

Our future - make it work

Your
GUIDE to the
NDP

**national planning
commission**

Department:
The Presidency
REPUBLIC OF SOUTH AFRICA

Your Guide to the National Development Plan 2030



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FOREWORD



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Our Future-make it work

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ABOUT THE PLAN

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. To do this, South Africa needs to draw on the energies of its people, grow an inclusive economy, build capabilities, enhance the capacity of the state, and promote leadership and partnerships throughout society.

South Africa has made remarkable progress in the transition from apartheid to democracy. In nearly every facet of life, advances are being made in building an inclusive society, rolling back the shadow of history and broadening opportunities for all.

The country has been able to build the institutions necessary for a democratic and transformative state. The Constitution enshrines a rights-based approach and envisions a prosperous, non-racial, non-sexist democracy that belongs to all its people. Healing the wounds of the past and redressing the inequities caused by centuries of racial exclusion are constitutional imperatives.

Access to services has been broadened, the economy has been stabilised and a non-racial society has begun to emerge. Millions who were previously excluded have access to education, water, electricity, health care, housing and social security. About three million more people are working than in 1994, the poverty rate has declined and average incomes have grown steadily in real terms.

However, South Africa remains a highly unequal society where too many people live in poverty and too few work. The quality of school education for most black learners is poor. The apartheid spatial divide continues to dominate the landscape. A

large proportion of young people feel that the odds are stacked against them. And the legacy of apartheid continues to determine the life opportunities for the vast majority.

These immense challenges can only be addressed through a major step up in the country's performance.

To accelerate progress, deepen democracy and build a more inclusive society, South Africa must translate political emancipation into economic wellbeing for all. It is up to all South Africans to make the future work.

This plan envisions a South Africa where everyone feels free yet bounded to others; where everyone embraces their full potential, a country where opportunity is determined not by birth, but by ability, education and hard work.

Realising such a society will require transformation of the economy and focused efforts to build the country's capabilities. To eliminate poverty and reduce inequality, the economy must grow faster and in ways that benefit all South Africans – especially young people and women. Raising living standards to the minimum level proposed in the plan will involve a combination of increasing employment, higher incomes through productivity growth, a social wage and good-quality public services. All of these objectives are interlinked.

Progress over the next two decades means doing things differently. Given the complexity of national development, the plan sets out six interlinked priorities:

- Uniting all South Africans around a common programme to achieve prosperity and equity.
- Promoting active citizenry to

strengthen development, democracy and accountability.

- Bringing about faster economic growth, higher investment and greater labour absorption.
- Focusing on key capabilities of people and the state.
- Building a capable and developmental state.
- Encouraging strong leadership throughout society to work together to solve problems.

The National Development Plan is based on extensive research, consultation and engagement. It sets out firm proposals to

solve the country's problems, and to deepen the engagement of South Africans from all walks of life in building our future.

The country we seek to build by 2030 is just, fair, prosperous and equitable. Most of all, it is a country that each and every South African can proudly call home. It is up to all South Africans to play a role in making South Africa work.



President Jacob Zuma and members of the National Planning Commission after the final meeting of the 2010 - 2015 Commission at the Union Buildings in Pretoria. The National Planning Commission is appointed by the President and is responsible for drafting the National Development Plan. (Photo: GCIS)



THE VISION

We, the people of South Africa, have journeyed far since the long lines of our first democratic election on 27 April 1994, when we elected a government for us all.

We began to tell a new story then. We have lived and renewed that story along the way.

Now in 2030 we live in a country which we have remade.

We have created a home where everybody feels free yet bounded to others; where everyone embraces their full potential. We are proud to be a community that cares.

We have received the mixed legacy of inequalities in opportunity and in where we have lived, but we have agreed to change our narrative of conquest, oppression, resistance,

We felt our way towards a new sense of ourselves:

- o Trying, succeeding and making mistakes
- o Proclaiming success and closing our minds to failure
- o Feeling orientated and disorientated through our own actions
- o Affirming some realities and denying others
- o Proclaiming openness to the world, yet courting insularity
- o Eager to live together, yet finding it difficult to recognise shared burdens
- o Learning to recognise and acknowledge shared successes.

Our new story is open ended with temporary destinations, only for new paths to open up once more.

It is a story of unfolding learning. Even when we flounder, we remain hopeful.

In this story, we always arrive and depart.

We have come some way.

We know:
What we do, and how we do it, is as important as what we want to achieve.
What we are, is because of who we have been and what we want to become.
We will continue to make it to make us, because we are happy with being who we are.

Who are we?
We are Africans.
We are an African country.
We are part of our multi-national region.
We are an essential part of our continent.
Being Africans, we are acutely aware of the wider world, deeply implicated in our past and present.
That wider world carries some of our inheritance.

We have learned a great deal from our complex past; adding continuously to our experience of being African.

*Therefore, in 2030, we experience daily how:
We participate fully in efforts to liberate ourselves from conditions that hinder the flowering of our talents.*

We feel loved, respected and cared for at home, in community and the public institutions we have created.

We feel understood.
We feel needed.
We feel trustful.
We feel trusted.
We feel accommodative.
We feel accommodated.
We feel informed.

We feel healthy.
We feel safe.
We feel resourceful and inventive.
We learn together.
We talk to each other.
We share our work.
We play.
We worship.
We ponder and laugh.

We are energised by sharing our resourcefulness.
We are resilient.

We love reading.
All our citizens read, write, converse, and value ideas and thought.
We are fascinated by scientific invention and its use in the enhancement of our lives.
We live the joy of speaking many of our languages.
We know our history and that of other peoples.
We have clear values.

We create rather than eliminate; value arises from improving through creativity that which we inherited.

I have a space that I can call my own.
This space I share.
This space I cherish with others.
I maintain it with others.

I am not self-sufficient alone.
We are self-sufficient in community.

We all see to it and assist so that all life's enablers are available in a humane way.

Through our service we show our solidarity.
We enjoy the same quality of service.
We are connected through our caring.
The beating heart of our country is a

community that has all the enablers of modern life:

- We have water.
- We use a toilet.
- We have food on the table.
- We fall asleep without fear.
- We listen to the rain on the roof.
- We gather together in front of heat.

What we contribute in our taxes, we get back through the high quality of our public services.

That is why we have:

- Good clinics and hospitals with well trained, caring doctors, administrators, nurses who rush to our aid with empathy and expertise
- Affordable effective medicines, because they were made for all of us
- Good schools with well educated, trained and caring teachers.

Each community has:

- A school
- Teachers who love teaching and learning
- A local library filled with a wealth of knowledge
- A librarian
- A police station with respected and upright police
- A clinic with nurses who love caring for people.

In our well-designed community surroundings we feel safe everywhere.
There, we enjoy meeting one another.
We find so much pleasure in one another's company.
Everywhere we go in our country, we hear the laughter of our children.

We all have actively set out to change our lives in ways which also benefit the broader

We are a people at work.
We work to create plenty.

Our work brings us ever closer to our dreams.
Work grounds our dreams even the more fantastic they are.
The reality of work connects us to our dreams.

We work towards goals with patience invested in actual effort.
We invest in our efforts and are not waiting in disengaged expectation.
Because we are impatient to succeed, we work with painstaking rigour.

Our efforts, not so much those of others, make us stronger.
Then we are patient for the results of our efforts.
This kind of patience, gives birth to our new work ethic.

In this work ethic we ground our dreams.
We have built our own houses.
We are confident and self-sufficient.
We are traders.
We are inventors.
We are workers.
We create companies.
We set up stalls.
We are studious.
We are gardeners.
We feel a call to serve.

We make things.

Out of our homes we create objects of value.
We invest and reap good returns for our efforts.
We travel to trade beyond our borders, carrying our values with us.

As artists we express and celebrate, we expose and nurture, we explore, shift and change frontiers.

Through sports of all kinds, we push the limits of our possibilities.

Our philosophies and stories have enriched the world.

We respect ability, competence and talent.
Now our economy is growing.
Our prosperity is increasing.
We are energised by our resourcefulness.

We are connected by the sounds we hear, the sights we see, the scents we smell, the objects we touch, the food we eat, the liquids we drink, the thoughts we think, the emotions we feel, the dreams we imagine.
We are a web of relationships, fashioned in a web of histories, the stories of our lives inescapably shaped by stories of others.

We love sharing our stories in our schools, places of worship, libraries, in the variety of media whatever they may be.

We are inevitably and intimately implicated in one another.

We all assist the institutions we have creatively redesigned to meet our varied needs; we reach out across communities to strengthen our resolve to live with honesty, to be set against corruption and dehumanising actions.

We have made the rules by which we want ourselves to live:

- We hold the Constitution of our country as the covenant guide to a fair society
- Since 1994 we've changed our laws to obey our Constitution
- Now we live it: justice rules us, because just laws make community possible

- The law enables us to live together fulfilling our mutual obligations and responsibilities in the shared public spaces of our mutual affiliation.

We know that those to whom we have given the privilege to govern our land, do so on our behalf and for the benefit of all the people.

Government begins in the home, grows into the community, expands towards the city, flares toward the province, and engulfs the entire land.

We know our leaders as we have elected them and pledged them into office:

- They are wise in the use of our wealth
- Wise in knowing and understanding our wishes and needs
- Wise in expecting us to express ourselves to them in any appropriate manner we have agreed to be allowable
- Wise in not silencing those who criticise, but enable them, through our rules of engagement, to be even more rigorous in supporting a just society.

Our leaders' wisdom is ours, because we sense our wisdom in theirs.

- They do more than respond to us:
- They bring new thoughts and ideas
- They share with us what they think
- They inspire us, because we then seek to aspire with them
- With them we renew our world continuously.

But our gift of leaders extends far beyond politics.

We have them in abundance in every avenue of life.

We have come far with our cultural, religious, and ancestral traditions.

Contemporary citizens that we are, we are

conscious of the intimate relationships between tradition and change.

We say to one another: I cannot be without you, without you this South African community is an incomplete community, without one single person, without one single group, without the region or the continent, we are not the best that we can be..

We love the land.

We greet one another again.

We enjoy being visited.

We are courteous and curious.

We love arguing, we debate fiercely, we contest ceaselessly.

We solve our differences through discussion.

We refrain from being cruel, demeaning or hurtful in disagreement.

We feel we belong.

We celebrate all the differences among us.

We are not imprisoned by the roles ascribed to us.

Our family life strengthens the women, men and children who live in it.

The older share their wisdom with the young.

The young invigorate us with their energy, openness, optimism, and questioning minds.

The welfare of each of us is the welfare of all. Everybody lives longer.

We experience fulfilment in life, living it in the successful society we are creating.

We feel prosperous.

Our connectedness across time and distance is the central principle of our nationhood.

We are a people, who have come together and shared extraordinarily to remake our society.

We ply between our cities and our ancestral origins.

Others' ancestral origins are beyond our country.

Where they go, from time to time, is a piece of our home too.

We discover the country and the world.

We live peacefully with neighbours.

We have good friends in other societies.

We have welcomed people from distant lands, who have chosen to live among us.

We value interdependence and reciprocity.

We feel hospitable.

We are a community of multiple, overlapping identities, cosmopolitan in our nationhood.

Our multiculturalism is a defining element of our indigeneity.

We are, because we are so many.

Our many-ness is our strength – we carry it in us throughout our lives.

We are safe, not so much because we are guarded, but because of the strength of our belonging.

We acknowledge that each and every one of us is intimately and inextricably of this earth with its beauty and life-giving sources; that our lives on earth are both enriched and complicated by what we have contributed to its condition..

South Africa, our country, is our land. Our land is our home.

We sweep and keep clean our yard.

We travel through it. We enjoy its varied climate, landscape, and vegetation.

It is as diverse as we are.

We live and work in it, on it with care, preserving it for future generations. We discover it all the time. As it gives life to us, we honour the life in it.

From time to time it reminds us of its enormous, infinite power.

When rain and floods overwhelm, winds buffet, seas rage, and the sun beats unrelentingly in drought.

In humility, we learn of our limitations.

To create living spaces within this beautiful land is to commensurate with our desired values.

South Africa belongs to all its peoples.

Now, in 2030, our story keeps growing as if spring is always with us.

*Once, we uttered the dream of a rainbow.
Now we see it, living it. It does not curve over the sky.*

It is refracted in each one of us at home, in the community, in the city, and across the land, in an abundance of colour.

When we see it in the faces of our children, we know: there will always be, for us, a worthy future.

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



Chapter 1

POLICY MAKING IN A FAST-CHANGING WORLD

In the next few decades, the world is expected to experience many different changes coming together at the same time. These are rapid urbanisation, important innovations in science and technology and a rebalancing of economic power, amongst others from developed to developing countries. They offer many new opportunities, however the cumulative effect of these developments is highly uncertain, and there are also many risks.

The next few decades will see a shift in the world order, with the power of developed economies shrinking and that of developing economies rising. Africa will be able to play an important role in this transformation if its governments, business communities and civil society groupings cooperate to ensure that the successes of the last decade, especially in reducing poverty, are maintained and widened.

Threats to the environment are real and growing, driving the world closer to a tipping point. Failure by world leaders to take urgent action to remedy current trends in carbon emissions will lead to dire consequences for future generations.

The benefits that will flow from a technological revolution in an increasingly connected and knowledge-intensive world will be seized by those countries and companies that are alive to the rapidly changing environment, and nimble enough to take advantage of the opportunities. Those countries that succeed will make substantial advances in reducing poverty and inequality. Countries that maintain

an outward orientation – both developing and high-income countries – will be among the successful ones during the coming decades, while an inward-looking policy will increasingly prove self-defeating.

South Africa needs to adjust its focus in light of this changing global economic landscape. This is particularly urgent in trade and industrial policy. South Africa should redirect its attention to pursuing niche export opportunities in the economic powerhouses of the future, many of them emerging economies. These opportunities can only be exploited if industrial policy supports sectors and industries that can best produce the goods and services required of the new markets South Africa wishes to serve.

CHALLENGES AND OPPORTUNITIES FACING AFRICA AND THE WORLD

The **GLOBAL ECONOMIC LANDSCAPE** is changing as developing economies grow

ENVIRONMENTAL THREATS are growing

PEOPLE will continue to move from rural to urban areas.



COUNTRIES WITH AN OUTWARD ORIENTATION are more likely to succeed

NICHE EXPORT OPPORTUNITIES for developing economies continue to grow

The **TECHNOLOGY REVOLUTION** will benefit countries and businesses positioned to take advantage of it

GOVERNMENTS, BUSINESS AND CIVIL SOCIETY IN AFRICA must cooperate to reduce poverty

Chapter 2

POPULATION TRENDS

Having a relatively young and healthy population can help countries achieve strong economic growth – but many more people, especially the youth, have to be employed for South Africa to reap the benefits

South Africa's population growth rate is slowing down, with the birth rate declining and life expectancy increasing. This means there is a large youth and working-age population and proportionally fewer very old and very young people. This is the demographic profile that powered economic growth in Asian countries and is similar to other middle-income countries, such as Brazil, Mexico and India.

A relatively young population can be an advantage, if the majority of working-age individuals are employed. A large workforce with fewer children to support creates a window of opportunity for a country to increase economic output and invest in technology, education and skills to create the wealth needed to cope with the future ageing of the population. Some economists call this a “demographic dividend” or “bonus”. As the workforce ages, and there are relatively fewer workers to support increasing numbers of older people, this changes, but the dividend can last for several decades.

Achieving a demographic dividend in South Africa will only be possible if the number of people of working age employed in productive activities and jobs increases significantly, leading to a rise in the level of average income per capita. If South Africa fails to do this, its large youth population could pose a serious threat to social, political and economic stability.

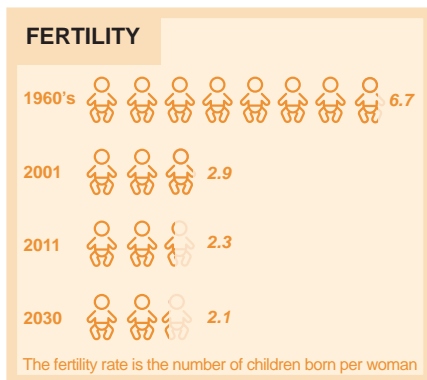
Fertility rate

The fertility rate is the number of births in a population, and it differs widely from country to country. For example, in Niger the fertility rate is an average of 7.2 children born to a woman and in Singapore it is 1.1 children. Fertility rates are higher in poor populations where there is also likely to be high infant mortality (when babies die) and a lack of opportunity and education for women.

Health care, education, old-age security, women's empowerment, economic opportunities and urbanisation generally bring down fertility rates. This is something which can change rapidly.

In South Africa, the fertility rate has dropped over the years. In the late 1960s, the rate was about 6.7, falling to 2.9 in 2001 and to 2.3 in 2011. It is projected to fall to 2.1 by 2030, which is close to the replacement rate at which a population remains relatively constant in size.

South Africa's fertility levels differ according to where people live and the socio-economic conditions they experience. They are highest in the mainly rural provinces



and municipalities, and lowest in the most urbanised. In 2007 the highest fertility rate by municipality was in the OR Tambo district in the Eastern Cape with a level of 4.1, while the lowest was 2.2 in the City of Cape Town, the uMgungundlovu district in KwaZulu-Natal and the Sedibeng district in Gauteng.

Despite significant migration from rural areas to towns and cities, rural populations continue to grow.

Mortality

Mortality is the deaths in a population. South Africa is facing the challenge of diseases, such as HIV/AIDS and tuberculosis, and lifestyle diseases, such as heart disease and strokes, type 2 diabetes, cancer, lung diseases and depression, and violence and injuries, caused by factors such as crime and road deaths. South Africa also has high rates of maternal deaths (mothers around the time of giving birth) and child deaths, especially babies and young children.

Statistics show the total deaths in the country have increased sharply, with the numbers doubling in the decade from 1998 to 2008.

This increase is accounted for by two groups. The death rate doubled for young children under the age of five and trebled for young adults between 30 and 34. This has reduced

the median age of death to less than 45, and to a lower age for females than males.

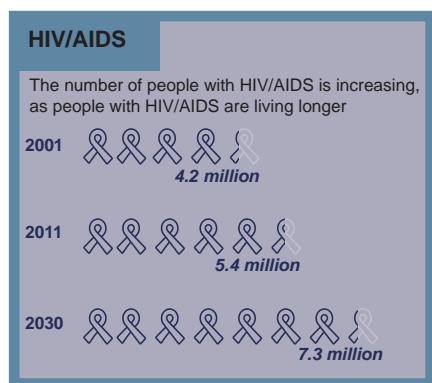
HIV/AIDS has been a powerful factor in South Africa's demographics over the past two decades. The current estimated HIV prevalence rate is about 10.6%, with the total number of people living with HIV/AIDS having risen from 4.2 million in 2001 to about 5.4 million in 2011. This is projected to rise to 7.3 million by 2030. The highest levels are among youth and an estimated 16.6% of those aged between 15 and 49 are HIV positive.

The impact of HIV/AIDS shows in the life expectancy figures. In the early 1990s it was about 65 years, but this fell dramatically to 49 years by 2003 for African men and to 52 years for African women. This rapid decline was followed by some recovery, with 5.7 years being added to male life expectancy and 9.7 years for women by 2008.

The future effect of HIV/AIDS is an area of some debate. Life expectancy will continue to be affected, but the extent of this depends on the effectiveness of treatment and prevention. The number of new infections is likely to decrease gradually, or at least to remain stable, but the number of people with HIV/AIDS is expected to continue to rise, reaching 7.3 million in 2030, while the number of those sick with AIDS is also expected to rise from 800 000 to about 1.3 million. The increase will happen as ARVs and other treatments extend the lives of those infected with HIV.

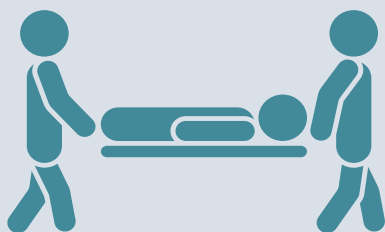
In 20 years, HIV/AIDS will account for a smaller percentage of overall deaths, but it will still be an important factor.

The average life span will continue to increase, but is still expected to only reach 60 by 2030. Some health experts believe that if the correct policies are followed an average life expectancy of 70 can be



DEATH RATE

The **DEATH RATE** from violence and injury is nearly twice the global average



achieved by 2030. In other middle-income countries, such as Brazil average life expectancy in 2009 was 71.4 years.

HIV/AIDS has also increased differences between population and socio-economic groups. Although life expectancy for African women is expected to average just over 60 years by 2030, the average for white women is expected to stay at 76 for the next two decades. For African men, life expectancy will average just under 56 by 2030, while the average for white men will increase from over 72 to over 73.

Even though South Africa is not a country at war, death through violence and injury are extremely high. The death rate from injury is nearly twice the global average and the murder of women by intimate partners is six times higher.

The highest rates for victims of murder is among men aged between 15 and 29 years (with 184 murders per 100 000). In some areas, such as Cape Town's townships, this rate more than doubles. The murder of men outnumbers that of women by more than seven to one.

Migration

International migrants – defined as people who have changed their country of

LIFE EXPECTANCY

LIFE EXPECTANCY has increased but differs by race and gender. African men have the lowest life expectancy



residence over the past five years – make up about 3% of the world population, with levels ranging from about 0.1% in China to 65% in Kuwait. South Africa's figure has been estimated to be about 2.7%, which is low in global terms, although Gauteng, the international migrant gateway to South Africa, has a figure of about 13%.

Data on migration into and within South Africa is not yet well collected and analysed. An added difficulty is that many migrants live below the radar and move regularly between South Africa and their country of origin.

