourage other provinces to participate in the PSEF.
- **Communication must be enhanced:** to enable maximum participation by all PSEF members. Furthermore, Steering Committee members were urged to communicate all the activities of the PSEF to all the provincial members
- **Publication/Research:** It was proposed that each province should produce a research paper or publication to form part of the publication by PSEF.
- **Nominations for 2014 6th Annual Congress hosts and 2015 Chairpersonship** to be discussed in the next Steering Committee meeting.
- **It was noted that Eastern Cape and North West had volunteered to host. However, confirmation was to wait for approvals from their respective Heads of Departments.**
- **The date of the next AGM was deferred to the Steering Committee meeting.**

DAY 2: THURSDAY 28 NOVEMBER 2013

7. PRESENTATION: NATIONAL INFORMAL BUSINESS UPLIFTMENT STRATEGY

Presentation by Mr. V. Nkabinde (Dti)

Questions, discussions and interactions on the presentation included the following;

- **Bulk buying (Clean capital versus Dirty capital):**
 - The main challenge is the domination of foreign traders who dominate the market.
 - Domestic traders find it cumbersome to compete with foreign traders who maybe be using illegal coffer to dominate the market.

- **Initiatives to uplift informal trade:**
 - The Department of Trade and industry has initiated programmes in order to uplift the informal trade sector.
 - The Department assists a number of informal traders with registration, licenses and etc.
- **Trading space:**
 - Informal traders have recently been moved to peripheral spaces where there is no business.
 - It is imperative for the government to strategize on where they can locate the informal traders.
- **Protection by government**
 - Government needs to introduce instruments, rules and procedures that would protect domestic traders against unfair competition from foreign traders.
 - Gauteng Enterprise Propeller (GEP) is a government agency that is currently supporting small businesses to start up and formalize their businesses.
 - The Foreign Direct Investment (FDI) is another issue that must be well managed by the government in an endeavour to regulate the industry.
 - Registration of informal traders in Western Cape is still a challenge and it was recommended that the dti should intervene.
 - Distinction between political and economic migrants should also be outlined in protecting domestic traders.
 - All weak enforcement policies need to be reviewed.
 - There should be some social cohesion to promote and protect domestic informal traders.
 - Unclear rules and regulations in the informal trade sector also need to be reviewed to avoid the dominance of foreign informal traders.

8. PRESENTATION: NATIONAL DEVELOPMENT PLAN: ECONOMIC PERSPECTIVES EXPERT REPENDENT

Presentation by Mr. Ashraf Kariem

Questions, discussions and interactions on the presentation included the following;

- **The implementation of the National Development Plan (NDP) is not clear :**

- The targets of the NDP are not realistic;
- The major challenges are to align the NDP with other government policies such as the New Growth Path (NGP) and other policy framework;
- Another challenge is determining how much is required to implement the NDP;
- It is also imperative to quantify the benefits of NDP;
- Different government departments have different views on the NDP;
- The NDP needs to be reviewed to make reasonable targets;
- The review of the NDP is likely to be reviewed after the national elections in 2014;
- Several policies will have to be taken into consideration when the reviews of the NDP targets are made;
- All provinces will need to align their policies to the NDP as it is the long term plan;
- It was highlighted that there are some contradictions and flaws on the NDP;
- The localization accord should also be considered in implementation of the NDP;
- The implementation of the NDP should be well managed and its link to other policies such as NGP, IPAP1, and IPAP2 etc should be considered;
- The issue of how the NDP aims to absorb the low level skills in the plan must also be given attention;
- The shifting and prioritizing resources to where they are urgently needed should be considered when reviewing the NDP.
- The NDP can be implemented well through active participation of all citizens.

9. PRESENTATION: STATE OF CROSS BORDER TRADE IN GAUTENG

Presentation by Mr. Thulani Guliwe (GDED)

- Definitions of CBT and ICBT
- The State of Trade in Gauteng and SADC region
- Challenges of measuring Cross-Border Trading
- Study outline
- Sample size and targeted respondents
 - Trade volumes

- Exports in Gauteng
- Imports in Gauteng
- Exports decline between 2009 – 2012
- Still trying to recover from the recession in 2008 and financial crises in 2009
- Imports by country of origin (rand value)
- South Africa imports more from United States of America, Europe and Asia.
- Line of Cross Border Trade items
- Nature of Cross Border Trade Business
- Types of Products Traded
- Intra Regional Trade is weak in Africa

Questions, discussions and interactions on the presentation included the following;

- Emphasis should be made on access to minerals;
- Benefits for Gauteng province on Cross Border Trading should be measured; and
- Localization Accord can be used to assist in regulating the inflow of goods and services to Gauteng province.