Since 1996 annual total border crossings have risen by over two million from 5.1 million to 7.5 million. This reflects growth in tourism, but may also indicate increased migration. Based on census data it is estimated that the overall foreign population is likely to be between 1.6 million and two million people. This includes an estimated one million to 1.5 million Zimbabweans in South Africa, which is the largest group of migrants.

If international trends are reflected in South Africa, migration patterns will become increasingly complex, involving diverse social groups and a combination of permanent and temporary migrants. There will be more youthful and women migrants, and a

growing number of migrants moving from regions severely affected by climate change.

While international migration is more politically sensitive, movements between and within provinces and municipalities represent the most numerically significant form of movement in the country. The migration of foreigners into the country is often less important to population patterns than other dynamics such as fertility rates and internal migration. For example, between 2001 and 2007, 74% of Gauteng's population growth was due to natural growth, 26% due to internal migration and only 3% due to cross-border migration.

Movements into and within municipalities have significant implications for planning, budgeting and the provision of services.

INTERNATIONAL IMMIGRATION

SOUTH AFRICA has fewer international migrants than most countries



65%
Kuwait



3%
Global average



2.7%
South Africa



0.1%
China

Municipalities are often unable to respond effectively because they do not have sufficient data, or the necessary skills to make sense of the data they have. Research has found that most municipalities lack an understanding of their indigent (poor) communities and most lacked financial and human capacity to plan for population changes.

Overall migration patterns often reflect national patterns of job creation and job loss. Between 2001 and 2007, for example, Gauteng had a net gain of about three million people and the Western Cape just over one million. The Eastern Cape had a net loss of about 1.4 million and Limpopo 1.2 million. Unless economic growth in these provinces changes dramatically these patterns are likely to continue. Over the next 18 years Gauteng, the Western Cape and KwaZulu-Natal are likely to see the biggest gains in population. Other provinces can expect marginal increases in their population sizes, however, the Eastern Cape's population is expected to shrink.

Future migration flows are difficult to predict because they are driven by constantly changing social and economic factors. South Africa's economic position in Africa will affect migration flows, as will the political circumstances of neighbouring states. If properly managed, migration can fill gaps in the labour market and contribute positively to South Africa's development. Energetic and resourceful migrant communities can contribute to local and national development, and diverse, cosmopolitan populations are often the focus of cultural, economic and intellectual innovation. If poorly managed, however, the skills and potentials of migrants will be neglected. Migration will remain a source of conflict and tension, and migrants will be increasingly vulnerable and subject to abuse, exploitation and discrimination.

Steps to better facilitate migration include:

- Improving data collection, coordination and analysis as a matter of urgency.
- Easing the entry of skilled migrants.
- Countering xenophobia by conducting sustained campaigns.
- Effectively addressing the rights and vulnerabilities of migrants.
- Introducing support programmes to regularise migrant residence.
- Ensuring better and more consistent law enforcement (by protecting victims and prosecuting perpetrators).
- Strengthening transnational infrastructure, such as transport, electronic communications and banking services.

South Africa's internal migration patterns demand two policy responses. A strong rural policy to ensure that those who remain on the land are not locked in poverty and that their life chances are improved. A strong urban development policy that caters for increasing numbers by ensuring that the necessary infrastructure is in place for a growing population.

Urbanisation

Like most of the world, South Africa has experienced rapid urbanisation. The country is ahead of the global average with about 60% of people living in towns and

cities in 2008. This is projected to be about 70% by 2030.

The patterns of urbanisation in South Africa are complex because circular labour migration under apartheid led to a complex relationship between rural and urban areas. It is likely now that urban populations will become more permanently settled over time. The rate of urbanisation may slow, as it has done in Latin America and parts of Asia, but it is expected that almost all of South Africa's net population growth until 2030 (an estimated eight million) will take place in urban areas, especially in major cities.

Increased migration to towns and urban centres is not necessarily a reflection of poor rural policies, but rather a reflection of the fact that urban living offers individuals a wider range of opportunities. Although there is a tendency to view these migrations as bad, they can have very positive effects. These include the ability of the state to deliver better services because urban settings are more easily within reach, rising living standards if internal migrants are able to access jobs, and a fall in fertility rates as people adapt to urban life.

Informal settlements present a challenge. Most job-seeking migrants moving to cities first live in informal settlements, which are an affordable entry to the city. Many migrants

MIGRATION FROM RURAL TO URBAN AREAS

60% of South Africans live in **URBAN AREAS** and this will grow to 70% by 2030



cannot break into the urban labour market and find it difficult to move out of shacks into more formal accommodation. The average residence period in urban informal settlements increased from two to four years in the early 1990s to 10 years currently.

Although migration from rural to urban areas is significant, about 78% of migration from rural areas and small towns was to other rural areas and small towns. Planning must also respond to changing patterns of population distribution in rural areas.

Demographics and the economy

Changes in population structure can significantly affect national performance, because individual economic behaviour varies with age. The young and the old tend to consume more resources than they produce. Countries with a high ratio of dependants to workers devote a relatively high proportion of resources to dependents, often limiting economic growth. In contrast, nations with a larger proportion of working-age people can experience a boost in income and savings, because the working-age population tends to produce more than it consumes.

However this can only stimulate substantial economic growth where economic and labour policies allow the young to enter the workplace, there is investment in health and education, and a stable and effective government. The key is to identify economic policies that can harness the benefits of a larger working-age population.

For the next 20 years, South Africa will have over 14 million young people between the ages of 15 and 29. The number will peak in 2021, reaching 15.1 million. This presents a tremendous opportunity – but it also constitutes a serious risk, given that joblessness mirrors age and race fault lines.

YOUTH

South Africa will have over 14 million **YOUNG PEOPLE** for the next 20 years. This presents an opportunity but unemployment remains high and is currently 65% for black youth



Young black people account for two-thirds of the unemployed below the age of 35. If youths fail to get a job by 24, they are unlikely to ever get formal employment.

Unresolved, this trend poses the single greatest risk to social stability. Young people are more likely to rebel if left with no alternative but unemployment and poverty. Generally, murders are committed by males between the ages of 16 and 30. In South Africa, this could translate into social disorder, widespread political unrest and increased crime.

The degree to which the risks can be avoided, depends on policy choices and how effectively they are implemented. Government needs to apply a “youth lens” to policies to expand opportunities, enhance capabilities and provide second chances.

Areas most commonly identified as unlocking the potential of a youthful population are:

- Better health, including food security
- Better health care
- Better education to meet the demands for higher skill levels
- Easy labour market entry, and
- Labour mobility.

Chapter 3

THE ECONOMY AND JOBS

To end poverty South Africa has to raise employment. This can only happen if the economy grows faster, and provides more work. The key to success is economic growth of more than 5% each year.

KEY ELEMENTS FOR EMPLOYMENT CREATION

South Africa must develop the abilities of its workforce on a broad scale. This includes investing in skills and human development and creating a stable and constructive environment for bargaining and labour relations. This must support both investment and human rights.

At the same time obstacles to employment, growth and investment must be tackled. These include improving the generation and distribution of energy; making planning approvals more efficient and effective; improving the management of water and waste water; improving the logistics that support economic growth and streamlining licensing for water, mining and environmental permits.

Reducing living costs will also contribute to human development and economic growth. This can be achieved through better quality public services, targeted reforms in areas like transport, telecommunications and spatial planning and more comprehensive social security to reduce pressure on low-income households.

Job creation in labour-absorbing industries

Many new jobs in the services sector, small and growing companies and domestic-

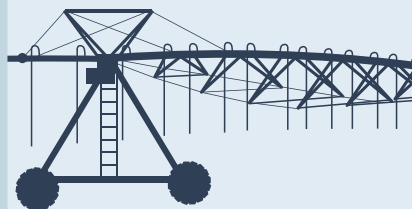
oriented activities. To achieve this it must be easier for new businesses to develop and grow. They must have access to credit and to markets. By 2030 the share of small- and medium-sized businesses in terms of output will grow substantially. Regulatory reform and support will boost mass entrepreneurship with small and medium enterprises the main job creators, creating 90% of new jobs.

In rural areas, a rural development strategy with reformed tenure, broadened land ownership, support to farmers, expanded social services, higher agricultural production, mining social investment and tourism will contribute to greater economic participation. Investment in water and transport, as part of a well-implemented strategy to boost agricultural production, could create up to one million jobs by 2030.

Public employment programmes, such as the Public Works Programme and the Community Work Programme, also have an important role to play. Already up to one million work opportunities are created each year through these programmes.

AGRICULTURE

Investment in water and transport to boost **AGRICULTURE** could create 1 million new jobs



Key terms

Foreign exchange earnings

Foreign exchange earnings are profits from selling goods and services in a global marketplace. These earnings are in the currency of the country where the products or services are sold, so they have to be exchanged in order to be calculated. Businesses can make large amounts of money from foreign exchange earnings, in this marketplace, known as the Forex market. Sometimes organisations can sell or trade to countries where the currency exchange is weaker or stronger in order to make more profits.



Promoting exports and competitiveness

Expanding production and creating jobs requires more demand for South African products in this country as well as other countries. This must include a diverse range of manufactured goods and services – not only from the mining sector. By expanding and diversifying exports, there will be more employment opportunities and foreign exchange earnings, which will make it easier to buy the imported products and services the country needs for further industrialisation and investment.

Policy will focus on developing areas of competitive advantage and learning from successes and failures, and to withdraw from sectors where mistakes have been made. Playing a more pivotal role in regional development will be essential including participation in regional infrastructure projects and regional supply chains.

By diversifying trade South Africa will be less vulnerable when the prices of raw

materials or commodities, like gold, coal and iron ore, drop on the international market. This will also support the creation of a stable environment for businesses that supply goods and services to the South African market, and many new jobs will emerge.

Importantly, if there is stability in exports, there is less risk of a foreign debt trap. This in turn protects important public spending programmes, which provide social support to vulnerable households, create jobs and infrastructure.

Strengthening government to implement economic policy

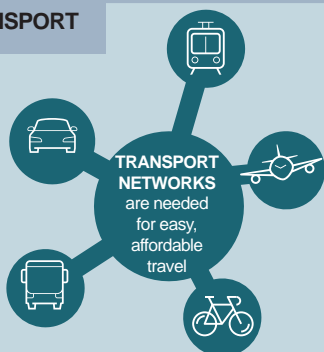
To implement economic policy government must be accountable and corruption free, and the public service must work very professionally. Oversight over public entities must also be stronger.

The government is responsible for a wide range of services for citizens and businesses provided through many agencies and institutions. In this complex environment it is easy to be distracted from critical problems and to lose focus. To prevent this, the implementation of economic policies must be the top priority in the short and medium term.

Spatial challenges

Locating poor and unemployed people on better-situated land will make it easier and cheaper to access work opportunities and encourage business activity. But these are expensive and complex reforms to implement, and require clear planning legislation, and changes to the management of land use. There also need to be firm limits on urban sprawl in cities. Urban transport networks that are well run and have enough resources are also needed so the people can get around easily and affordably.

TRANSPORT



FASTER SUSTAINABLE GROWTH

The goal is to almost treble the size of the economy by 2030, creating 11 million more work opportunities. Internationally there is a debate about what actions speed up and sustain economic growth.

Some economists propose identifying the main constraints on growth and dealing with these one by one. The plan identifies several such "binding constraints". They are electricity supply, water supply, business registration, urban planning approvals, mining licensing and high-skilled labour supply.

These should be addressed in an agreed sequence as they can have a negative effect across the economy. Faster growth is associated with rising investment, rising productivity growth, increasing exports and rising employment.

Rising wages

Rapidly rising wages do not usually come before strong economic growth. They are more likely to follow strong growth by between two and five years, especially if the urgent goal is access to employment for large numbers of workers. This is a trade off that South African society must address. However, increasing access to

jobs for new entrants in the workforce should not be done in a way that lowers the working conditions and pay of existing employees.

Rising investment in the economy

Investment in the economy refers to the creation of capital that can produce goods and services. Investment can be carried out by business and government. In other words, it can be private or public investment.

Infrastructure investments can reduce the cost of transport services (for example, by building railway lines so that freight can travel more cheaply than by road) or communication infrastructure investments that reduce communication costs (such as internet access). Investments that improve efficiency and reduce the cost of transport and communication to other sectors in the economy can make the economy work better in a way that increases jobs.

This kind of investment does not guarantee growth or jobs. This will only be possible if output – or the productivity of workers and the society – rises.

Rising rates of investment can come from higher levels of public sector investment in infrastructure that creates efficiency and reduces costs. Private investment, including foreign investment, will be stimulated by a growing market of consumers in South Africa and in Africa and improved conditions, such as clear and agreed national policy, infrastructure delivery, an efficient public service and the quality of labour.

Increasing South Africa's share of the market

South Africa can compete well in a range of minerals and fast-growing goods and service activities, but is not yet expanding

JOB CREATION

SOUTH AFRICA can create many jobs in finance, business services and the tourism sector



its share of the global market. To do better a change in the country's industrial policy is proposed to support a much more diversified industrial base, or range of industries. An area in which many jobs can be created is in the light manufactured goods sector, particularly on the basis of niche products, processes and experience.

Finance and business services are some of the fastest growing sectors in the world economy, and South Africa has something to offer here. Tourism is another example. There is also an opportunity to increase employment in other export sectors, particularly agriculture, mining, manufacturing and services. South Africa can strengthen its ability to offer business services to the world market, building on telecommunications, banking and retail businesses trading in other countries.

To support a growing share of the global market South Africa needs strong economic diplomatic representatives in countries where our exports could be expanded. In particular, trade should include emerging economies with improved market access for South African exports. The country must work with regional trading partners in southern Africa to lower tariffs and address other barriers to trade. Improving transport and logistics networks in

southern Africa will benefit South Africa and its trading partners. Tariff structures should also be simplified, while recognising that they are needed in specific areas, and protection against unfair trading practices will be an essential barrier to undercutting domestic producers.

True partnerships between business and government will be essential to grow South African exports and strong cooperation will support the development of domestic economic clusters.

Stimulating domestic growth

Most new employment will be in domestic activities where global competition is less intense. Examples include small-scale agriculture, housing construction, retail, personal services like hairdressing and cleaning, and business services like office cleaning and maintenance. Creating more demand for services like these will create more jobs, which will also be encouraged by support for small firms, increased access to credit and an easing of the regulatory environment to reduce red tape.

Local procurement policies, like the Preferential Procurement Policy Framework Act of 2000 and its regulations that commit government to buy locally made goods,

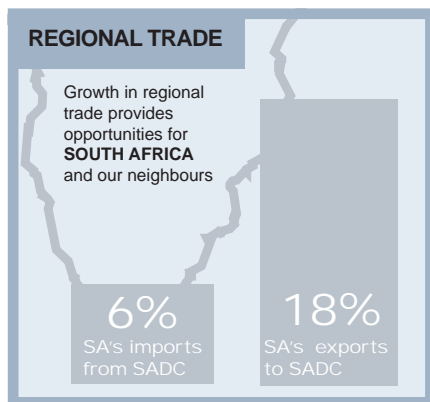
must be stepped up, while strengthening public procurement systems. Agreements with the private sector to support South African made goods and services should also be reached. But these measures should not create higher cost structures for government and business, as this in turn will hurt growth and job creation.

Growing the regional economy

South Africa is part of a region and continent where economic growth is gathering pace. Collectively the southern African region's small markets make up a much larger market, attractive to foreign investment and lending itself to economies of scale and regional production and supply chains. South Africa's growth potential is closely linked to that of the region.

Currently less than 6% of South Africa's imports come from the Southern African Development Community (SADC), while more than 18% of exports are to SADC countries. Investment in commodities in the region, large infrastructure projects and growing consumer demand are all potential opportunities for South African companies. Unlocking these opportunities will depend on how the continent deals with barriers to trade and investment and implements agreements on regional integration.

Opportunities include moving activities that cannot be done cost effectively in South Africa to lower-cost environments. In southern Africa's case this could include integrating farmers (and intermediate-input suppliers) within the region into supply chains, and shifting production of some of the more highly commoditised products. Similarly, geographic diversification of South Africa's power sources could reduce risks of supply constraints. South Africa must act as a spur to regional growth, rather than merely relying on it.



Together the southern African region has a lot to offer the international tourist market through the packaging and marketing of regional tourism destinations.

SYSTEMS OF INNOVATION

Continuous learning and innovation are key ingredients for the success of middle- and upper income economies. A substantial research and development sector, with support for the commercialisation of innovation, is essential. Accelerated technological redundancy and reduced product lifecycles create opportunities for new industrial firms to enter new product segments, but they also increase the risk to established firms and product segments. The policies and institutions that will support the formation of new, dynamic market segments will need to be agile, efficient, dynamic and self-correcting. They must help firms discover new lines of competitive advantage.

Global experience indicates that while growth in export earnings can encourage higher imports, it does not necessarily generate technological innovation and broad-based, export-led economic growth. In shifting to a more dynamic economy, the country must allow structural change arising from technological redundancy.

A RESPONSIVE LABOUR MARKET

By 2030 the South African economy should create enough opportunities for all those who want to work to have the possibility of doing so. At the moment there is slow growth, weak skills and not enough jobs. To change this issues that need attention include access to lifelong learning and career advancement, matching skills and people with opportunities in the job market and clarifying dismissal and retrenchment in the Labour Relations Act of 1995.

Wages in the private sector

The setting of wages must encourage employment and support equity objectives. This is within South Africa's context of extreme inequality, as well the need for affordable wages that support economic expansion. For wages to grow, productivity must too. Raising productivity across the economy and within businesses will help achieve rising wages and more jobs.

In South Africa earnings still vary a lot by race and gender, reflecting our history under apartheid of an unequal and unjust race-based labour market. Average earnings for women are 25% to 50% less than for men, and in the bottom 50% of earners, African workers earn on average a quarter to a fifth of their white counterparts.

In low-income households many working people live on or near the poverty line, which means that if many more jobs are created, absorbing the unemployed, there will in turn be less pressure on those who are employed. This is about changing the dependency ratio, which is the proportion of working members of a household to non-working members, such as children, the elderly and unemployed.

Employers should commit to higher rates of investment and labour absorption, and a sharing of the benefits of higher growth and productivity. Entry-level wage flexibility should also be encouraged but should not displace experienced workers. An approach to achieving these objectives should be agreed jointly.

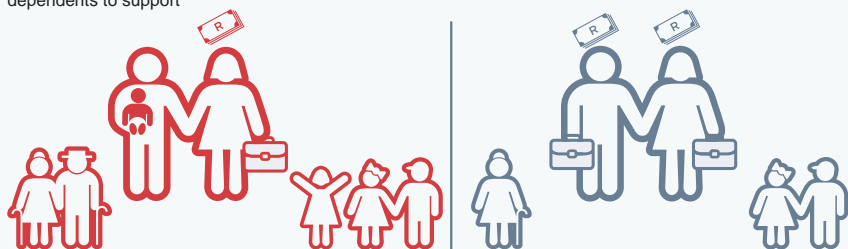
Public sector labour relations

The government is the largest employer in South Africa so its labour relations must support service delivery and the objectives of development.

Improved labour relations in the public sector will produce a more effective working environment. This should include appropriate sanctions when minimum service level agreements for essential services in health, education and policing are not upheld. With public sector wage

DEPENDENCY RATIOS

Changing **DEPENDENCY RATIOS** will increase household income when more wage earners have fewer dependents to support



bills set to exceed one third of government spending, multi-year agreements on public service pay should be reached in line with the national budget process.

Reform of the public sector bargaining council, into separate chambers based on occupations and skills levels, is also proposed. Reforms should address the current system which does not sufficiently encourage dispute and grievance resolution using methods other than strike action.

Labour market regulation

To promote decent jobs there must be a balance between creating more employment opportunities and protecting human rights. Several policy changes are proposed. These include addressing uncertainty regarding the current probation provisions in order to ease entry into formal work opportunities. To achieve this unfair dismissal protection should not apply to employees on probation. To reduce the regulatory burden, pre-dismissal procedure requirements should be simplified and appeals to reverse dismissals ruled on substantive not procedural grounds. To reduce the regulatory burden on small and medium businesses the Code of Good Practice should lay out appropriate procedures for small business.

It is estimated that thousands of people gain work opportunities through temporary employment, which improves the chance of achieving more regular employment and skills. Private labour placement and temporary employment services should be regulated so that the work opportunities they provide are available to vulnerable workers while protecting their basic labour rights.

The Commission for Conciliation, Mediation and Arbitration (CCMA), bargaining councils

and the labour courts play important roles in dispute resolution for the labour market. There should be additional support for the CCMA and a review of the funding model and functionality of the Labour Court and Labour Appeals Court.

PROVIDING AN ENABLING MACROECONOMIC PLATFORM

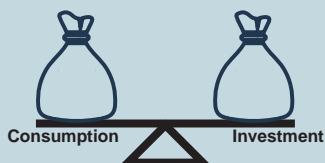
The macro-economy refers to the performance of the economy as a whole. South Africa needs a stable macroeconomic platform that acts as a foundation for growth and jobs. Macroeconomic policy must minimise the cost of shocks to the economy, especially the impact on workers and the poor, by ensuring stability in prices, interest rates and the exchange rate.

The rand is a highly volatile currency, and this can discourage long-term expansion in goods production and diversification and can constrain small businesses. Policy should focus on minimising the impact of this volatility on the real economy. Higher reserves, higher savings rates and a more diverse economy and export basket will help to provide a stable macroeconomic platform.

Balanced spending between consumption and investment is needed to deliver higher

ECONOMIC GROWTH

Balanced spending between
CONSUMPTION AND INVESTMENT is
needed to deliver high growth



growth and jobs. Choices must be made between public sector wage levels, the size of the public sector and how investment is allocated. The budget should prioritise investments that raise economic growth and improve capacity. Development finance institutions in the industrial, infrastructure, agriculture and housing sectors are central to the plan to raise growth and employment.

ECONOMIC TRANSFORMATION

Economic transformation is about broadening opportunities, particularly for the historically disadvantaged. It includes broadening ownership and control of capital, broadening access to banking services, mortgage loans, telecoms services and reasonably priced retail services. It also includes equity in ownership of assets, income distribution and access to management, professions and skilled jobs.

Employment equity

Employment equity has successfully contributed to a growing black middle class based on the fundamental acceptance that opportunity was distorted by apartheid and rectifying this is a moral responsibility. For at least the next decade employment equity should focus on providing opportunities for younger people from historically disadvantaged communities who are still marginalised. Implementing the Employment Equity Act of 1998 effectively and focussing on staff training and development will also contribute to the skills development needed for rapid economic growth.

Transforming ownership of the economy

Black economic empowerment (BEE) focuses on broadening ownership and control of capital accumulation and

aims to deracialise ownership structures and leadership. Redistribution and new economic growth both provide avenues to achieve this, with redistribution being how most BEE has taken place. There has been less success in ensuring that new growth is skewed towards black entrepreneurs, including small businesses.

Creating an enabling environment for small, micro and medium enterprises and entrepreneurs to thrive by lowering the cost of business and making it easier to participate in value chains is proposed. Legislation, codes and charters for BEE should be aligned to ensure that state procurement is used to advance socioeconomic targets in certain areas and industries. Compulsory targets for socioeconomic development and job creation for tenders above R10 million should be introduced.

The National Empowerment Fund must be resourced to meet its mandate and strengthen support to black-owned small and medium businesses and new black entrepreneurs and industrialists. Government must also develop its capacity to optimise returns from natural resources, such as minerals, in support of skills development and sustainable job creation.

Small and growing businesses

The vast majority of job creation is in small, medium and microenterprises, but in spite of this other developing countries have far higher early-stage entrepreneurship than South Africa. The country needs to address the challenge of start-ups including those that fail. Obstacles include distortions created by apartheid in ownership and access to land, capital and skills for the majority of the population; widespread crime; a policy environment that traditionally favours concentration

and large corporations; and a global trade environment that encourages and rewards economies of scale and scope in both production and distribution.

Nearly 80% of small businesses in South Africa offer retail services, with the other 20% providing services mainly in manufacturing, tourism and business services. These are located primarily in Gauteng, Western Cape and Mpumalanga. New small businesses create new employment opportunities, but employment growth across this sector is set back by the poor economic climate, the labour environment, financial constraints and skill challenges.

Proposals to support small business development include implementing commitments to 30-day payments to smaller suppliers, simplifying the regulatory environment, easing access to debt and equity finance, creating a unified small-business service delivery agency, and addressing the skills gaps.

There is also a need to address access to established supply chains and facilitation of buyer-supplier relations. Small scale agriculture, micro enterprises and artisanship is needed to act as a shock absorber of extreme poverty and a platform for self-employment. Government's one-size-fits-all approach to supporting the sector must change as different business face different challenges at the varied stages of their development.

SECTOR STRATEGIES

For South Africa to reach full employment with decent work and sustainable livelihoods sectors of the economy with competitive advantages should be promoted. This should be done in a way that allows for a transition to a knowledge

ACTIONS TO SUPPORT SMALL BUSINESS

- ✓ 30-day payments
- ✓ Simplified regulations
- ✓ Access to debt and equity finance
- ✓ Unified small business agency
- ✓ Skills gaps addressed
- ✓ Facilitate supply chain access



economy, using information and communication technologies. Research in support of this transition should take place urgently.

The agro-industrial cluster

This cluster encompasses farming activities, downstream processing of foodstuffs and beverages, and upstream suppliers of inputs into food manufacturing (such as packaging, containers and preservatives) and into farming (such as fertiliser, seed and capital equipment).

South Africa accounts for 0.6% of the world's share of food sales and is moving away from mass grains toward more diversified products including fruit, nuts, fats and oils, meat and dairy products.

It is a world-wide phenomenon that economic development is coupled with a reduction in agricultural jobs. Without major policy improvements the agriculture sector could continue to shed employment as land is consolidated and technology impacts the sector. Optimistically, one million direct and indirect jobs could be

created if the country can develop land to produce labour-absorbing crops, with another million created in micro and semi-subsistence farming.

Key proposals include substantial investment in irrigation infrastructure; market linkages for small-scale farmers in communal and land reform areas; tenure security; technology development to boost production; and policy measures to increase fresh fruit and vegetables in the South African diet.

The minerals and metals cluster

Mining has declined from 21% of gross domestic product in 1970 to 6% in 2010. The number of people employed dropped from 660 000 in 1970 to 440 000 in 2004. The industry has performed poorly over the past decade, shrinking during the commodity boom when prices were high.

Constraints to growth that must be addressed are uncertainty in the regulatory framework and property rights; electricity shortages and prices, infrastructure weaknesses especially in heavy haul rail services; and skills gaps. Electricity is the main constraint to growth as mining activities and beneficiation are energy intensive. Beneficiation can raise the unit cost of the export.

Proposals to grow investment, exports and employment in this cluster include focused research and development to improve extraction methods, and energy and water efficiency measures. There is also an opportunity to increase regional involvement in the sector with the development of additional providers of partially processed intermediate inputs in other countries in the region.

Manufacturing

South Africa's manufacturing strength lies in capital-intensive industries. To be

more competitive the emphasis must be on productivity, products and logistics. Challenges relate to the availability and price of electricity, the efficiency of logistics, the quality of telecommunications and the availability of skills.

Research and development support for product development, approaches to buffering manufacturers from currency volatility and strengthening network infrastructure and skills supply will stimulate manufacturing.

Construction and infrastructure

The construction/infrastructure cluster includes industries that produce new infrastructure and construction assets, the network of suppliers to those industries, and the entities engaged in operating and maintaining this new infrastructure.

Infrastructure investment is important because it creates jobs for low-skilled people, encourages private investment and stimulates supplier industries. Proposals to grow the sector include addressing government's ability to spend its infrastructure budget, particularly with regard to project-management capacity, long-term planning, and monitoring and evaluation. Support to supplier industries and creating the conditions for a less cyclically volatile industry are also proposed. Public funding for alternative types of low-income housing and a focus on energy-efficient buildings, home insulation and solar power will reduce demands on electricity supply in the longer term.

The finance sector

Between 300 000 and 400 000 people work in finance, insurance and related activities and substantial employment is created indirectly through property, building maintenance, security, personal and

business services. The sector also has the potential to contribute to greater inclusion of marginalised groups by expanding access to banking and insurance services and helping to promote and mobilise household savings.

It is of concern that South Africa's banks do not extend sufficient credit to businesses, especially smaller ones. Greater access to credit would lead to higher levels of business investment and jobs.

The country has not used its sophisticated financial services industry enough to foster growth and create jobs. With government support these sectors can expand aggressively on the continent and by 2030, 90% of South Africans should be making use of banking services, transactional financial and savings services, up from the current 63%.

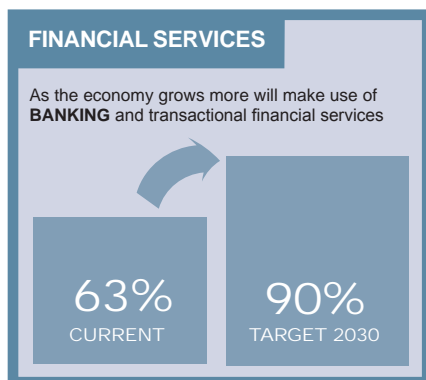
Retail and business services

The formal retail sector accounts for almost two million jobs with another three million in informal activities. Business services account for over one million jobs. With rising consumption by lower-income groups in South Africa and the region retail employment will continue to grow and with it demand for supplier industries.

The retail sector is encouraged to buy local goods and services to support local producers, small and expanding businesses. South African retailers doing business in the region will be encouraged to make use of South African products and develop suppliers within the region in support of regional industrialisation objectives.

Tourism

Tourism is responsible for approximately 9% of South Africa's gross value added annually, with the country having many comparative advantages in this sector. The



plan emphasises the need to increase the number of tourists entering the country and the availability of various levels of tourist infrastructure. South Africa is well positioned as the business and shopping centre for the region but can do more to develop the region as an international tourist destination. A Schengen-type visa for the region will be considered.

Public employment schemes

The problem of unemployment and underemployment has become too big for market-based solutions to solve in the next 10 to 20 years. While market-based employment is the most sustainable source of job creation, many people are likely to remain out of work, and public employment programmes have an important role to play. South Africa should plan and budget for a minimum of two million opportunities annually focusing on community-based services and initiatives in the social sector.

DEVELOPED WORLD STATUS

Moving to an inclusive and dynamic economy requires that the country launches a new cycle of economic growth. In the first of three phases the emphasis will be on absorbing the unemployed, especially young people into economic activity.

NOTES

As the country approaches 2030, the emphasis should be on consolidating the gains of the second phase, focusing on innovation and pursuit of a knowledge economy and the comparative and competitive advantages in an integrated continent. Closer to 2030, South Africa should be approaching “developed world” status, with the quality of life greatly improved, with skilled labour becoming the major feature of the labour force and with levels of inequality greatly reduced.

NOTES

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Chapter 4

STRENGTHENING THE FOUNDATIONS OF SOCIAL AND ECONOMIC DEVELOPMENT

Energy, water, transport infrastructure, and information and communication technology form the foundations for economic growth. The strategic management of these resources and sectors plays an important role in the creation of jobs and an environment in which small, medium and large businesses can flourish. The effective regulation of these sectors is also vital for national development.

THE ENERGY SECTOR

In 20 years South Africa's energy system will look very different to the current situation. Coal will contribute proportionately less to primary energy needs, while gas and renewable energy resources – especially wind, solar and imported hydroelectricity – will play a much larger role. Public transport will be highly developed and hybrid and electric vehicles will be more widely used. The economy's energy intensity will continue to decline and energy efficient options will be widely available and increasingly adopted. The country's energy market will be more

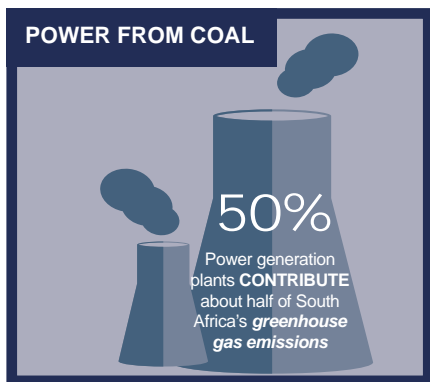
diverse, with greater opportunities for investors to provide innovative, sustainable energy solutions within credible and predictable regulatory frameworks. South Africa should have a secure supply of security in electricity and liquid fuels to ensure that economic activity, transport, and welfare are not disrupted. In addition, more than 90% of the population should enjoy access to grid connected or off-grid electricity.

The role of coal

South Africa is very dependent on coal. It is the country's largest economically recoverable energy resource and among its three top mineral export earners. Internationally, South Africa ranks fifth as a coal producer and exporter. Domestically, coal is used to produce over 70% of primary energy, more than 90% of electricity and a third of liquid fuels. As a result, South Africa is a significant emitter of carbon dioxide, which contributes to climate change.

Given existing investments in the coal industry and low direct costs, coal will continue to be the dominant fuel for the next 20 years. There is an urgent need for a national coal policy that takes into consideration South Africa's realistic coal reserves, the need for a sustainable supply of domestic coal for power, synthetic fuels and industrial chemicals, and the need to expand the coal export market.

Coal reserves are declining in some areas and new ones are coming on stream. Two thirds of coal reserves and resources are in the Waterberg. As coal reserves in the central basin diminish, a new heavy haul rail corridor to the Waterberg coalfield in



Limpopo will need to be developed as well as transport infrastructure for the central coal basin and the coal line to Richard's Bay which needs strengthening to match port export capacity of at least 91 million tons per year by 2020. Other possibilities include a link with Botswana coal deposits and a trans-Kalahari rail connection, linked to expanded port capacity at Walvis Bay in Namibia and a further rail loop to Maputo in Mozambique. Private-sector participation will be essential to relieve the rail infrastructure investment burden.

Formal structures are needed to foster collaboration between the government, Eskom, Transnet, Sasol, independent power producers and the coal industry to optimise domestic coal use while maximising coal exports.

Changes in coal export markets mean new challenges in securing coal for Eskom's power stations. Historically higher grade coals were exported and lower grades were sold to Eskom. However, countries such as India are accepting lower grade coals and Eskom has been struggling to conclude new long-term coal supply contracts. The best approach would be a win-win solution between Eskom and the coal miners, with Eskom, the mines and government working together to plan the optimal use of specific coal fields.

Through new technology there is potential for cleaner coal use. As the existing coal-fired power stations are replaced, reductions in carbon emissions could be achieved. Cleaner coal technologies will be supported through research and development and technology transfer agreements.

Using gas instead of coal

Gas will also help to cut carbon intensity and greenhouse gas emissions. Possibilities

include off-shore natural gas, coal-bed methane, shale gas resources in the Karoo basin and imports of liquefied natural gas. New natural gas resources – enough to power at least a medium-sized power station – have been discovered off the West Coast.

Natural gas from the region, for example Namibia, could be piped to South Africa, or it could be used in regional power plants with electricity transmission lines to South Africa. Experiments are under way to assess the potential for mining coal-bed methane gas.

The United States Energy Information Administration says technically recoverable shale gas resources in South Africa form the fifth largest reserve globally. Further drilling of test wells is needed. Shale gas has the potential to contribute a large proportion of our electricity needs. For example, exploitation of a 24-trillion-cubic-foot resource will power about 20 gigawatts (GW) of combined cycle gas turbines, generating about 130 000 GW-hours (GWh) of electricity per year over a 20-year period. This is more than half of current electricity production. South Africa should seek to develop these resources, provided the overall economic and environmental costs and benefits outweigh those associated with dependence on coal, or with the alternative of nuclear power.

A global market has developed for liquefied natural gas imports, the prices of which are increasingly delinked from oil prices. With South Africa needing to diversify its energy mix, liquefied natural gas imports and the associated infrastructure could provide economic and environmentally positive options for power production, gas-to-liquids production (at Moss gas) and other industrial energy uses. Required infrastructure to re-gasify liquefied natural

gas is becoming more affordable, with some ships incorporating these regasification capabilities onboard.

Diversifying power sources and ownership

South Africa will need to meet about 29 000 megawatts (MW) of new power demand between 2012 and 2030. 10 900MW of old power capacity will be retired in this period. As a result, more than 40 000MW of new power capacity needs to be built. Eskom's current committed capacity expansion programme will see more than 10 000MW of new generating capacity added to the system. However, there is still a clear gap between future needs and committed infrastructure investments.

Power generation plants contribute about half of South Africa's current greenhouse gas emissions. If the sector follows the proposed carbon emissions scenario of 'peak, plateau and decline', the balance of new capacity will need to come from gas, wind, solar, imported hydroelectricity and possibly a nuclear programme from about 2023. Programmes to curb demand will also be necessary.

Increasing diversity in South Africa's energy-production mix is important to mitigate climate change while enhancing supply security. But the quest for a lower carbon-emitting power sector needs to be balanced against higher costs and variable supply that might come with new and renewable energy. The costs of renewable-energy technologies, such as solar, are falling, but they are still higher than conventional power technologies. For example, recent local renewable energy bidding rounds attracted solar prices two or three times that of coal-fired electricity.

Partnerships in the Southern African Development Community region can

Key terms

Peak, plateau and decline

This is a method of forecasting a country's level of carbon emissions over a period of time. The idea is that greenhouse gas emissions rate will peak and then stabilise, allowing the economy to continue to grow.

As alternatives to fossil fuels are developed, emissions will decline.

In South Africa, the government's long-term plan is to peak emissions by 2025, keep it level until 2035 and then start declining by 2050.

also play an important role in developing a diverse and sustainable power sector. Developing hydroelectric resources in countries such as Zambia and Mozambique is a priority and Botswana, Zimbabwe and Mozambique have considerable undeveloped coal reserves. SADC has very low per capita carbon emissions and these resources could be used for regional power production, providing considerable economic benefits. There is thus a prospect for accelerated economic development based on enhanced inter-regional electricity trade.

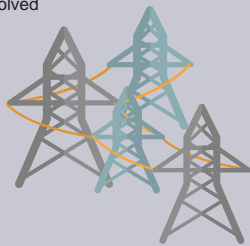
Widening participation and investment

South Africa needs a clear policy that makes explicit the electricity market structure and how it will evolve over time. New build opportunities need to be clearly divided between Eskom and independent power producers (IPPs). Effective procurement processes must initiate timely, internationally competitive bidding for new capacity with robust contracts.

The government, with the cooperation of Eskom, needs to quicken its plans to establish an independent system and market operator. This operator should be tasked with procuring and contracting IPPs and,

REGULATORY UNCERTAINTIES

ACCESS to Eskom's grid and **rights to trade electricity** for *independent power producers* must be resolved



preferably, managing transmission assets. Remaining regulatory uncertainties that need to be resolved include the question of IPPs selling to customers other than Eskom, access to Eskom's grid and rights to trade electricity. Effort must be made to maximise debt-raising on capital markets for Eskom, backed where necessary by sovereign guarantees. However, private investment will be needed to augment public initiatives.

Improving electricity distribution

A reliable electricity supply depends on sufficient generating capacity coupled with a dependable transmission and distribution grid. Municipalities distribute about half of South Africa's electricity, with increasing local supply failures. Previous government policy required that municipal distribution assets be transferred to six new regional electricity distributors. Little progress has been made on this in the past 10 years, partly because a constitutional amendment shifting responsibility for electricity distribution from local to national government was abandoned in the face of opposition. In the meantime, municipal investments in infrastructure have been inadequate, with maintenance and refurbishment backlogs now exceeding R35 billion.

To address this there must be investment in the human and physical capital in

the 12 largest municipal distributors, which account for 80% of the electricity distributed by local government. This is a high-priority programme that should be driven at national level in partnership with these municipalities. In addition, Eskom, or larger cities or towns, could take over electricity distribution functions on a voluntary basis from smaller, poorly performing municipalities. Medium sized municipalities that perform reasonably could continue with delivery. Improved support for combating illegal use and improved demand-side management will also help municipalities to meet their electricity distribution obligations.

Meeting the energy needs of the poor

The energy needs of poor households are still inadequately met. Between 20% and 25% of South Africans still have no access to the grid. The electrification programme has slowed and the original goal of universal access by 2014 has not been met. Subject to costs, South Africa could aim for at least 90% grid connection by 2030, with alternative off-grid options offered to the remaining households.

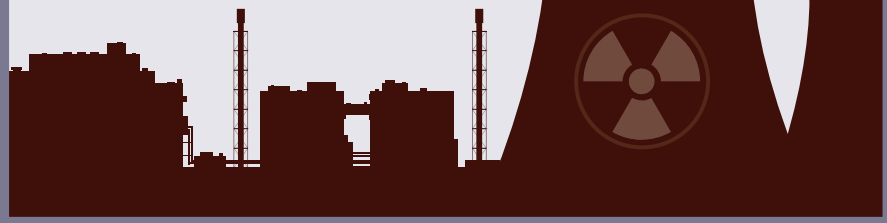
Poor households with access to electricity can afford to use only modest amounts and rely on other sources such as paraffin, gas and fuel wood. An integrated programme including sustainable production of fuel wood and its safe combustion in efficient stoves in rural areas should be undertaken.

Nuclear power

According to the Department of Energy's Integrated Resource Plan more nuclear energy plants will need to be commissioned from 2023/24. Although nuclear power provides a low-carbon base-load alternative, South Africa needs to thoroughly investigate the implications of nuclear energy, including its costs, financing options, institutional

NUCLEAR POWER

As a potential **NUCLEAR FLEET** will involve a level of investment unprecedented in South Africa, an in-depth investigation into the financial viability of nuclear energy is vital



arrangements, safety, environmental costs and benefits, localisation and employment opportunities, and uranium enrichment and fuel fabrication possibilities.

As a potential nuclear fleet will involve a level of investment unprecedented in South Africa, an in-depth investigation into the financial viability of nuclear energy is vital. The country needs an alternative plan should nuclear energy prove too expensive, or timelines too tight. All possible alternatives need to be explored, including the use of gas, which could provide reliable base-load and mid-merit power generation through combined-cycle gas turbines.

Petroleum refining

South Africa produces about 5% of its fuel needs from gas, about 35% from coal and about 50% from local crude oil refineries. About 10% is imported from refineries in other parts of the world. Refining capacity has run out and South Africa now has to import a share of its refined fuel needs.

The least risky and most cost-effective option is to continue importing a share of refined product until the country reaches a stage where it can absorb the output of either a new refinery or a major upgrade of an existing refinery. South Africa will therefore continue to import, taking a

decision on the next step by 2016 or 2017 at the latest. Timing is important, given lead-time requirements to develop a new refinery of between eight and 10 years.

The country also needs to address moving to clean fuel standards, the possibility of producing biofuels in the region, the possibility of a vehicle carbon tax being introduced in the future and a growing role for electric vehicles.

Integrated energy planning

A number of steps are needed for South Africa to move to a different energy context by 2030.