SESSION 4: - Facilitator: Mpumalanga (Lennard van Vuuren)

PRESENTATION:

1. Presentations and discussion by Kwazulu-Natal Province
2. Presentations and discussion by Free State Province
3. Presentations and discussion by Western Cape Province

Questions, discussions and interactions on the presentation included the following;

1. Recent mining challenges in Limpopo were not featured in drawing the economical trajectory of the province. For instance, there were recent water shortages and this challenge was not included in the economic modeling of the province's trajectory;
2. A R500 billion injection into Limpopo's mining's will have the province contribute about 30 percent to national GDP;
3. Mining in Limpopo contributes about 70 percent towards GDP but less than 30 percent in employment creation;
4. The NDP is a wish list that lacks a proper implementation plan. What SA needs is a

diversified economy that will absorb labour;

5. The conference needs to understand that the provincial economy is liquid and therefore, susceptible to a lesser transition period. In this sense, factors that affect the economy at national level may not necessarily have the same effect at provincial level;
6. Studies indicating labour absorptive capabilities of the manufacturing sector have been conducted. More resources should be directed towards this sector if there is to be any reduction in the unemployment statistics.

DAY 3: FRIDAY 29 NOVEMBER 2013

10. PRESENTATION:

Presentation by Eastern Cape

Questions, discussions and interactions on the presentation included the following;

- The behavior (commitment) of teachers in South Africa is lacking as compared to other countries
- The involvement of parents is also missing. Parents also have the responsibility and accountability of their children's education.
- It has been noticed that there is a high percentage decrease of children who enroll for Mathematics and Science learning areas in South Africa and this raises serious concerns.
- The issue of the Language of teaching (LoL) should also be considered when addressing the barriers of teaching and learning.
- Additional resources are needed to improve the level of education in the country.
- In recent years a trend is that more funding has been allocated in the education department.
- **Change in the curricular:** There is still a room for improvement from National Curriculum Statement (NCS) and Annual National Assessment (ANA).
- **In comparing the expenditure in education with other countries:** South Africa is

spending 20 times more compared to Zimbabwe in education and on the contrary performs lower than that country among others.

11. ADDRESS BY MEC OF FINANCE

- GDED Inclusive Economy Chief Director: Mrs. Catherine Mvelase officially introduced Hon Mandla Nkomfe to deliver the main address speech to PSEF forum.

Key note address by Hon. MEC of Gauteng Department of Finance: Mandla Komfe

- In his opening remarks, the Hon. MEC Mandla Nkomfe expressed his gratitude and thanked the leadership of PSEF for inviting his office to the forum. He further acknowledged the commitment and dedication demonstrated by PSEF to assist policy makers by providing them with accurate and reliable economic data sources that enable government to make right decisions.
- The MEC emphasized the relevance of the PSEF structure in shaping the future of the country and encouraged members to build from strength to strength. He also indicated the role and importance of the PSEF to assist the government in implementing the National Development Plan (NDP) to address the socio economic challenges of poverty, unemployment and inequality in South Africa at large.
- In his view, economic data analysis is pivotal not only to know the current economic conditions but also to assist with forecasting and making right decisions that can help the country to improve.
- He mentioned that the interconnection of Gauteng economy to the world is important for its development. At present, a statistic analysis says Gauteng is accountable for about 34.5 percent of Africa's Gross Domestic Product.
- The MEC mentioned that some of the frustrations faced by the country is a lack of qualified economists in the country. Therefore the issue of training and development of economists should be prioritized.
- The MEC highlighted the importance and necessity of PSEF to develop its website that would make the availability of economic data and information readily available.
- He once again urged the PSEF to continue playing a leading role in assisting government to address the socio economic challenges.
- The Gauteng Department of Finance is publishing the socio economic publications of Provincial Economic Review Outlook (PERO) and Socio Economic Review Outlook (SERO). The MEC was highly impressed of the work being done on these socio

economic publications.