Until 2017 the priorities are:

- Develop a national coal policy and investment strategy;
- Invest in a new heavy-haul rail corridor to the Waterberg coalfields in Limpopo;
- Strengthen rail infrastructure in the central coal basin and the coal line to Richards Bay;
- Do exploratory drilling for economically recoverable coal seam and shale gas reserves;
- Develop West-Coast off-shore gas for power production by contracting private-sector service providers;
- Promote investment in liquefied natural gas landing infrastructure;

- Commission Eskom's Medupi coal power station and Ingula pumped-storage plant;
- Pass the Independent System and Market Operator Act, after which Eskom's system operator, planning, power procurement, purchasing and contracting functions will be transferred to an independent state-owned enterprise;
- Amend the National Energy Regulator Act (2004) and the Electricity Regulation Act (2006) to strengthen the regulatory environment;
- Ring-fence the electricity-distribution businesses of the 12 largest municipalities;
- Develop a sustainable national electrification plan;
- Conduct further and more in-depth investigations into the implications of greater nuclear energy use;
- Agree on a funding mechanism for the upgrading of existing refineries;
- Develop an interdepartmental process to regularly draft and update integrated energy plans;
- Introduce a vehicle carbon tax at purchase based on carbon-emission levels; and
- Encourage greater use of hybrid or electric vehicles and public transport.

In the medium term until 2020 it is envisaged that:

- Coal rail capacity will match coal export port capacity at Richard's Bay;
- The Kusile coal-fired power station will be commissioned and at least 7 000MW of renewable energy will be contracted, mostly from private IPPs;
- Liquefied natural gas infrastructure will be in place to power the first combined-cycle gas turbines;
- Pro-poor electricity tariffs will be better targeted to include all qualifying electricity customers;
- Electrification coverage will reach at least 85%; and

- A decision will be made on whether South Africa should continue importing petroleum products or invest in a new refinery.

In the long term by 2030:

- More than 20 000MW of renewable energy will be contracted, including an increasing share from regional hydroelectricity;
- Rail and port capacity will be further enhanced to support increased coal exports;
- About 11 000MW of Eskom's older coal powered stations will be decommissioned, but close to 6 000MW of new coal capacity will be contracted – part of it from other southern African countries;
- Cleaner coal technologies will be promoted through research and development investments and technology-transfer agreements;
- The extent of economically recoverable coal bed seam and shale gas reserves will be understood and, subject to acceptable environmental controls, these gas resources, supplemented by liquefied natural gas imports, will begin to supply a growing share of power production;
- Rising energy prices and an economy-wide carbon tax with sector exemptions, coupled with direct action, will take South Africa's energy sector on a path to lower carbon and energy intensity;
- At least 90% of South Africans will have access to grid electricity, with the remainder meeting their energy needs from off-grid sources; and
- Hybrid and electric vehicles will be more widely used.

WATER RESOURCES AND SERVICES

Water supply and sanitation services are a priority for most South African

communities. Their effective and sustainable management is essential for community health, development and cohesion, and continued economic activity. At the same time there is concern about the state of water ecosystems and water availability with South Africa ranked 148 out of 180 in terms of water availability per person. By 2030 effective management of water and the services derived from it will support a strong economy and a healthy environment.

After 1994, a major infrastructure expansion programme was initiated to address a history of underinvestment, resulting in improved access to clean drinking water, and a greater focus on water-resource management. However, there is still much to do.

Effective administration

Management of South Africa's limited water resources must become more effective. This includes involving users so that they understand and can respond to emerging constraints, systematic monitoring to ensure effective water-supply planning, development and operation, and regulating water's various uses (including for disposal of wastewater) to ensure sustainability.

Effective administration requires clear legislation and policies based on research and development capacity and the right technical tools. As the nation's water resources are extensively interconnected, often flowing across political boundaries, oversight of their management and administration should remain national. But some decentralisation of responsibilities is necessary, because it is at local level that users can best be involved.

Water resource management

Given growing uncertainty about the availability of water to meet expanding demand, the management approach must

be regularly reviewed. A statutory public process for this already exists, requiring that a national water resource strategy is produced every five years. This strategy is informed by catchment management strategies and local government's water services development plans, as outlined in their integrated development plans. If this review process is properly implemented, priority areas for intervention will be identified and implementation can be monitored.

Prioritisation

There is an urgent need for a solid plan to ensure the protection of water resources and the environment in the Mpumalanga Highveld coalfields, upstream of the Vaal and Loskop dams, as well as in the Lephalale-Waterberg area. Given environmental pressures and development demands, current water allocations in the upper Vaal and Olifants River water management areas urgently need to be revised.

Local planning should also ensure that groundwater resources are optimally used. If properly planned and managed, groundwater can often meet local needs more effectively than large regional infrastructure projects.

Water management strategies

Proposals to strengthen water management include:

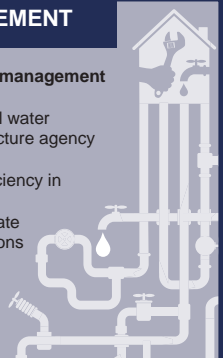
Establishing a national water-resources infrastructure agency

The Department of Water Affairs has identified the actions necessary to reconcile the water demands of major urban and industrial centres with potential supplies up to 2030. These plans need to be translated into well timed investment programmes to avoid supply constraints. Large investments in regional systems could be undertaken by a national water-resources infrastructure agency. This would build

WATER MANAGEMENT

To strengthen water management South Africa must

- Establish a national water resources infrastructure agency
- Reduce demand
- Increase water efficiency in agriculture
- Reuse and desalinate
- Strengthen institutions responsible for water resource management



on the foundation provided by the Trans-Caledon Tunnel Authority, which is already supporting implementation of several large projects. National government, through the Department of Water Affairs, should continue to lead the planning process, reviewing these programmes every five years to ensure coordination with other long-term economic and infrastructure plans.

Reducing demand

Reducing growth in water demand is just as important as increasing its supply.

Current planning assumes it will be possible to achieve an average reduction in water demand of 15% below baseline levels in urban areas by 2030. Detailed targets have been set for different areas.

Achieving demand reductions on this scale will require programmes to reduce water leakage in distribution networks and improve efficient domestic and commercial water use. Demand-management projects with merit should be given priority and regarded as being on par with water-supply expansion projects in terms of importance.

Managing agricultural use better

Agriculture uses the largest volume of water (even though agricultural water supplies are less reliable than those supplied to urban

and industrial users). The farming sector will have to increase its water efficiency to improve production and allow for water to be transferred to new users in water scarce areas, to compensate for the expansion of irrigated agriculture, which has high job-creation potential. Water-saving and demand-management projects should be considered as part of the overall range of water supply investment programmes. These can be compared with supply expansion projects, and should be prioritised accordingly, based on their merits.

Reusing water and desalination

There is already extensive indirect reuse of water in inland areas, where municipal and industrial wastewater is reintroduced into rivers after treatment. However, there is considerable scope for further water reuse. Many municipalities lack the technical capacity to build and manage their wastewater treatment systems, and a regional approach may be required in certain areas. Research into water reuse and desalination and the skills to operate such technology should be developed.

Institutional arrangement for water-resource management

The institutions that manage water resources should reflect the shared, public nature of water. Although current legislation provides an institutional framework to achieve this, implementation has been slow. This is, in part, because the growing water challenges – and the need to build institutions to deal with them – are not fully understood.

Human resources are also limited. Institutional development is particularly needed for the Olifants River, Crocodile-west sub catchments of the Limpopo, the Nkomati River and the upper and middle Vaal sub catchments, and the Umzimvubu River in the Eastern Cape, where water supplies have already reached their limit and

allocations need to be reviewed. Catchment-based institutions will need strong support in terms of resource monitoring and infrastructure planning.

Institutional arrangements for water services

The Constitution says the provision of water supply and sanitation services is the responsibility of municipalities, with support and oversight from provincial and national level. There are, however, a range of considerations on the best institutional approach in different circumstances, as well as financial arrangements to ensure sustainable, accessible services for poor communities.

Achieving the 2030 goals

Between 2012 and 2015, the following actions are required to achieve the 2030 goals:

- The national water-resource strategy should be finalised to guide the development of the sector and should be reviewed in consultation with water users and other stakeholders every five years.
- Future institutional arrangements for water resource management must be defined to retain institutional memory and continuity in management.
- An investment programme for water-resource development, bulk-water supply and wastewater management must be established for major centres to be reviewed every five years. This will include major investment projects, with clear allocation of responsibilities for financing and implementation and targets for completion.

TRANSPORT

By 2030 the state will oversee a transport system that takes into consideration the

realities of transport and strives to serve the interests of society.

South Africa needs reliable and efficient corridors linking its modes of transport (road, rail, air, sea ports and pipelines). Currently, these corridors include outdated, malfunction-prone railway technology and poor intermodal linkages. Ports are characterised by high costs and substandard productivity relative to global benchmarks, even though about 96% of South Africa's bulk commodity exports are transported by sea.

Although rail is the ideal mode of transport for large freight travelling further than 400 km, 69% of all freight transport activity (measured by ton kilometres) is conveyed by road, parts of which are "rail friendly". This strains a road network already suffering from significant maintenance backlogs and contributes to poor road safety.

South Africa's high accident rate places a huge burden on society, both in terms of the emotional and health costs of death and injury, and the financial costs of damaged and lost cargo.

Social and economic exclusion caused by apartheid is still evident in the long distances many people, especially the poor, travel from where they live to where they work. Providing suitable means for the safe, efficient and cost-effective transport of people and goods is crucial.

Recent investments have given South Africa's air travel infrastructure the capacity to handle projected passenger volumes to 2030. However, air transport poses a challenge for wider development. In contrast to intercontinental travel, where network density and cross-subsidisation of flights keep prices down, the cost of a plane ticket to a destination within Africa is prohibitive. In future, the significant levels

of carbon emissions resulting from air travel may substantially reduce travel for business and leisure and may negatively affect the tourism sector.

These policy issues have been identified :

Increase investment in public transport and resolve public-transport policy issues

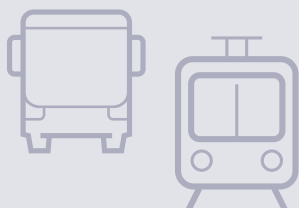
Both public and private investment is needed to extend bus services, refurbish commuter trains, link high-volume corridors and integrate these into an effective service. The government needs to coordinate these investments if economies of scale are to be maximised.

Public-transport investment increased at 15% a year from 2006. Future asset management and increased use of existing assets must be a priority, with a focus on doing more with what the country has. It is crucial to strengthen governance of the sector and operational efficiency.

Nowhere is this more evident than in the bus rapid transport system, which has demonstrated the potential of high-quality mass transit systems while also showing it is critically important to align social interests with technical solutions.

PROMOTING PUBLIC TRANSPORT

Through coverage, frequency, safety and performance, public transport systems need to **compete with cars**



Devolve transport management to local government

Government policy is to devolve transport management to local government. This will help to align the fragmented and conflicting interests of multiple transport authorities, each with separate funding sources and mandates. However, handing responsibility for transport over to municipal authorities will only succeed if it is accompanied by strengthening of institutions and alignment of legislation, policy and practice.

Incentivise public transport use

Public transport subsidies will increase affordability for low-income commuters and public transport solutions should extend services to captive transport users while attracting those who have options. This requires public transport systems that have the capacity, frequency, coverage and safety performance required to compete with the benefits of a privately owned car. The Gautrain has shown public transport is an option for commuters who can afford to use cars.

Improve road infrastructure

Even with greatly expanded public transport, city dwellers will still use cars. Transport authorities will need to plan and invest in road and transport infrastructure construction, maintenance and oversight – and integration with public services – while using technology, such as intelligent traffic signalling, to maximise traffic flow.

Renew the commuter train fleet

Even though trains provide the lowest-cost transport service in metropolitan areas, they are also often unreliable and uncomfortable, with the forced retirement of aged rolling stock placing pressure on operations.

New technology is needed to improve service levels.

Improve freight corridors

South Africa is a transport-intensive economy. Its advantages in terms of resources are greatly eroded by high transport costs and poor freight transport infrastructure. Most bulk freight is transported on national road and rail networks. Planning should prioritise improving the capacity, efficiency and sustainability of these corridors while enhancing the performance of seaports and inland terminals.

Given capacity constraints and the huge financial and organisational resources needed to improve corridor performance, effective partnerships between the public and private sector need to be developed.

The following corridors have been identified for expansion and improvement:

Durban-Gauteng corridor

As the corridor that handles most of the country's high-value freight, it is the first priority. It is also the most strategic corridor to achieve a shift of freight from road to rail by overcoming rail's main drawback – lack of intermodal flexibility – by improving the performance of terminals on either end.

Coal-transport corridors

The Waterberg coalfields in Limpopo need to be linked both to domestic power generators and to export facilities in Richard's Bay. Planning should also take Botswana's need to access Indian Ocean ports for its own coal exports into consideration. Transnet has firm plans for capacity expansion for coal exports up to 97 million tons per annum through Richard's Bay to be reached in stages. The needs of coal producers, domestic customers, notably Eskom, and access to export channels are at such a scale that network-wide capacity expansion is required, including a rail link through Swaziland that will give flexibility to coal

transport, as well as benefit trade in timber and sugar with that country.

North-south corridor

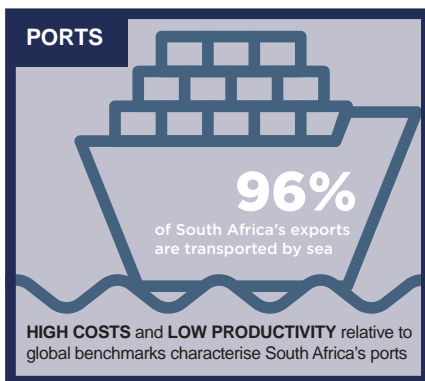
A Durban to Dar-es-Salaam transport network, linking the two major ports of SADC and the Central and East African economic communities, with improved road and rail links through the countries.

Ports

As indicated by the Port Regulator, South African ports perform poorly, operating at levels below comparative operations at costs that are significantly higher than the global average. This is hindering the nation's development objectives. Poor performance is largely due to the absence of competition in terminal operations and Transnet's business model, which uses surplus generated by ports to fund investments elsewhere.

Maritime industry

South Africa has a 3 000 km coastline along a major strategic shipping route. Close to 80% of trade is by sea, but the country has a weak maritime industry that does not adequately complement its land and aviation infrastructure and services. South Africa needs to relook at the maritime sector and ask what contribution it could make to employment and regional trade.



Long-distance passenger transport

South Africa's largest single public asset is its road network. National and provincial roads are the prime means of connecting people and moving cargo from small settlements and secondary towns to the centres of economic activity. With a replacement value of R1.7 trillion, preserving it is a top priority. In the long term, the proposed expansion of intercity passenger rail services will need to be carefully assessed.

Rail is costly and South Africa would have to start from scratch, given the age of its long-distance passenger fleet. Intercity passenger rail makes up a small part of the market with little patronage. It is only a significant service for low-income travellers at annual holiday peak times.

Alternatives, specifically road-based options currently in service, will have to be assessed against the high costs and limited coverage of passenger rail. Given the need to fund improvements to transport services for commuter rail and bus services with a wide reach for poor people, the net benefits of passenger rail investments seem unjustified.

Priorities for the transport sector

These include:

- Streamlining institutional arrangements for public transport including powers and functions;
- Renewing the commuter rail fleet
- Expanding capacity for mineral exports;
- Using assets more efficiently; and
- Developing long-term transport plans.

Information and Communication Technology (ICT)

ICT is a critical enabler of economic activity in an increasingly networked world. As a sector, ICT provides important direct opportunities for manufacturing, service provision and job creation, but its main

contribution to economic development is to enhance communication and information flows that improve productivity and efficiency. For this reason, a country that seeks to be globally competitive must have an effective ICT system.

By 2030, ICT will underpin the development of a dynamic and connected information society and a vibrant knowledge economy that is more inclusive and prosperous. A seamless information infrastructure will be universally available and accessible and will meet the needs of citizens, business and the public sector, providing access to the creation and consumption of a wide range of converged services required for effective economic and social participation – at a cost and quality at least equal to South Africa's main peers and competitors.

According to a 2011 report commissioned by the Development Bank of South Africa more South Africans use mobile phones (29 million) than listen to radio (28 million). Despite this, ICT growth has not brought affordable, universal access to the full range of communications services. International evidence suggests that a new ICT gap is opening up between those with access to high-speed internet and those who access internet via mobile connections. While users cope with deteriorating fixed-

ICT STRATEGY

South Africa must act to **PREVENT** a new divide between those with access to high speed internet and those who access internet using mobile phones



line connections by switching to mobile networks in the short term, this may lock South Africans out of global networks in the longer term as applications in other countries are increasingly based on ultra-high-speed “fibre to premises” networks.

A single cohesive strategy is needed to ensure the diffusion of ICTs in all areas of society and the economy. Like energy and transport, ICT is an enabler – it can speed up delivery, support analysis, build intelligence and create new ways to share, learn and engage. But ineffective ICT can also disable economic and social activity.

In the very short term and well in advance of 2030, the state will need to re-establish the shape and nature of its participation in the sector. A new policy framework will be needed to realise the vision of a fully connected society.

To achieve its ICT goals, South Africa must have a coordinated, enabling ICT strategy and plan. The key aspects of this are:

- A national e-strategy that cuts across government departments and sectors;
- Stimulating sector growth and innovation by driving public and private ICT investment;
- Reviewing the market structure and analysing the benefits and costs of duplicating versus sharing infrastructure, given that the radio spectrum on which mobile networks depend is limited;
- Establishing a common carrier network, possibly by structurally separating Telkom’s backbone operations from its retail services.
- Applying open-access policies to encourage sharing of certain elements of the backbone fibre network, without discouraging private long-term investment;
- Targeted public investment, possibly through public-private partnerships;

- Developing the specialised institutional capacity to ensure that policy keeps up with the evolution of the sector and that regulation is effective;
- Focusing on stimulating demand by promoting e-literacy; and
- Effectively engaging various institutions, including global ICT governance agencies, such as the International Telecommunications Union and the World Trade Organisation, on issues of regional integration and harmonisation.

Demand stimulation and job development

Improving equitable access to ICT services will require action to stimulate demand. E-literacy needs to be improved through training in schools, at tertiary education facilities and adult education colleges, as well as through supplier training. A larger audience will, in turn, help stimulate market demand for multilingual, relevant local content and make it practical to develop online and mobile government-service applications.

Constructing and maintaining communications networks will generate both unskilled job opportunities, such as digging trenches or spanning cables for expanding networks, and skilled work as networks need to be maintained, upgraded and refurbished. The education system, supported by government investment into ICT skills development, will need to prepare for this.

Experience shows that private sector participation and competition, coupled with effective regulation, can deliver lower prices and improved quality and speed of service. South Africa needs to commit to intensifying competition in the ICT sector.

Spectrum allocation is perhaps the biggest regulatory bottleneck in the deployment of wireless technologies that will, in the short

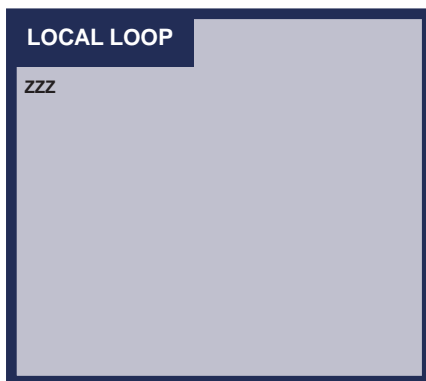
to medium term, meet the diverse needs of society and economy.

The radio spectrum is a scarce resource that needs to be optimally allocated to meet both economic and social objectives. Significant high-capacity spectrum will become available with the shift from analogue terrestrial television broadcasting to digital terrestrial broadcasting. This should be swiftly allocated to ensure that services based on emerging technologies can expand. Mechanisms for this allocation need to be based on clear conditions, transparent processes and limited discretion. The ultimate goal will be to attract appropriate investment at a low enough price to meet social and economic needs.

Once allocated, spectrum bandwidth should be fully tradable and regulators should not be too restrictive in dictating which technologies should use which parts of the spectrum. Spectrum policy should favour competition, but incumbents should not be excluded from gaining access to bands needed for expansion or to apply new technologies. In line with global trends, spectrum licences should be technology-neutral so that they can be adapted to meet rapidly changing technological developments without high regulatory costs.

The local loop – the fixed connection between the main telecommunications network and end users – has historically been operated by Telkom and serviced by copper wires. Internationally, the trend is to use fibre-optic cables for the local loop as they are less valuable (and less vulnerable to theft) and offer far higher speeds. The strategic medium-term objective is to improve the quality, reduce the cost and expand the reach of the local loop.

To achieve this there must be clarity about Telkom's future role and regulatory incentives to ensure that local-loop



unbundling achieves its objective, which is to expand affordable access to high-quality, high-speed broadband.

Building institutional capacity

The state needs to have the institutional agility to make effective interventions in this rapidly changing sector. The government's primary role should be to ensure that public policy promotes market access and creates effective institutions that ensure competition, regulate operator behaviour and address market failure.

There is an inherent conflict of interest between the state's role as a competitive player in the market (through its enterprises, InfraCo and Sentech, as well as its majority share in Telkom) and its role as a policy-maker. A better distinction of these roles is required to avoid unintended policy outcomes.

Creating enabling ICT

A phased approach will create an enabling ICT reality.