- He mentioned that these publications would enable communities to learn about the economic status of their provinces and enable policy makers to make informed decisions and budget plans.
- The MEC also emphasized the need to a continuous economic research for the development of the country and the need of training and development.

12. OUTGOING CHAIRPERSON REMARKS

Closing remarks by the outgoing chairperson Mr. Itumeleng Moses

- The outgoing chairperson Mr. Itumeleng Moses aligned himself with the issues highlighted by the MEC Mandla Komfe as imperative to be the next mandate of PSEF.
- Among other issues, the following would form part of the mandate of the new Steering Committee;
 - Availability of PSEF website
 - Continuous availability of reliable statistical data
 - Training and Development
 - Issue of funding the PSEF
 - Accountability of members contributions (consider PFMA)
 - Exchange programmes between provinces and international
 - Dedicated robust discussions on implementations of policies e.g. implementation of NDP and other plans and policies.
 - When drafting the agenda, ample time should be given to the intent of the conference and reduce the study touts and entertainment
 - Extension of PSEF membership to government agencies local and all provincial government departments.
 - Collaboration with other public and private institutions like CSIR to partake in PSEF
 - Constant contact with all PSEF members.
- The outgoing chairperson Mr. Itumeleng Moses highlighted that the purposes of the PSEF Congress should be to reflect on the activities of the forum and to plan way forward in executing the mandate of PSEF.
- Other issues to be discussed at PSEF forums should be deliberations on Policy issues and research outcomes.

- Mr. Itumeleng Moses reported that all provinces were well represented and duly applauded provinces for their attendance.
- He mentioned that the quality of discussions was challenged by time management and in future better plans must be made to deal with this challenge.
- Furthermore, he highlighted that the focus of the congress should always be about sharing information and ideas.
- He mentioned that the congress was resounding success in general.
- In conclusion, he applauded both Gauteng Department of Economic Development and Gauteng Treasury for the success of the congress and thanked everyone who contributed towards his term becoming a success.

- **Way forward**

As part of the way forward the following were concluded;

- All issues raised above will be discussed in the Steering Committee for planning and implementation.
- Time allocated to presentations and discussions will in the future be extended
- Training and Development to form part of the agenda of every PSEF Congress.
- **Primary and secondary membership:**
 - It was decided that the PSEF is for Provincial Sector Economists. However, this does not prevent provinces to extend invites to other stakeholders.
 - A database with contacts of all PSEF should be developed to ensure continuous interaction between members.
- **Constitution of the Steering Committee:**
 - Provinces to discuss and nominate their representatives.
 - Provinces to identify people who would be reliable and consistently attend forums.
 - It was decided that the status quo pertaining representation in the Steering Committee would remain the same and the matter would be robustly discussed in next the Committee meeting.

13. OFFICAL SWORN-IN OF THE NEW CHAIRPERSON

Inputs expected from: All graduates

Mr. Matodzi Rathumbu was officially appointed as the new chairperson of PSEF for 2104.

- In his opening remarks, Mr. Matodzi Rathumbu thanked the previous chairperson for the sterling work done in managing to effectively deal with the challenges of the PSEF. He mentioned that Mr. Kgatedi Kobe and Mr. Setlakala Mosomane had to be both been excused from the Congress as they had to attend pressing family matters.
- He pledged his commitment to ensure that Gauteng will continue to make itself available to deliver the mandate of the PSEF.
- Furthermore he mentioned that he will make it his mandate to ensure that all inconclusive issues are resolved within reasonable time frame and decisions of the Steering Committee are well communicated to all members.
- Mr. Rathumbu also indicated that he aims to increase the size, quality and quantity of PSEF.
- He urged all members to encourage people at local and provincial government to be part of the PSEF.
- The status quo would remain in the Steering Committee until a decision has been made on representation.
- Membership fee would also be vigorously deliberated in the Steering Committee.
- PSEF members were once again urged to sell and promote the PSEF idea to all senior government official including DDG's, HOD, Chief Directors etc.
- It was officially announced that the membership of PSEF has significantly grown from the previous congress.
- He thanked everyone for attendance of the conference and wished everyone a safe trip to different destinations.