In the short term there is an urgent need for a full policy review. In the next five years, South Africa needs to develop a more comprehensive and integrated e-strategy that reflects the cross-cutting nature of the ICT sector. The following policy issues require attention:

- Removing legal constraints to enable full competition in services;
- Developing a strategy for the local loop to ensure that quality improves, costs are reduced and fixed line coverage is expanded to meet demand for high-speed telecommunications;
- Ensure that regulatory agencies have the resources to encourage market entry and fair competition, as well as address market failure;
- Implement a service- and technology-neutral licensing regime to allow for flexible use of resources, especially for spectrum that is urgently needed for next-generation services;
- Make spectrum available on a “use it or lose it” basis to encourage efficient use, drive down costs and stimulate innovation;
- Spectrum allocation should accompany set obligations to overcome historical inequalities in the ICT sector. However, these obligations should not delay the competitive allocation of this resource;
- Ensure access to low-cost, high-speed international bandwidth with open-access policies;
- Facilitate the development of high-bandwidth backbone networks. Assess state-owned enterprise and municipal performance in ICT provision and decide on the future role and

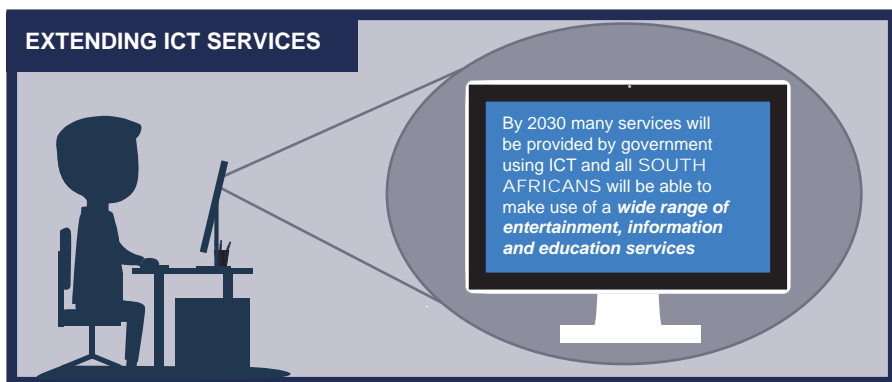
configuration of the state’s family of ICT enterprises (Broadband InfraCo, Sentech and Telkom); and

- Identify alternatives to infrastructure competition through structural separation of the national backbone from the services offered by Telkom to create a common carrier that offers open access to service competitors.

Between 2015 and 2020, the following goals should be pursued:

- Extend broadband penetration so that by 2020 all schools, health facilities and similar social institutions will be connected and individual citizens will have affordable access to information services and voice communication at appropriate locations; and
- South Africa should aim to position itself in the top quartile of the International Telecommunications Union’s ICT Development Index ranking of middle-income countries. It should also aim to regain its position as the continent’s leader in both quality and cost of ICT services.

By 2030 government will make extensive use of ICT to engage with and provide services to citizens, and all South Africans will be able to make use of core ICT services and enjoy access to a wide-range of entertainment, information and educational services.



NOTES

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Chapter 5

SUSTAINING THE ENVIRONMENT AND A LOW CARBON ECONOMY

South Africa has a rich endowment of natural resources and some of the world's most substantial mineral deposits, including coal and natural gas. However, the exploitation of minerals is an energy intensive activity and South Africa is the 42nd largest emitter of greenhouse gas per person in the world.

While the country's coal deposits currently represent a relatively cheap and reliable source of energy, coal is carbon intensive and in the medium to long term its use could impact South Africa negatively as global restrictions on carbon emissions to slow climate change are introduced.

Aside from coal and natural gas, South Africa has many sources of renewable energy in the form of solar and wind energy, but these are currently more expensive. Competitively priced energy is needed to exploit mineral resources, the earnings from which will be required to fund the transformation of South African society, as well as the promotion of a more diverse and inclusive economy.

For this reason, South Africa must leverage its solar resource and regional hydropower opportunities as competitive advantages, along with the responsible exploitation of fossil fuels and minerals. For this to happen, the country must invest in the skills, technology and institutional capacity required to support a competitive renewable energy sector.

By 2030 South Africa will have stabilised its carbon emissions and implemented

adaptation strategies to manage the impact of climate change. Consumer awareness and green product design will have moved South Africa closer to being a zero-waste society and jobs will be created in the local manufacturing of renewable energy technologies. The emergence of small, medium and micro enterprises in areas such as waste management will contribute to reducing unemployment, poverty and income inequality. Behaviour change on the part of ordinary South Africans, driven by a growing awareness of sustainable development, is a significant factor in achieving this.

Sustaining ecosystems and using natural resources efficiently

Within a global economy that is increasingly resource- and carbon-constrained, the challenge is to grow sustainably. This can be achieved by building the technological base for delinking economic growth from natural resource consumption and carbon emissions.

Ecosystem services are part of nature and provide food and clean water, regulate

GREEN JOBS

BY 2030 jobs will be created in the local manufacture of renewable energy technologies



climate and disease, support crop pollination and nutrient cycles and deliver cultural benefits such as recreational opportunities. South Africa's ecosystem services are key to achieving social and economic development and the biodiversity and ecosystems in conservation areas are national assets. Long-term planning to promote biodiversity (the variety of different types of plant and animal life) and the conservation and rehabilitation of natural assets is critical.

A strategy for assessing the environmental impact of new developments is an important component of overall development and spatial planning. Where damage cannot be avoided and the social and economic benefits justify the development, an equal investment in community development and the rehabilitation and conservation of biodiversity assets and ecosystem services is required.

Reducing emissions will be key to the continued development of mineral resources in a low-carbon economy. This can be achieved by introducing energy-efficient and less carbon-intensive industrial processes, increasing the contribution of renewable energy, retrofitting existing power stations with clean coal technologies and making use of carbon capture and storage technologies.

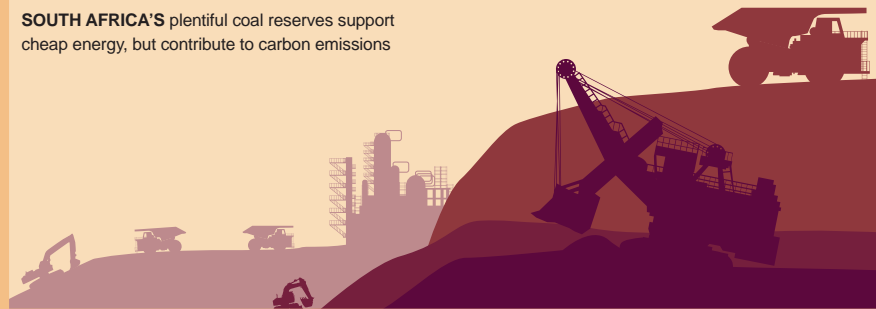
Building sustainable communities

Sustainable communities are built through development planning processes that help to manage natural resources and environmental risks in the pursuit of social and economic goals. To achieve this responsibility must be progressively devolved to local government. When guided by effective planning, building denser cities provides an opportunity to reduce the environmental footprint associated with delivering services such as waste management, electricity, water and sanitation, and public transport. It also improves access to social services such as health and education.

In helping to build vibrant human settlements the state must be guided by the principles of sustainable development. This includes reducing the carbon footprint and cost of transport for the urban poor through affordable, safe and convenient public transport, promoting the location of job-creating industries close to new housing developments and implementing urban greening programmes. Ensuring compliance with strengthened environmental requirements in building regulations, particularly with respect to energy efficiency standards, and the roll-out of solar water heating is also required.

USING NATURAL RESOURCES EFFICIENTLY

SOUTH AFRICA'S plentiful coal reserves support cheap energy, but contribute to carbon emissions



DENSER CITIES

With effective planning denser cities will reduce the **ENVIRONMENTAL FOOTPRINT** of waste management, electricity, water and sanitation and public transport



The National Waste Management Strategy provides for the implementation of a waste management system with the rapid expansion of recycling infrastructure, and the composting of organic domestic waste to bolster economic activity in poor urban communities.

Stepped tariffs are necessary to promote the conservation of water and electricity, while ensuring continued access to free basic services.

In rural areas dispersed rural communities often struggle to gain access to basic services such as public health, electricity and water because of the costs involved. It is often more cost effective to provide electricity to facilities and households in these rural settlements through off-grid and mini-grid renewable energy than to connect them to the national grid.

As with any form of community building, the building of sustainable communities cannot be accomplished as a top-down process, but must be the outcome of participation by communities. Government and non-government stakeholders should promote awareness of sustainability issues within communities, and share context-sensitive information about the causes and effects of climate change. Behaviour change is

also required to respond to developmental challenges, and reduce the environmental footprint of communities.

Mitigating climate change

South Africa is committed to acting responsibly to mitigate the effects of climate change based on international agreements. South African data suggests that industrial energy consumption makes up to 9% of South Africa's emissions, with a further 14% coming from industrial processes and product use. The chemical industry, especially coal to liquids, and the minerals industry, are primary contributors. Energy generation accounts for 48%.

Industry has committed itself to an energy efficiency programme, and further improvements will be achieved through the South African Building Standards and a change in carbon pricing. There is also potential for significant improvements in some industrial processes. This will be combined with a change in the focus of industrial manufacturing towards greener industries over time.

The transport sector contributes 9% to emissions, which will be addressed through improvements in vehicle efficiency and standards, promotion of public transport, integrated transport planning, a potential increase in bio-fuel content in fuel requirements, major expansion in public

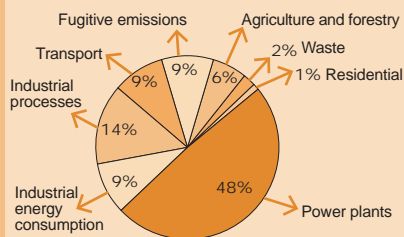
Key terms

Carbon pricing

Carbon pricing is a way of reducing global-warming emissions by charging those who emit carbon dioxide (CO₂) for these emissions. The charge, called a carbon price, is the amount that must be paid for the right to emit one tonne of CO₂ into the atmosphere.

CARBON EMISSIONS

South Africa's **GREENHOUSE GASES** are produced as follows:



transport and rail freight infrastructure, promotion of electric and hybrid vehicles through public-sector investment in product development, and non-motorised transport walking and cycling.

Fugitive emissions (the unintended release of gases or vapours usually by industry) make up 9% of total emissions. Improvements can be made by capturing methane emissions from coal mines, improving the design of petroleum plants, and more stringent fuel storage requirements.

Agriculture, forestry and land use contribute 6% to total emissions, but have significant potential to act as carbon sink. South Africa aims to expand the forestry sector, and will re-establish natural plant cover in some areas. Agricultural practices will reduce meat production and the use of nitrogen fertilisers, and promote organic farming methods.

Waste makes up 2% of emissions. South Africa will cut down on solid-waste disposal, promote composting and recycling of organic waste, and run a countrywide programme to capture methane gas from landfills. Residential emissions make up only 1% of total emissions, which will be reduced through greater household energy efficiency, implementing new building

design standards (including solar water heaters) and reducing domestic use of fossil fuels through universal electrification.

International experience shows that the most effective way to achieve a just and managed transition to a low-carbon economy and encourage emitters to change their practices is to internalise the social and environmental costs of their behaviour. This can be done through adequately pricing carbon.

Climate change adaptation

Climate change is already having an impact on South Africa. Over the last 50 years there have been clear signs of warming and increased frequency of rainfall extremes. The number of hot days has increased in frequency, while days with cooler temperatures have decreased in frequency. The sea level has risen around the South African coast.

In the short term, South Africa's capacity to respond to climate change is limited by social vulnerability, and dispersed and poorly planned development. The primary approach to adapting to climate change is to strengthen the nation's economic and social resilience by decreasing poverty and inequality, creating jobs and increasing education and skills levels.

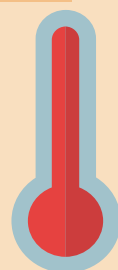
CLIMATE CHANGE IS AFFECTING SOUTH AFRICA

HOT DAYS
have increased

COOL DAYS
have decreased

SEA LEVELS
have risen on the coast

RAINFALL EXTREMES
have increased



Local, provincial and national governments will need to embrace climate adaptation by identifying and putting into effect appropriate policies and measures that are well coordinated and credibly motivated. Where climate is an important factor, as in agriculture, water and infrastructure development, sectoral development must be informed by the best available climate predictions and coordinated responses promoted through an effective national planning system. Further research is also needed to inform climate-resilient planning and implementation to provide more detailed information on the potential impact on different geographic regions. Sectors that need to consider climate change impacts in their planning include water, agriculture, commercial forestry, health, biodiversity and human settlements in urban, coastal and rural areas.

Managing a just transition

The poor and vulnerable are disproportionately affected by climate change. Human health-related risks due to climate change are exacerbated by widespread poverty, disease, high population mobility, and informal settlement housing with poor sanitation, risks of waterborne disease, fires, flooding and malnutrition. Without proper adaptation strategies some existing diseases could worsen and new diseases could arise.

A global failure to mitigate the most dangerous levels of climate change will have a disproportionate effect on Africa and potentially devastating long-term consequences locally. This knowledge underpins South Africa's commitment to mitigating its own carbon emissions.

Millions of people are employed in energy-intensive industries, and the mining sector. In managing the transition to a low carbon economy, South Africa needs to understand

that the decisions it takes could lock it into and have long-term environmental and economic consequences. An equitable transition must protect the poor and vulnerable from the costs associated with mitigation, such as increased prices of energy, food and transport, job losses in carbon-intensive industries, and the demand for different skills.

To manage a just transition to a low-carbon economy there must be policy alignment at all levels of government in relation to priorities and considerations when investing in infrastructure that has long-term consequences for the environment and national mitigation targets. Integrated resource plans for the electricity sector and national mitigation plans will need to be aligned, forming part of an integrated energy plan that paves the way to a low-carbon economy.

The transition to an environmentally sustainable, low-carbon economy is a crosscutting objective to be integrated into the plans of government departments, integrated development plans and the Medium Term Strategic Framework. Carbon emissions will form part of environmental assessment procedures for infrastructure investment decisions at all levels of government and in all government agencies and parastatals and emissions objectives will be developed for each economic sector.

The short-term costs of building a just, low-carbon and resilient economy and society will be far lower than the long-term costs of an unplanned response. South Africa should initially focus on pursuing those mitigation options around energy efficiency that improve the competitiveness of local industry, create jobs and represent a net saving rather than cost to the economy and gross domestic product.

Key terms

Emissions peak

An emissions peak is when a country reaches the highest point in its greenhouse gas emissions that cause climate change. South Africa's national climate plan pledges to peak national emissions by 2025.

Enhancing governance systems and capacity

Managing the transition to a low-carbon economy will require investment in governance systems and capacity with climate change mainstreamed in every government department. Government should establish and support an independent research body or climate change centre as a repository of information and best practice in the fields of climate change mitigation and adaptation and strengthen the Department of Environmental Affairs' capacity to provide mechanisms and oversight for the monitoring, reporting and verification of sectoral carbon emissions.

The government will undertake regulatory and legislative interventions to effect the transition to a low-carbon economy, including fiscal interventions and reform in relation to carbon pricing, incentives for the green economy, and promoting performance against environmental indicators by local government. The environmental impacts of public sector investment and spending must be fully costed to promote the principle of full-cost accounting as a corporate governance standard and a framework for reporting on greenhouse gas emissions by industry must be established.

Targeting the emissions peak

By 2020 South Africa should be implementing programmes of sustainable development and targeting the emissions peak. As socio-economic development

makes inroads into reducing poverty and unemployment, emissions should be in the process of peaking.

Reducing emissions

By 2030 South Africa will have reduced poverty and unemployment to socially sustainable levels, as emissions reach a plateau. Thriving rural communities will provide an economic and social base for a significant number of people. Urban development will be more compact and energy efficient. There will be growing public awareness of the consequences of climate change and a refocusing of priorities towards the protection and rehabilitation of the region's natural assets. Investment in low-carbon and climate-resilient infrastructure would have enabled South Africa to export and profit from its technologies and skills, and benefit sectors that deliver enhanced energy, food and water security, new high-quality job opportunities, and improved quality of life.

The benefits of building resilience to climate change will be evident in the strides South Africa will have made toward a flourishing and prosperous nation.

Chapter 6

AN INCLUSIVE RURAL ECONOMY

The main challenge facing rural areas is poverty. Combating poverty requires changes in access to resources – land, water, education and skills – and improved infrastructure and other government services.

Levels of poverty in rural areas are on the decline, dropping from 70% in 1993 to 57% in 2008, mainly as a result of social grants and migration to urban areas. However, many rural households remain trapped in a cycle of poverty. Access to basic services has increased, but less quickly than in urban areas. Since 1994, 7.2 million hectares of agricultural land has been redistributed.

By 2030 South Africa's rural communities must have better opportunities to participate fully in the economic, social and political life of the country. To achieve this rural areas should be better integrated through successful land reform, infrastructure development, job creation and poverty alleviation driven by the expansion of irrigated agriculture.

Quality basic services for rural areas, particularly education, health care and

public transport are needed for well-functioning and supported communities that enable people to seek economic opportunities. In areas with the potential agro-processing, tourism, fisheries and small enterprise development should be developed with market support.

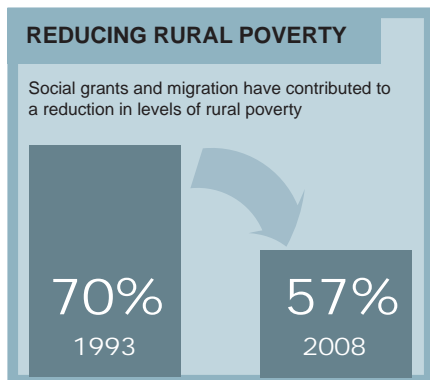
While the primary goal of the rural strategy is to uplift the country's rural areas, it also aims to enable the poor to relocate to cities which offer easier access to services and jobs. To achieve this, specific attention should be paid to improving the skills and education of residents in rural areas.

AGRICULTURE

Farming is the primary economic activity in rural areas, and has the potential to create close to one million new jobs by 2030. Key to this is expanding irrigated agriculture. The 1.5 million hectares under irrigation produces nearly all of the horticultural harvest and some field crops, and this can be increased by 500 000 hectares through the better use of existing water resources and developing new water schemes.

Using some under-used land in communal areas and land reform projects for commercial production will also create jobs. This requires a focus on those commercial agriculture sectors with the highest potential for growth and employment. Increased agricultural production will in turn create jobs in upstream and downstream industries.

Creating jobs in agriculture will not be easy and depends on credible programmes, sound implementation and stronger institutions, including agriculture



AGRICULTURE

1 million new jobs can be created in
AGRICULTURE by 2030



departments in local and provincial government. The effective location of extension officers and their performance should also be considered.

Despite the challenges there is an opportunity to promote food production and raise rural income and employment. White commercial farmers, agribusinesses and organised agricultural industry bodies can help to realise these objectives. A significant effort and resurgence in agricultural training is required.

Jobs and livelihoods in communal areas

About 1.3 million households in South Africa have access to agricultural land.

Agriculture is a livelihood asset for the rural poor and is especially important when other forms of income fall away. Its role in sustaining livelihoods was underdeveloped because of apartheid, and continues to diminish as social grants have increased and employment opportunities have arisen elsewhere. There has also been under investment in areas earmarked for land restitution, which has affected jobs.

There are many opportunities in farming. Better use of land in communal areas could improve the livelihoods of at least 370 000 people. At least 300 000 potential new

job opportunities can come directly from agriculture, if inputs, irrigation and support are available.

Further opportunities will be created if land-reform beneficiaries are properly supported. By 2009 there were 185 858 beneficiaries of the land reform programme and 1.6 million people had benefitted from restitution programmes. If one in three beneficiaries of the redistribution programme farms on a small scale and employs at least two workers, 40 000 jobs will be created. But a large number of beneficiaries of the restitution programme have not been able to settle on the land, or use it productively, in part because they lack infrastructure, inputs and technical support.

Land reform beneficiaries in commercial farming areas have to fund their land purchase upfront, making it almost impossible to farm profitably because of the high debt burden. A stepped programme of financing could address this by giving successful applicants a rent-free probation for two or three years. Should farmers prove capable they will then move to a long-term lease of about 40 years with the full commercial rental phased in. Part of the rental fee could be applied to a sinking fund held at the Land Bank and which could eventually give them full title to the land.

In communal areas securing tenure is also important when land is used to grow crops. The focus should be on cooperating with traditional leaders to secure tenured irrigable land supported by fully defined property rights. This will allow for development and give prospective financiers and investors the security they require.

Expanding commercial agriculture

This type of agriculture has the potential to create 250 000 direct jobs and a further

130 000 indirect jobs by supporting subsectors in agriculture with the potential for long-term and sustainable expansion in production and value-adding processes.

Expansion is driven by higher productivity, but also by demand. Without an increase in demand producing more will put downward pressure on prices, which is bad for employment creation in the sector.

The subsectors that show the greatest potential for development fall into three groups – large labour-intensive industries, smaller labour-intensive industries and large existing industries with significant value-chain linkages.

Large labour-intensive agriculture

Citrus, table and dried grapes, subtropical fruit and vegetables all fall into the large labour-intensive category. In recent years citrus and table grape production have both expanded well. Production of some subtropical fruit has declined, while other kinds have grown. It is generally agreed that the vegetable industry could be one of the largest contributors to job creation and improved livelihoods, with demand for vegetables growing consistently by about 30% over the last decade.

With one worker employed per hectare of

citrus trees, there are about 60 000 workers employed on these farms with considerable downstream labour requirements for fruit packing, transport, warehousing, port handling, research and development and processing. With 100 million cartons packed per year, 40 000 jobs are created seasonally in packing plants, or about 20 000 full-time equivalents. About 10 000 hectares of citrus have been redistributed by the land reform programme but about 70% of these orchards are in distress. These have the potential to create about 7 000 on-farm jobs.

Table grape production has expanded to 23 500 hectares, creating an additional 6 720 jobs with 38 000 workers employed altogether. The export market has the potential for further growth with greatest challenge being market access through trade negotiations and the associated sanitary and phytosanitary agreements.

With respect to subtropical fruit, banana production has declined while avocados have increased significantly. Both have the potential to create more jobs. The banana industry requires technical and financial support to expand, while the avocado industry believes that that production could expand by a further 70% over the next decade, with 30 000 jobs. Currently 50% of

AGRICULTURAL PRODUCTION

CITRUS and TABLE GRAPE production creates many jobs as demand continues to grow



DEMAND FOR VEGETABLES

Demand for **VEGETABLES** has grown by 30% over the last 10 years



avocados are exported, 10% processed and the remainder sold in the local fresh market.

The vegetable industry could be one of the largest contributors to job creation and improved livelihoods with demand for vegetables growing consistently. Vegetable production could expand significantly if access to rural markets was established, transparent electronic trading platforms put in place and if markets in neighbouring countries are made more accessible.

Small-scale, labour-intensive industry

Macadamias, pecan nuts, rooibos tea, olives, figs, cherries and berries all fall into this category. This has the highest potential for expansion across the horticulture sector, as the size of the export market is vast. An estimated 80 000 jobs could be created in these niche industries.

Large non-labour intensive industries with significant value-chain linkages

The grain, oilseed and livestock industries are strategic industries that are important to South Africa's food security, but may be vulnerable to distortions in the international market. Several of these industries have the potential to grow rapidly, for example poultry, which has seen a 68% increase in demand over the last decade, which is set to continue. Related to this, the demand

for animal feed will also grow together with soybeans, yellow maize, sunflower and canola oils.

Expanding agriculture to create one million jobs

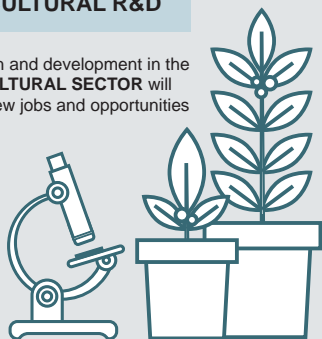
A substantial increase in water resource and irrigation infrastructure to support expanded agricultural production. Providing innovative market linkages will require improved road and rail infrastructure to move farm products efficiently through the value chain as well as improved communication infrastructure, and intermediaries to help small producers achieve economies of scale in production. Systems need to be put in place to encourage exports, and the public sector should adopt preferential procurement measures to support small and medium enterprises and co-operatives.

Other measures include creating tenure security for communal farmers, investigating different forms of financing and partnerships between the public and private sectors and refocusing and investing in research and development for the agricultural sector, with growth in production historically linked to new agricultural technology.

Skills in the agriculture sector must also be improved and extended, with a new cadre of extension officers and skills transfer between farmers.

AGRICULTURAL R&D

Research and development in the **AGRICULTURAL SECTOR** will create new jobs and opportunities



MAKING LAND REFORM WORK

Land reform will unlock the potential for a dynamic and growing and employment-creating agricultural sector. A pragmatic model for land reform based on a set of principles, includes the transfer of agricultural land to black beneficiaries without distorting land markets or business confidence and ensuring that before land is transferred the recipients benefit from incubators, learnerships, mentoring, apprenticeships and

accelerated training in agricultural science.

The model proposes that district municipalities with commercial farming land should convene lands committees with agricultural landowners and key stakeholders in government and the private sector to identify commercial land in the district that can be transferred to black farmers.

DEVELOPING NON-AGRICULTURAL ACTIVITIES

There are several other economic sectors in rural areas that have potential for growth outside of agriculture. These include agro-processing, mining, tourism and fishing.

These activities will be expanded by identifying partners in the agro-processing value chain who can support smallholding development, as well as allocating economically viable fishing rights and reviewing fishing policies to determine the best way to allocate rights to maximise employment.

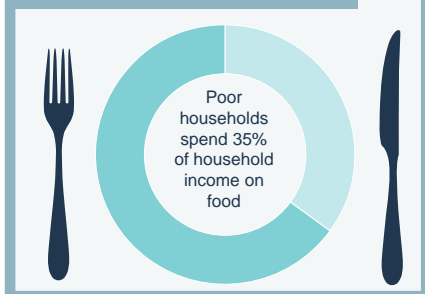
FOOD SECURITY

Food security exists when everyone has access to sufficient, nutritious and safe food at all times. There is a distinction between “national food self-sufficiency”, “food security” and “access to food by poor people”.

South Africa is food secure and has been for several decades. This means it earns a trade surplus from agricultural exports and is able to cover the cost of food imports from those exports.

Household food security is determined by the household’s ability to access food. In rural areas this is best addressed by job creation and agricultural productivity.

FOOD SPENDING IN POOR HOUSEHOLDS



It should be noted as well that poor households feel the impact of food price increases more severely than affluent households as they spend about 35% of household income on food. Further, rural households pay more for a basic food basket than their urban counterparts because of the low volume of sales, limited competition, high transport costs and inadequate storage facilities in rural areas.

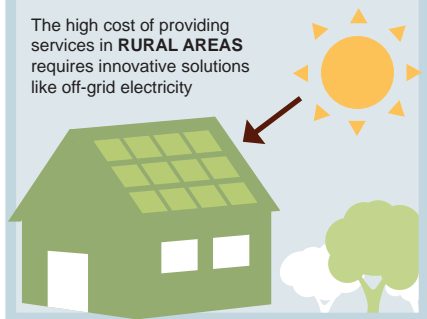
Research shows that it is possible to increase agricultural productivity without improving nutritional status. South Africa’s food security strategy should ensure that increased agricultural employment and rural incomes translate into improved nutrition. There are many recommendations for improved nutrition in both rural and urban communities.

RURAL TOWNS AND GOVERNANCE

Rural areas and towns are diverse and unique with different challenges and opportunities. Some areas are receiving migrants and densifying, while others are sources of out-migration with declining or static populations. Given the differences between rural towns, specifically in former homelands, plans should be developed for each area based on their economic potential.

RURAL SERVICES

The high cost of providing services in **RURAL AREAS** requires innovative solutions like off-grid electricity



The high cost of providing services and infrastructure in areas with scattered settlements and low populations requires innovative solutions, such as off-grid power and dry sanitation. Subsidised public transport should be provided to enable people to access basic needs and state service points.

The performance of local government in rural areas is uneven and weakest in historically deprived areas where it has an important developmental role to play. For rural municipalities it will not always be appropriate or feasible to recruit the full range of expertise they need to succeed. In these instances, it may be beneficial for municipalities to consider using existing utilities, such as water boards, as regional service providers.

Agriculture is a function of both national and provincial government as set out in the Constitution, but it also depends on basic infrastructure and planning decisions that are a function of local government. Improved intergovernmental coordination is needed for better outcomes.

Traditional leadership plays an important role in facilitating communication with citizens to improve the effectiveness of developmental local government. However,

LABOUR RELATIONS

Better relations between **FARMERS and FARM WORKERS** are needed for growth in agriculture



there is confusion when traditional forms of authority are legislated, for example, when land use rights of traditional authorities may duplicate or displace the role of the municipality in delivering services to that land.

FARM WORKERS AND LABOUR RELATIONS

Better relations between farmers and farm workers are needed to support agricultural expansion. Good research into on-farm relations could form the basis for joint solutions between farmers, farm workers, their representatives and government. Labour law depends mainly on unions to monitor and report violations and labour inspectors cannot maintain an overview of all places of employment. Only 13% of farm workers belong to a union, compared to 40% for the rest of the formal sector. Government should investigate the possibility of using the proposed wage subsidy to increase employment on farms and improve working and living conditions for farm workers.

Chapter 7

SOUTH AFRICA IN THE WORLD

Since its historic elections in 1994, South Africa has enjoyed a significant presence in world affairs, regional politics and in Africa. South Africa's foreign policy must be informed by the strategic interplay between diplomatic political, economic, security, environmental and regional co-operative dynamics.

Defining South Africa's national interest and the country's obligations to the global community in relation to the sustainability of the natural environment, the global economy, the international flow of migrants, human freedom and international co-operation will serve as the basis for foreign relations.

The country's strategic positioning in the world must start with establishing greater efficiency and effectiveness in the regimes and institutions in the southern African region, most notably in the Southern African Customs Union (SACU), the Southern African Development Community (SADC) and the evolving Tripartite Free Trade Agreement. South Africa's multiple international affiliations, especially in the BRICS and the global south, and our multilateral relations and the institutions of global governance are the other key priorities.

There needs to be a more comfortable fit between critical domestic socioeconomic demands, regional and continental obligations and international cooperation. If South Africa wants to eradicate poverty, reduce inequality, build a capable state and a cohesive society with high levels of trust among the population, it needs to make its economy more inclusive and accessible, and affirm the country's identity as a leading presence in the region, on the continent and in the world.

In the present and emerging global context South Africa should set five goals. These are to define its national priorities; to aggressively expand trade and investment; to harmonise border policies; to integrate national institutions responsible for foreign policy, international negotiations and monitoring; and to improve human security through effective transnational natural-resource management, especially when it comes to water and energy.

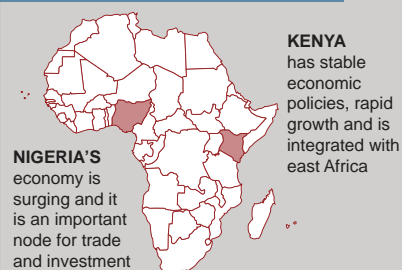
The main objectives in terms of foreign policy-making should be to expand regional, continental and African trade based on an informed understanding of the geopolitics of Africa. With this there is a need for government to develop healthy, consultative and practical relationships with South Africa's research and corporate institutions in order to deploy the foreign service more effectively in pursuit of expanded trade and investment, and to improve the country's leadership role in regional and global affairs.

South Africa and the BRICS

Joining the BRICS (Brazil, Russia, India, China, South Africa) alliance is an important development, which recognises South Africa's role in the economically emergent African continent. Within BRICS, and in Africa, South Africa's relations with China and India are particularly important. China is fast becoming the most active and important foreign actor in Africa.

While the European Union and the United States may well continue to be significant economic partners for African states for at least the next decade, South Africa can play an important role in facilitating exchange between Africa and Asia – especially since

KEY PARTNERS IN AFRICAN ECONOMIC GROWTH



China and India's main interest is the continent's minerals. South Africa has considerable mineral resources, skill in mining, and capacity for related research, as well as a highly developed financial system that could play an important role in facilitating Asian trade and investment on the continent on a mutually beneficial basis. Given the pressing need for food security in the region, international bargaining must include securing investment, diversification and continued progressive development in agriculture and agro-processing.

The Department of International Relations and Cooperation, in collaboration with South Africa's research institutions and professional bodies, should lead a strategic drive to engage China on minerals, mining, research and development and infrastructure expansion on the continent. This collaboration must include maintaining sanitary and phytosanitary standards to ensure that South Africa's products can continue to gain access to European markets.

Cooperation and integration in Africa

South Africa's approach to African integration must be based on positioning the country as one of the continent's powerhouses leading African development and influence in world affairs. At current

growth rates South Africa will lose its status as the continent's largest economy by 2030. Countries like Nigeria and Kenya will expand their existing roles as sub-regional nodes of a continental network of which South Africa, as well as Egypt and Angola, will be important centres. Policy research should engage this urgently, with closer cooperation and deeper integration being the main objectives. The growth of African economies must be a priority, and any achievements in this regard must be promoted and protected.

Nigeria's current economic surge may take time to fully unsettle South Africa as the continent's economic powerhouse, but it may become an important node for Asian investment and trade into Africa. The same is true for Kenya which, while economically smaller than South Africa and Nigeria, has started to grow in key areas, and is part of a rapidly growing and integrating east African sub-region. Kenya is the richest country in east Africa and with almost US\$800 income per capita, it is the closest to meeting the international middle-income threshold of US\$1 000. Given Kenya's stable macroeconomic policies and proximity to India and China, Kenya could join South Africa in the creation of more effective regional production and supply chains across the continent.

South Africa's long term policies should then promote the economic growth of both Nigeria and Kenya as economic powerhouses on the continent and join these countries in shaping the political economy of the continent and its international relations over the next 20 years.

Expanding regional, African and international trade

Evidence suggests that growth in trade between countries dramatically increases prosperity in the world, although lowering

trade barriers between countries may create challenges in the medium term. It is generally accepted that trade has a positive effect on wealth creation. To expand South Africa's wealth and distribute it equitably, the country needs to expand trade into the southern African region as an immediate priority.

The main focus areas for this will be a reassessment of existing regional cooperation and organisation; leading South African businesses into the region and continent; investing in hard and soft infrastructure; and expanding and diversifying trade in agriculture and agro-processing.

Where institutions already exist, there should be a thorough review of standing agreements, especially those of the South African Customs Union and Southern African Development Community. This is required to align South Africa's regional foreign engagements more closely with our national priorities to the mutual benefit of South Africa and its neighbouring states. The review should also aim to strengthen southern African integration into the Tripartite Free Trade Area.

South Africa's alignments, affiliations and strategic partnerships must be consistent with its geostrategic, political and economic priorities.

Deepening integration

South Africa must focus on what is practically achievable without over-committing to regional and continental integration. There is an opportunity to stabilise and grow the regional economy through increased integration and cooperation. This requires effective communication about the benefits of deeper regional and global integration to the people of South and southern Africa. Informing the public about the benefits of foreign collaboration can help to alleviate

the xenophobia that countries may experience when their borders are opened.

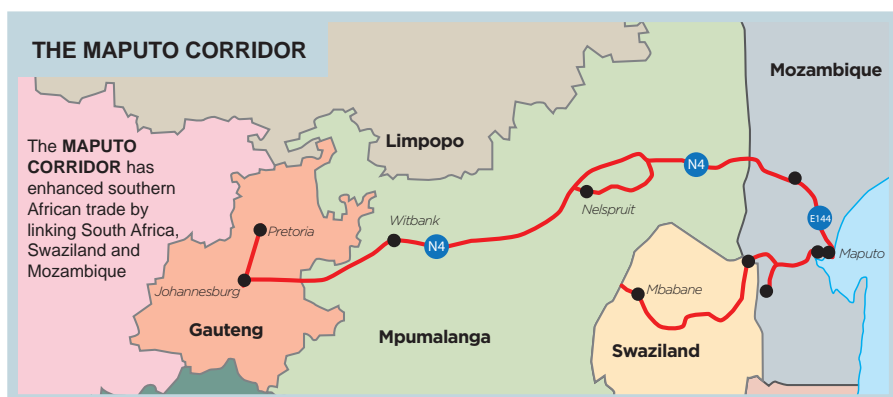
South Africa should try to deepen integration on three fronts at the same time – regionally in southern Africa and sub-Saharan Africa; in Africa in the context of the continent's progress toward political and/or economic union; and globally by strengthening relations with BRICS countries and ensuring that Africa remains part of global production and value chains.

Integration in southern and sub-Saharan Africa, and with the continent, should occur in stages. Civil society and business need to be closely involved as diplomats may strike foreign cooperation deals but it is private companies that trade across borders. There also needs to be a clear understanding of the nature of regional agreements – from customs unions and a common market to regional trade agreements – and their implications.

One specific area for immediate action is representation. South Africa is critically underrepresented in organisations like the African Development Bank and SADC, even though South Africa is a major funder of SADC. The National Development Plan recommends an urgent review of SADC and SACU to address inefficiencies and assess whether the two organisations should be collapsed into one.

The Tripartite Free Trade Area, which aims to bring 27 countries from three African trade blocs into a free trade area, has gained momentum. The first phase will result in an increase in the free movement of businesses across national boundaries. The next stages will be more difficult to agree on and will require strong political and technical leadership.

Liberalising trade and opening South Africa's borders will come at a cost. South



Africa's economy is significantly stronger and more diverse than that of its immediate neighbours. This means that if the country's borders are opened further it may face increased pressure from inward migration. Some countries dependent on trade taxes could face significant declines in revenue and industries could lose market share due to inefficiencies.

For integration to succeed the most appropriate sequence to follow in planning for trade, sectoral cooperation and macroeconomic and currency integration should be agreed. South Africa will have to make strategic trade-offs to implement regional integration and it may need to give up some national opportunities for regional benefit, on the assumption that regional growth will benefit the South African economy.

Facilitating regional trade

Good transport networks, standard procedures for warehousing, customs and clearing and removing blockages at border posts are needed to facilitate regional trade. These contribute to creating efficient supply chains needed for economic growth. The Maputo corridor connecting South Africa, Swaziland and Mozambique is an example of a relatively successful integration and coordination that involved

governments and the private sector. It has stimulated trade, opening up South African markets to Mozambican producers and improved South African access to global markets through Maputo port. Increased economic opportunity and tourism have created jobs and generated income.

Practical transnational cooperation like this confirms that to compete in the world economy both transport systems and trade facilitation are required.

Currency integration

The best developed example of regional integration is the European Union, which demonstrates that trade between countries is significantly enhanced by currency integration. At the same time trade-offs and challenges come with monetary union. Unevenly developed financial systems within the region will count against South Africa in a common currency system, given South Africa's highly developed financial system.

Integration, crime and security

Recent history has shown that trade liberalisation can also open countries up to external threats including cross-border crime, pressure on natural resources like water, the voluntary and involuntary movement of people and the spread of communicable disease.

Cross-border crime that has a significant effect on South Africa and the region includes maritime piracy, which threatens trade as 95% of South Africa's trade volume is transported by ship, and counterfeit drugs which significantly increase the humanitarian crisis in communicable diseases.

With maritime piracy increasing, South Africa should place particular emphasis on combating maritime piracy along the east coast of Africa. As part of the Tripartite Free Trade Negotiations, South Africa should extend the current agreement that allows the South African navy to undertake operations in Mozambique and Tanzania, to include Kenya.

The sale of counterfeit goods results in hundreds of millions of lost tax revenue across Africa each year. The sale of counterfeit drugs is a particular problem because of the health risks that arise and the reduced sales of legitimate drugs. In Nigeria and Angola some estimates are that 70% of drugs in circulation are either fake or adulterated. Fake drugs also reduce incentives to develop new products and decrease brand value and reputation.

Research also shows that foreign direct investment is higher in countries with less counterfeit goods in circulation as multinationals are more likely to invest in countries where their products will not be copied. Stronger legislation, regulation and enforcement should be focus areas to tackle counterfeit pharmaceuticals, along with risk communication to alert stakeholders and the public about fake medicines entering or leaving the country.

Regional cooperation around natural resources

Most of southern Africa faces critical water shortages, requiring urgent transnational interventions. These should be mutually

beneficial for the participating countries, for example, the Lesotho Highlands Water Project and the further development of the Orange-Senqu River to meet Namibia's water needs.

Managing southern Africa's natural resources on a regional, rather than a national basis, helps countries in the region to manage climatic variability and maintain food security as a dry spell in one country that reduces agricultural production may be addressed by production from another. Cooperation between countries could help to make the southern African region more resilient and allow countries to specialise in areas where they have the greatest advantage.

Much of sub-Saharan Africa uses only a small proportion of its available water, suffering from regular droughts primarily as there is no infrastructure to capture and store water for use in dry periods. Similarly there are large areas of unused arable land that are unlikely to be commercially developed unless there is investment in the infrastructure and systems needed to transport produce to markets.

Regional integration can address economic scarcity through targeted policy interventions and public investment.

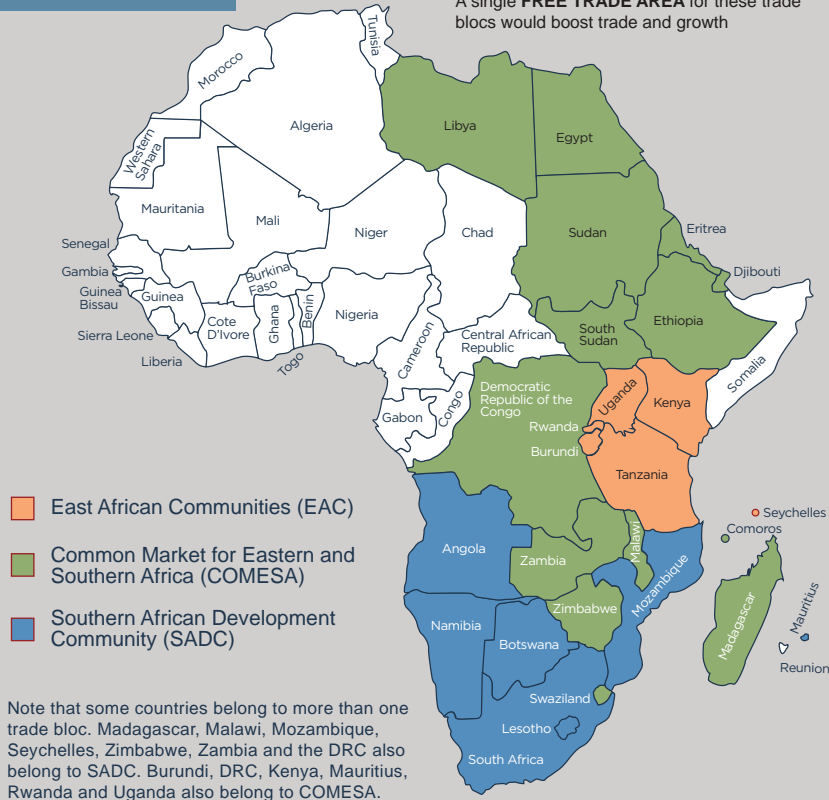
Migration

The relatively unrestricted movement of labour across the region and the continent can contribute significantly to more inclusive economic growth.

Migrants have played an important role in South Africa's economic development since the late 19th century and it is likely that this trend will continue. While exact figures on immigration flows are elusive, South Africa's relatively stable economy makes the country highly attractive for immigrants.

FREE TRADE AREA

A single **FREE TRADE AREA** for these trade blocs would boost trade and growth



South Africa should create incentives for highly skilled workers to take up positions and also to share our own professional expertise in the region. This approach to immigration and migration can be managed through established formal organisations like SADC. A systematic promotion of regional economic growth would create conditions for greater movement of people in the region, with mutually beneficial outcomes.

Strengthening foreign representation

Diplomacy is fundamental to South Africa's success internationally. South Africa requires a sophisticated public diplomacy strategy with foreign policy objectives that match South Africa's position as a middle-income country.

Diplomatic interactions should include experts from private commercial, banking and scientific institutions. Government should gather knowledge about, and coordinate interactions between, local representatives from these sectors and their international counterparts. This is especially necessary in economic diplomacy, where discussions of technical issues can be undertaken by specialists well positioned to reach agreement on the practical steps that need to be taken. Maintaining a role for technical expertise in diplomacy is vital for effective regional and international cooperation and integration.

Chapter 8

TRANSFORMING HUMAN SETTLEMENTS AND THE SPACE ECONOMY

Apartheid planning placed the majority of South Africans far from work, where services could not be sustainably provided, and it was difficult to access the benefits of society and participate in the economy. Since 1994 South Africa has made progress, but is still far from breaking down apartheid geography.

Despite reforms, colonial and apartheid legacies still structure space across urban and rural areas. The National Development Plan proposes a strategy to create the conditions for more humane – and environmentally sustainable – living and working environments. It responds to the Constitution, especially the Bill of Rights that affirms the right of all to a healthy environment and access to adequate housing and basic services.

A fundamental reshaping of the colonial and apartheid geography may take decades, but by 2030 South Africa should see meaningful and measurable progress in reviving rural areas and creating more functionally

integrated, balanced and vibrant urban settlements. This requires South Africa to clarify and pursue a national vision for spatial development and build the required capabilities in the state and among citizens.

PRINCIPLES FOR SPATIAL DEVELOPMENT

There is broad agreement on a set of principles which all spatial development should follow and be tested against. These include:

- Spatial justice – Our history of confining particular groups to limited space and the unfair allocation of public resources between areas must be reversed to ensure that the needs of the poor are addressed first rather than last.
- Spatial sustainability – Sustainable patterns of consumption and production should be supported, and ways of living promoted that do not damage the natural environment.
- Spatial resilience – Vulnerability to environmental degradation, resource

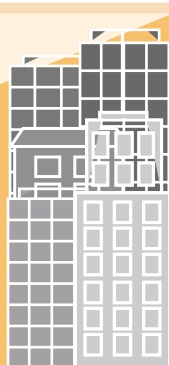
PRIORITIES FOR SPATIAL DEVELOPMENT

- Efficient spatial planning system
- Upgrade all informal settlements on suitable, well-located land by 2030
- More people living closer to their places of work
- Better quality public transport
- More jobs in or close to dense, urban townships



Less than **30%** of adults are employed vs **55%** of adults in cities

One in two households depend on social grants or remittances vs **one in six** in cities



scarcity and climatic shocks must be reduced. Ecological systems should be protected and replenished.

- Spatial quality – Housing and the built environment need to be improved to create liveable, vibrant and valued places that allow for access and inclusion of people with disabilities.
- Spatial efficiency – Productive activity and jobs should be supported, and burdens on business minimised. Efficient commuting patterns and movement of goods and services should be encouraged, with regulatory procedures that do not impose unnecessary costs on development.

A national spatial framework

The national spatial vision or framework should inform development policy to tackle spatial divisions that perpetuate exclusion and growth patterns that worsen economic and logistical inefficiencies. It should guide and inform investment in, and priorities for, infrastructure through a spatial investment framework. It should also manage the movement of people and economic activity, concentrating productive activity, entrepreneurs, workers and consumers in a place without congestion. The national vision is also important for facilitating coordination between parts of government and other agents to define a common spatial future that binds all sectors locally, provincially and nationally.

This national framework will not provide the detail that provincial and municipal frameworks should do. Rather, it is a broad set of principles for provincial and local development which must take into account and respond to differences in each place.

Special projects and areas, which should be supported by a national spatial fund have been identified. The national competitiveness corridor from Gauteng to Durban,

with logistics hubs, road, rail, fuel and other infrastructure, is vital to the future of the national economy.

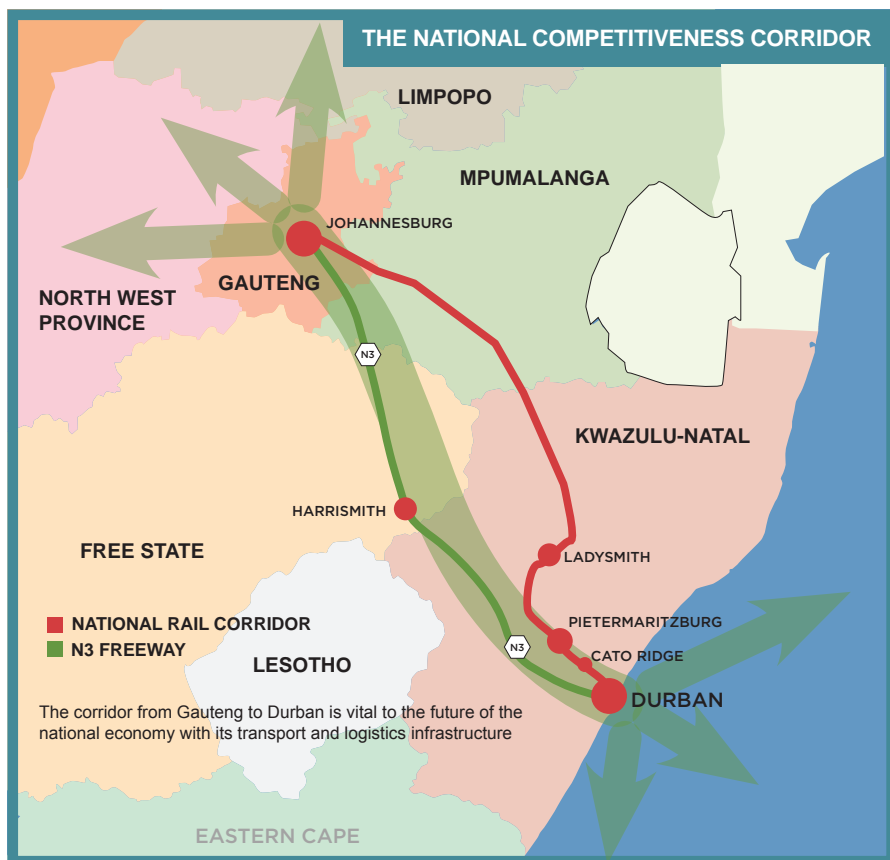
There are also nodes of competitiveness that account for at least 5% of GDP or have above-average jobs growth or potential for high growth. Special attention must be given to their efficient development.

Some rural areas have large populations and require management, institutional development, land and tenure reform, infrastructure provision and economic stimulus. They include densely populated parts of the previous homelands, where there is the potential for viable markets.

There may also be areas with agricultural, tourism or mining potential, but these should only be designated after careful consideration against a set of criteria.

Regions with natural resources that provide ecosystem lifelines to the country may require specific policies to ensure their sustainability. They include areas of highly valued mineral resources (the platinum belt), areas of great importance for biodiversity (the Western Cape), and critical water production areas (catchments along the Eastern Escarpment). Regions with competition between development and environment, or between competing environmental uses (the Mpumalanga Highveld) may also fall under this category.

Transnational development corridors are critical to creating an integrated southern African economy, and require specific interventions around economic stimulus and trade and transport networks. Primary corridors between Gauteng and Zimbabwe, and Botswana and Mozambique should be supported through the Strategic Development Initiative programme.



Special intervention areas have also been identified that require particular forms of state support for specified periods.

Job intervention zones have been identified that have lost more than 20% of their jobs over the past decade, with significant losses to the national economy. The state may seek to stimulate the growth of new sectors, develop new skills or, in extreme cases, promote people moving to other areas. For example, agricultural districts in the Western Cape, the Free State goldfields, the Newcastle-Dannhauser region in KwaZulu-Natal, and the far-west Witwatersrand.

Growth management zones are areas where rapid growth is anticipated and which may require special planning and management. For example, the Waterberg region in Limpopo (where there is new mining development and related industry) and Saldana in the Western Cape (where there is a port and industry).

Green economy zones are areas where short-term state intervention could leverage significant private development. For example, areas in the Northern Cape suitable for solar and wind energy.

The national government will designate these special intervention areas for

SPECIAL INTERVENTION ZONES

Special intervention zones have been identified that require particular forms of state support for specified periods:



JOB INTERVENTION ZONES

Stimulate growth of new sectors, develop new skills or promote relocation



GREEN ECONOMY ZONES

Areas where short term state intervention could leverage significant private development



GROWTH MANAGEMENT ZONES

Areas where rapid growth is anticipated and which may require special planning and management.

spatial targeting. Provincial and municipal authorities should also designate areas for special attention, and integrated funding could allow for this. Municipalities should establish a few transformation zones to act as catalysts and demonstration projects for urban integration and densification, such as inner-city regeneration or the development of large tracts of well-located vacant land.

The institutional arrangements for supporting these zones need further consideration, and may involve public-private partnerships and support from national government.

Cities, towns and rural settlements

A broad discussion on the future of South Africa's cities, towns and villages is required. People from diverse sectors of society will be encouraged to present new ideas, creative designs and alternative proposals to restructure their living and working environments.

Rural areas

The vision for rural South Africa is for vibrant, productive rural communities that create and keep wealth in their areas and also provide benefit to the nation.

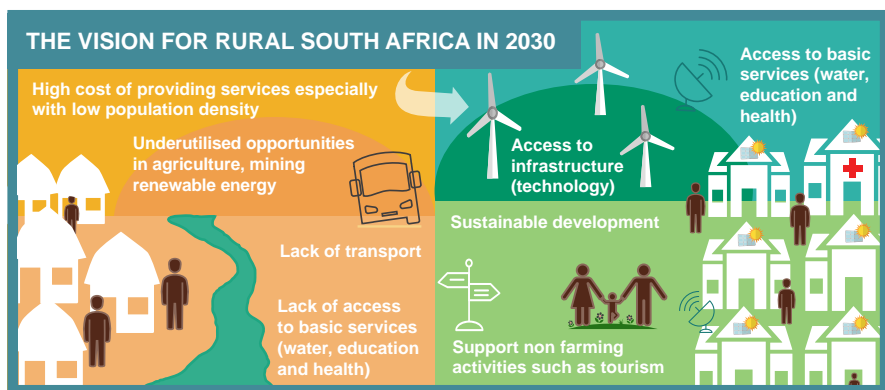
Developmental challenges in rural areas include low levels of economic activity,

low population density and distances that mean the capital investment and cost of servicing each household is very high.

The constitution guarantees basic services and a healthy environment. Service backlogs in rural areas must therefore be addressed. Not all rural areas are the same. Some are remote with few people and little economic activity, while others have an established or potential economic base, and are well located in relation to urban markets and transport corridors. In remote areas, the focus may be on providing access to services and improving connectivity, while in others there may be a rationale for investment in economic infrastructure.

To improve services in rural areas, innovative forms of service and infrastructure should be considered where conventional, fixed infrastructure may be unaffordable. This includes mobile services, renewable energy and ICT, including ICT access in all rural areas. There should be stronger spatial coordination and greater clustering of services in all rural areas, including health, education, transport, welfare and security.

Strengthened systems of governance and management, such as reformed tenure and land management systems, are needed.



Land reform should be spatially targeted towards areas most viable in terms of agricultural land and access to markets, with agriculture and rural enterprise development where there is good market access, especially in peri-urban zones and along major mobility corridors.

New infrastructure is required in areas of densification along mobility corridors and within previous homelands. This should support non-farm activities, such as tourism and mining in areas with proven potential. There should also be a renewed emphasis on the role of small towns as job creation centres.

Rural development, including support for good governance, enterprise and youth development, should be a priority, with targeted investment to support food production systems that build local rural economies and reduce national food security risks. Green economies should be developed in rural areas, especially in relation to producing renewable energy, and sustainable tourism, farming and water-usage.

Urban areas

South Africa needs to rethink planning to deal with social exclusion, environmental threats, economic inefficiencies, logistical bottlenecks, urban insecurity, decaying

infrastructure and the impacts of new technologies.

There is growing consensus around an urban vision. The main challenge is to enable job creation linked to sustainable livelihoods and to establish well-performing human settlements. This should be at the heart of what municipalities do and how they function.

The urban spatial vision has a number of principles and elements. The state should gradually shift its role from being a direct provider of housing to a housing facilitator ensuring adequate shelter and greater access to a wider choice of housing options. The focus should be on improving settlements by investing in public transport, other economic and social infrastructure, quality public spaces and jobs. Where housing is provided, greater emphasis should be on rental housing as many people do not settle permanently in towns and cities, or require temporary accommodation before they do so.

Social diversity should be accommodated in the way that investments are directed and enhanced in the built environment.

In the context of economic uncertainty and climate change, towns and cities

must be designed for long-term resilience and flexibility, with more attention given to citizen vulnerability and safety. City government, business and citizens all need to become efficient in their use of resources, and the ways in which goods are produced, transported and consumed must be progressively greened. Towns and cities also need to keep up with international innovation in technology, transport and energy production, while local urban innovation systems should be incentivised.

Ageing urban infrastructure must be refurbished and core infrastructure like roads, transit, sewers and utilities should be properly maintained. There must be a transition to sustainable infrastructure delivery.

All new developments should support the creation of vibrant, diverse, safe and valued places, and public transport investment should be used to spatially transform towns and cities. The housing programme must be aligned with other public investments transforming the way towns and cities work. It should ensure overall growth of the property market and a more equitable distribution of its value.

Denser forms of development are more efficient in terms of land use, infrastructure cost and environmental protection and should be preferred to urban sprawl. But increased density can raise the cost of land and housing, and this should not burden the poor. This may require implementing inclusionary housing policies, using state-owned land for affordable housing and introducing land value-capture instruments.

Special incentives and subsidies should be designed to make affordable, large-scale high-density housing possible in inner cities, on well-located land parcels, taking into account property markets.

New urban development and infrastructure investments should be focused around corridors of mass transit and existing and emergent economic nodes, applying internationally accepted principles of transit-oriented development. Poor people in urban areas should be spatially linked into the mainstream of city life through investments in transport infrastructure and connecting corridors of development. A mix of race and income groups should be promoted in new housing developments.

Economic hubs supporting diverse economic activities should be developed within historically black townships that have sufficient market size, together with mechanisms that integrate townships into wider economic functioning localities.

Informal settlements provide the poor with affordable access to urban land and housing markets and those that are well located should be upgraded in situ.

More attention should be given to the design and quality of urban public space, and the needs of children and youth.

ENABLING SPATIAL DEVELOPMENT

Many elements of this spatial vision were accepted in 1994, but the real challenge is to implement it and achieve meaningful spatial outcomes. Bolder measures are needed to reconfigure towns and cities and rural spaces.

Reform the planning system

Inefficiencies in administrative procedures for land development should be addressed without compromising careful evaluation of proposals. This should be coupled with stronger enforcement of local planning and building controls.

Municipal and provincial plans, including integrated development plans (IDPs) and their spatial development framework components, should become spatial contracts binding national, provincial and local government. There should also be support for plans that cross municipal, and provincial, boundaries to achieve cooperation in fields such as biodiversity protection, climate change adaptation, tourism and transportation.

Every municipality should have a spatial restructuring strategy linked to measures for implementation, with priority precincts for spatial restructuring.

Incentives and regulations should support compact mixed-use development within walking distance of transit stops, and high density development along public transport routes.

Review the approach to grants and subsidies

State funding should not support the building of more housing in poorly located areas, but should provide diverse product and finance options that will allow for more household choice.

State support should progressively shift from only providing top structures to investing in public space and public infrastructure. Measures should also support housing delivery in the gap market (for those people who cannot afford private finance but earn too much to qualify for a state housing subsidy) by addressing affordability and reducing the cost of housing types.

Make land markets work for the poor

Municipalities need to understand how poor people access land, accommodation and business opportunities. Ways should be found to reduce the costs of accessing and trading land for housing and small enterprises.

Municipalities must have clear strategies and allocate budgets to open up well-located, affordable land for new development. State-funded houses that are transferred to beneficiaries should have clear property rights attached – whether a title deed or clear rental agreements. The eight year sales restriction on state-provided houses should be reviewed.

Create a national spatial restructuring fund

As funding often constrains municipalities from taking bold steps to achieve spatial restructuring, a national fund should be created to provide support for catalytic projects and infrastructure aimed at transforming spatial arrangements. This should be the primary instrument to channel funding into regions and localities according to the national spatial framework.

Support environmental sustainability

Sustainability criteria and environmental ratings should be applied to all infrastructure investment and development applications. Stepped tariffs and targeted penalties should be used to reduce the demand for electricity and water, cut water leakages, eliminate waste going to landfill, and discourage high-consumption lifestyles. Energy efficiency criteria set out in the South African National Standard 204 should be strengthened to achieve a zero-carbon building standard by 2030. Standards should be progressively strengthened to deal with environmental hazards, risks and vulnerability.

Introduce value capture

Municipalities with the necessary capacity should introduce value-capture instruments. These would extract a portion of the additional value accruing as a result of investment by the state for the public benefit

Enhance informal settlement upgrading

The role of existing informal settlements should be recognized and the upgrading

URBAN SPATIAL VISION

The **urban spatial vision** has a number of principles and elements:



Poor people should be spatially linked into mainstream city life through transport infrastructure investment



More attention should be given to the design and quality of urban public space



The state should shift its role from being a direct provider of housing to a housing facilitator



New urban development and infrastructure investment should be focussed around corridors of mass transit



Economic hubs should be developed in historically black townships

of informal settlements improved through specific responses including the rapid assessment and appraisal of all informal settlements; mechanisms to recognise the rights of residence and allow for incremental upgrades; minimum health and safety standards which would be progressively upgraded as regularized informal settlements are brought into the mainstream of urban life; and dedicated capacity at local level for informal settlement upgrading.

Support rural spatial development

Rural spatial development should be supported through developing instruments to address dense settlements outside formal urban areas; a strategy to enhance the developmental role of small towns and spatial coordination to direct funding for service, infrastructure and settlement development into designated rural development hubs. Land reform should incorporate the spatial dimension and research into local and regional food production systems should identify gaps and bottlenecks.

BUILDING CAPABILITIES

Transforming human settlements is large and complex requiring far-reaching policy

changes and shifts in household, business and government practices.

One of the most valuable contributions over the next five years is to build the capabilities for effective spatial decision-making and implementation. These skills are required in local, provincial and national government, educational and research institutions, the spatial professions such as planning, urban design and architecture, and in society at large.

Capability is a broad concept. It includes the institutional architecture, processes and resources needed for effective spatial governance, as well as the required knowledge sets, skills, learning networks, innovation capacity and leadership.

It will take time to create this capability. The short-term priority is to make the existing system work better, through capacity building, institutional coordination and legislative changes. The state must also support the process of building a robust planning system. Accountability systems need to be strengthened to ensure that planning systems are responsive to external pressures for change.

To develop the necessary capabilities, the following is proposed:

- An urgent and comprehensive review of the national planning system. This broader reform should, for example, provide the platform for integration between spatial planning, transport planning and environmental management. It should also foster a much tighter integration of spatial planning and long-term infrastructure planning and finance regimes.
- Improved spatial planning and coordination. Spatial planning responsibilities in national government are scattered across several departments including Rural Development and Land Reform, Cooperative Governance and Traditional Affairs, Human Settlement, Transport, Environment Affairs and Trade and Industry. Strategic coordination should take place within the cluster system and in the Presidency. The framework should also guide spatial planning and coordination.
- The creation of a national observatory for spatial data assembly and analysis, informed by the success and experience of observatories internationally, and at provincial and city-region scale in South Africa.
- Strengthen planning capabilities within local government. This may include the regionalisation of planning and service delivery, or at least arrangements that allow for cross-border sharing of planning capacity.
- Rigorous implementation and monitoring of the Planning Profession Act to ensure proper capability and standards with regard to designing and interpreting spatial policies and strategies. It also relates to implementing land-use management, and the quality of development applications. Particular attention may need to be paid to land use management processes in areas under traditional governance.
- Develop a capability framework for spatial governance together with professional bodies, educational institutions and relevant government agencies. This framework should deal with strengthening the education and training of planners and other spatial professionals, promoting research in the field, effective regulation of the professions, improving the quality of professional work, providing incentives for spatial innovation, continuing professional development, ongoing formative evaluation, expanding scarce skills in urban design, for example, developing communities of practice who develop and exchange knowledge, and enhancing public knowledge.
- Introduce spatial compacts from neighbourhood to city level as a way of building consensus over spatial futures and mediating spatial conflicts. Funding could be linked to the successful negotiation of these compacts.
- Support and incentivise active citizens in the field of spatial development through a range of interventions including properly funded citizen-led neighbourhood vision and planning processes; matching local funding with national funding; youth planning processes; public works programmes tailored to community building and local needs; funding support for micro-initiatives at local level; dialogue

forums involving people from different national and cultural backgrounds; and renewed attention to the People's Housing Process.

- o Require municipalities to provide as much information on local areas as possible on an open-access basis and support citizen training in spatial competencies.

NOTES

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Chapter 9

IMPROVING EDUCATION, TRAINING AND INNOVATION

If South Africa is to achieve the goals of the National Development Plan then increasing the quality of education and training and the productivity of research and innovation is critical.

By 2030, it says, South Africans should have access to education and training of the highest quality, leading to significantly improved learning outcomes. The performance of South African learners in international standardised tests should be comparable to the performance of learners from countries at a similar level of development. Education should be compulsory up to Grade 12 or equivalent levels in vocational education and training.

The education, training and innovation system should cater for different needs and produce highly-skilled individuals. The graduates of South Africa's universities and colleges should have the skills and knowledge to meet the present and future needs of the economy and society.

Innovation is critical for introducing new products into the market and producing goods and services more efficiently. Research and development should be significantly expanded. Collaboration across the South African education system and with internationally accredited institutions should lead to higher levels of innovation.

The education system will play a greater role in building an inclusive society, providing equal opportunities and helping all South Africans to realise their full potential, in particular those previously disadvantaged

by apartheid policies, namely black people, women and people with disabilities.

The different parts of the education system should work together allowing learners to take different pathways that offer high quality learning opportunities. There should be clear linkages between schools, FET colleges, universities of technology, universities and other providers of education and training. There should also be clear linkages between education and training and the world of work.

Lifelong learning, continuous professional development and knowledge production alongside innovation are central to building the capabilities of individuals and society as a whole.

South Africa has set itself the goals of eradicating poverty, reducing inequality, growing the economy by an average of 5.4%, and cutting the unemployment rate to 6% by 2030. Education, training and innovation are critical to the attainment of these goals.

EARLY CHILDHOOD DEVELOPMENT

Early childhood development (ECD) is critical for children to reach their full potential. The benefits include better school enrolment rates, retention and academic performance, higher rates of high school completion, lower levels of antisocial behaviour, higher earnings and better adult health and longevity.

Improving early nutrition has been shown to increase school attainment by up to one grade and adult earnings by up to 40%.

The National Development Plan proposes broadening the definition of early childhood development to cover all the development needs of a child, and using this as the basis for all strategies. Resources should be provided to ensure that children are well cared for from an early age and receive appropriate emotional, cognitive and physical development stimulation.

Two years of quality preschool enrolment for four and five year olds should be made compulsory before Grade 1.

Coordination weaknesses between the different sectors and departments responsible for early childhood development services should be addressed to strengthen collaboration. This includes officials working across departments and sectors on a day-to-day basis. Guidelines, norms and standards produced by the Departments of Basic Education and Social Development should be standardised, taking into account children with disabilities.

Innovation must be encouraged, including piloting of home and community based ECD programmes. State funding for ECD needs to be increased and investment made in training and career-path development.

The Department of Basic Education should take the core responsibility for providing and monitoring of early childhood development, and resources should shift to support this.

BASIC EDUCATION

There have been many successes in the school education system, including providing universal access to the majority of learners, improving infrastructure and equalising resource allocation, providing fee exemption and no-fee schools and expanding the nutrition programme to six million learners.

INVESTING IN PRE-SCHOOL

Two years of pre-school education will deliver:

- Better school enrolment, retention and academic performance
- Less antisocial behavior
- Higher earnings
- Adult health and longevity



There are still shortcomings, mainly caused by weaknesses in teaching, management and school support from district offices, the language skills of learners and lack of cooperation between, especially, unions and the government.

The National Development Plan is aligned with the Department of Basic Education's Action Plan and Vision for Schooling in 2025. It suggest some further areas that need attention.

The role of stakeholders

The common goal of all should be achieving good educational outcomes that respond to community needs and economic development.

Schools should be able to implement policy and, where capacity is lacking, this should be addressed urgently.

Teachers should be recognised for their efforts and professionalism. Teaching should be a highly valued profession. Attention should be given to the continuing development of teachers and promotion of professional standards. Bodies such as the South African Council for Educators and specialist subject associations need to play a greater role in this.

Teachers must have a good knowledge of the subjects they teach and in the language in which they are required to teach. Subject knowledge particularly needs strengthening in maths and science.

The best teachers should be retained and new ones attracted. Bursary programmes for continuing professional development can improve the quality of teaching and help to attract and retain teachers. The pay structure for teachers should encourage them to stay.

The core business of schools is learning and teaching, and the core task of principals is to ensure their school ethos is conducive to these priorities.

Principals need to provide leadership on the curriculum, as well as administration and management.

Teaching in schools can be improved through targeted support by district offices. District offices should also ensure communication and information sharing between the education authorities and schools, and also between schools.

Top performing schools in the public and private sectors must be recognised as national assets. They should be supported

and not saddled with unnecessary burdens. Their support should be enlisted to assist under-performing schools.

Providing meaningful information to parents on their children's performance can enable them to hold schools accountable. Performance tends to improve when parents are actively involved and take an interest in the affairs of the school.

School infrastructure

The Department of Basic Education has guidelines for planning school infrastructure. These should be passed into law to ensure they are not ignored by officials involved in planning, constructing and improving school infrastructure.

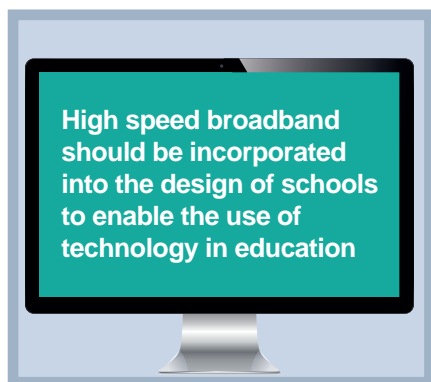
The state should ensure that by 2016 all schools meet minimum standards for infrastructure – including basic services, such as water, electricity and sanitation – and commit to progressively upgrading each school to reach optimum standards by 2030. No-fee schools should be prioritised to compensate for resource deficits in communities, including well-equipped libraries, laboratories, computer and media centres.

Learner safety should be taken into account when planning infrastructure.

High speed broadband should be readily available and incorporated into the design of schools to enable greater use of technology and improve the classroom experience for both teachers and students. The use of mobile phones and tablets should be used to provide learning content.

Curriculum, incentives, inclusivity and language

Disruptive changes to the curriculum



should be avoided. Keeping curriculum changes to a minimum will enable teachers to develop the core skills and competence to deliver the curriculum.

Incentive schemes linked to the annual national assessments should be introduced to reward schools for consistent improvements, for example, by achieving a 10% improvement and maintaining this performance for several years.

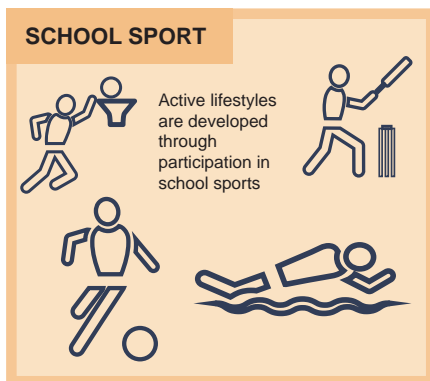
Inclusive education should enable everyone to participate effectively in a free society. All children with disabilities should have access to quality education.

Learners' home language should be used as a medium of instruction for longer and English introduced much earlier in the foundation phase. Training and effective support materials should be available for teachers and learners to facilitate the transition to English as the language of learning and teaching.

Career guidance should be introduced at the senior phase of primary school to ensure that learners are aware of further educational opportunities and can make informed career choices. Programmes to expose learners at the earliest stages of primary school to different careers also should be supported. Career guidance should be an integral part of the school curriculum. This will help reduce the high number of learners who drop out.

Sport, arts and culture

Sports and physical education are part of the all-round development of a learner. Schools are where talent is identified, career choices made (including careers in sport) and habits learnt. Given the growing problem of obesity, the habit of leading an active lifestyle can be developed at a young age. Working with the Department of Sport



and Recreation, the Department of Basic Education has reintroduced school sport. This positive initiative needs to be expanded.

Learners need to be exposed to history, heritage and culture to understand the past, analyse the present and plan for the future. This fosters social understanding and cohesion, which is important for social and economic stability and growth. The arts inspire creativity and innovation and also build social cohesion. A holistic education widens career path choices and develops audiences and consumers in different sectors of the economy. The Departments of Arts and Culture and Basic Education are developing plans to revitalise arts and culture in schools.

Long-term goals for basic education

The National Development Plan says that improving the performance of the education system requires hard work and focus.

Key areas until 2030 should be to improve literacy, numeracy and mathematics and science outcomes, and increasing the number of students able to study maths and science-based degrees at university. The target for 2030 is for 450 000 learners to be eligible. The Dinaledi Schools initiative should be expanded.

Performance in international comparative studies needs improving.

More learners need to be retained – currently, half of all learners are lost by the end of the 12-year schooling period. South Africa should aim for between 80% and 90% of learners completing secondary school or an equivalent level of meaningful vocational training. Compulsory education should be extended to successful completion of Grade 12 or equivalent.

More and better qualified teachers

Despite more teachers qualifying there are shortages, especially in township and rural schools, in the foundation phase and in certain subjects. South Africa needs more teachers to reduce class sizes to improve learner outcomes. For example, 160 000 more teachers would be required to achieve Botswana's ratio of one teacher for every 22 learners. But the quality of teacher training and the calibre of teachers also needs improving.

The National Development Plan proposes expanding training, investigating new ways of attracting teachers, removing entry difficulties for teachers who have left the profession as well as foreign teachers and professionals from other sectors. Policies should allow teachers to be deployed where they are most needed.

The Funda Lushaka bursary programme should be expanded and graduates immediately absorbed into schools.

Teacher development should assist in-service educators to gain confidence and develop skills, and improve subject knowledge. Continuing professional development should be encouraged through subsidising courses outside of term times, exposing teachers to technology and requiring professional certification to be renewed, for example, every five years.

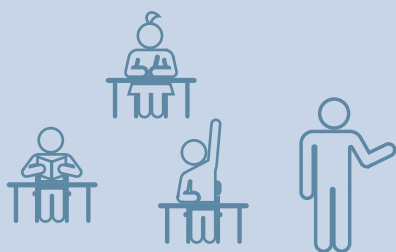
A variety of training providers should offer professional development courses, approved by the South African Council for Educators. Professional associations should be supported to work more closely with teachers to share new ideas and best practice in particular subject areas.

In comparison to other parts of the public service, teacher salaries need to be competitive, and should recognise qualifications, experience and scarce skills in certain subjects or geographic regions. Pay should be linked to career paths and reward good teachers.

Teacher unions

Teacher unions are crucial to improving the education system. Experience in other

SKILLED TEACHERS MAKE A DIFFERENCE



South Africa needs more teachers to reduce class sizes

Policies should allow teachers to be deployed where they are most needed

Teacher salaries should be competitive and reward good teachers



countries shows that without a good level of professional expertise among union leaders, it is difficult to get unions to move beyond the issue of salary increments to the core professional concern of improving the quality of education.

The National Development Plan says the state must investigate ways of working with unions to reach their members and sponsor advanced studies for union leaders as part of a constructive partnership.

The state must assist unions in developing the capacity to implement continuous professional development strategies for their members. Over time, professional development institutes linked to unions should be accredited so that they can offer training that earns points towards meeting the Continuing Professional Teacher Development requirements of the South African Council for Educators.

Improving school management

The role of principals is critical in ensuring that schools are a place of learning and teaching. Suitable, competent and qualified people need to be attracted to principal posts, and should be assessed to identify areas where they would require support and development. Union influence in appointments must end, and the Department of Basic Education and provincial departments must ensure that there is proper human resource management, especially at district offices.

Performance contracts should be introduced for principals and their deputies, and those who repeatedly fail to meet their targets should be replaced.

As school leadership improves, principals should be given more administrative powers, including financial management, procurement of textbooks and other materials, and financial management.

There should be capacity at district levels to support schools to deliver the curriculum. Officials in districts need skills in curriculum management, project management, data analysis, planning, reporting, monitoring and problem solving.

Parents and schools

Schools can be intimidating for many parents of learners, especially in poor communities. Lack of feedback from teachers makes it difficult for parents to monitor their child's progress and engage with the school. This breakdown in the relationship between schools and parents also makes it more difficult for teachers to maintain discipline and hold learners accountable for regular, punctual attendance.

Ideally, there should be a results-oriented framework of mutual accountability where districts are accountable for supporting schools, and schools are accountable to education authorities for their overall performance. Schools should also be accountable to the school community for the performance of the school in relation to an annual school plan. Finally, parents should be accountable for the behaviour, attitude, attendance and work ethic of their children.

School governing bodies have a clear legal mandate to oversee the governance of schools, finances and internal policies, and require more support. Many are hampered by parents' lack of expertise and social status relative to school staff.

Schools should encourage a sense of community ownership. Community members should assist with tasks, such as helping to deliver the school nutrition programme, growing and supplying the school with vegetables and preparing meals, monitoring learner safety, and preventing vandalism and theft.

POST-SCHOOL EDUCATION

The goal is to have a post-school system that provides quality-learning opportunities to young people, adults who want to change careers or upgrade skills, people who have left school before completing their secondary education and unemployed people who wish to start a career.

The current post-school system comprises further education and training colleges, which focus mainly on vocational education and training, private providers at colleges and universities, adult education institutions, universities, and sectoral education and training authorities, generally called the skills development sector. This is underpinned by a regulatory and quality assurance framework.

These institutions can be developed to accommodate more learners and should collaborate to build on the strengths of each other.

South Africa has a Green Paper for Post-School Education and Training (DHET, 2012), which promotes higher education as an expanded, effective, coherent and integrated system. Higher education institutions should be supported by effective regulatory and advisory institutions. There is also a need to build national institutions for science, technology and innovation to develop intellectual capital and spur economic growth and development. This system needs to be supported by effective governance and funding mechanisms to promote coordination and collaboration.

South Africa needs a post-school system that provides a range of accessible options for younger and older people. The system should be capable of adapting to changes in technology, industry, population dynamics and global trends.

Accelerating economic growth requires science, technology, vocational and technical skills, and they need to be produced quickly. To promote lifelong learning, post-school institutions should accept students who are academically less prepared and provide them with targeted support.

The South African post-school system is not well designed to meet the skills development needs of either the youth or the economy. Three times as many students enter universities each year (950 000) compared to those entering colleges (about 300 000). Public adult learning centres have about 300 000 learners studying part-time for Grade 12 and adult basic education training learners. Private providers are playing an increasingly important role, with enrolments estimated at between 80 000 to 120 000 learners. A large number of private providers offer FET courses funded through the skills levy.

Though some institutions perform well and have the academic expertise and infrastructure to be internationally competitive, many lack adequate capacity, are under-resourced and inefficient. Access and opportunities are inequitably distributed.

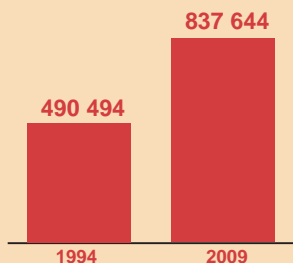
Universities

In 2030, South Africa will have over 10 million university graduates with a minimum of a bachelor's degree, based on the current number of graduates and the targets proposed in this plan. This will be a 300% increase over a 30-year period (2001 – 2030). By 2030, one in six people will be a university graduate.

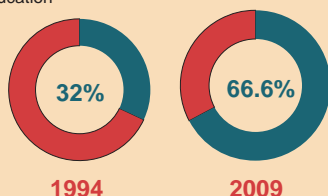
However, the quality of education needs to improve and many of the new graduates need to be in areas such as engineering, actuarial science, medicine, financial management and chartered accountancy. This means more learners must pass matric with maths.

PROGRESS IN SOUTH AFRICAN HIGHER EDUCATION

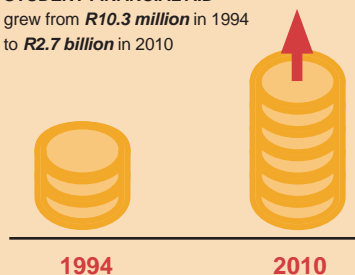
ENROLMENT in higher education has increased by **71%**



More **AFRICAN STUDENTS** are in higher education



STUDENT FINANCIAL AID grew from **R10.3 million** in 1994 to **R2.7 billion** in 2010



The university sector is under strain as student numbers rise, but funding does not keep pace with requirements for lecturers, student accommodation, infrastructure and equipment. The need to improve is underlined when graduates fail to find employment or struggle to attain professional status.

The National Development Plan proposes that the qualifications of academic staff are improved and that by 2030, the percentage

of PhD-qualified staff increases from 34% to over 75%. It says that university lecturers should be recognised teachers.

The target for student enrollment is for 1.62 million by 2030, an increase of 70% from 2010, with 425 000 people graduating from private and public higher education institutions. By 2030 over 25% of university enrolments should be at postgraduate level. International exchange partnerships should be pursued and encouraged. The target is to produce more than 100 doctoral graduates per million per year by 2030. If South Africa is to be a leading innovator, most of these doctorates should be in science, engineering, technology and mathematics. The number of African and women postgraduates, especially PhDs, needs to increase to improve research and innovation capacity and make university staff more representative.

There is an urgent need to provide infrastructure for universities, especially student accommodation.

Universities that have a culture of research and development should be assisted to access private sector research grants in addition to state subsidies and student fees, attract researchers, form partnerships with industry and be equipped with the latest technologies. In turn, they should support postgraduate students, not only in their own institutions but also in those which focus on teaching and learning as well as in other sectors of the post-school system.

Grants based on performance or to build capacity should be given to develop centres or networks of excellence within and across institutions.

Under-prepared learners should be supported to help them cope with the

demands of higher education. These programmes should be offered and funded at all institutions.

The use of distance education should be expanded, using advances in ICT.

Private providers will continue to be important partners in the delivery of education and training at all levels. Ensuring the quality of private provision requires enabling regulation, quality assurance, and monitoring and evaluation of programmes.

Colleges

About 65% of college students are unable to find work experience, which is a requirement for completing National Technical Diplomas. The college sector is intended as a pathway for those who do not follow an academic path, but it suffers from a poor reputation due to the low rate of employment of college graduates. The college sector needs to be expanded, but this must be preceded by clarity about its vision and role.

The priority is to strengthen colleges, address quality teaching and learning, and improve performance. A critical indicator of performance is the throughput rate and the ability of college programmes to provide the skills South Africa needs.

Colleges are the backbone of technical vocational education and training. Their target group includes young people in the FET phase who chose the vocational pathway, adults who want to change careers or upgrade skills, and unemployed people who wish to start a career. Colleges should be strengthened to become institutions of choice for the training of artisans and producing other mid-level skills.

The National Development Plan proposes that the throughput rate at colleges be

UNIVERSITY ENROLMENT

By 2030 25% of
**UNIVERSITY
ENROLMENTS**
should be at post
graduate level



improved to 75% by 2030. This would have a major impact on South Africa's skills profile. The target is to produce 30 000 artisans per year.

Funding certainty will ensure that colleges attract and retain skilled and experienced college staff, and give them job security. Universities should help train college lecturers.

The capacity of FET institutions must be built so they are preferred institutions for vocational education and training. Learners should be able to choose the vocational pathway before completing Grade 12. These should be spread around the country, and distance education with structured learner support will help to improve access.

The college system should be expanded with a focus on improving quality to build confidence and attract more learners. The recommended participation rate of 25% would accommodate about 1.25 million enrolments, compared to the current 300 000.

There needs to be a strong relationship between the college sector and industry to improve the quality of training in colleges and ensure quick absorption of college

graduates into jobs. Industry should provide a framework for developing distance education. This partnership will help colleges identify skills that are needed.

The objective is to decrease the number of young people aged 18 to 24 who are not employed or in education and training by 2030, from the present figure of about three million.

Providers

The state and private sector both have a role to play in providing a diverse range of further education and training opportunities. The starting point must be strengthening existing institutions, with a focus on the college sector, public adult learning centres and technical high schools. Gaps should be identified.

A policy framework should be developed to guide institutions in developing distance education.

Adult education

The adult education sector faces many problems, including a limited curriculum and lack of appropriate formal qualifications. The sector is small with around 300 000 participants, few of whom acquire the General Education Certificate. Many institutions have limited resources and are run on a part-time basis, sharing facilities with schools.

The level of qualifications of teachers has improved as a result of the introduction of an adult education teacher qualification by UNISA. Despite this, there is a high turnover, as teachers are employed on one-year contracts, quality is poor, and there is no regulation and monitoring.

The DHET proposes establishing Community Education and Training Centres which will incorporate the current

public adult learning centres, offering courses ranging from adult basic education to secondary and non-formal education.

Skills development

The sectoral education and training authorities (SETAs) were established in 1997 and funded through the levy-grant system. They are expected to develop the skills needed by employers.

There are 21 SETAs. Problems include poor governance, inadequate human resources, poor administration and financial management, no proper monitoring and evaluation system, no accurate records of the number of people who have benefited from the system and what the impact has been, and limited or no linkages with the post-school sector.

SETAs have facilitated the participation of private training providers in skills development, but this has been mainly in short courses and has not always met the needs of the labour market. Learnerships have helped unemployed people enter the job market. However, the skills shortage continues to choke the economy.

The National Development Plan says the mission, purpose and operation of the SETAs needs to be clarified. The system largely excludes public providers (FET colleges and universities) from providing training funded by SETAs and the National Skills Fund. A related issue is whether SETA funds can be used to fund new and potential employees or whether they are solely for the currently employed in levy-paying firms. SETAs have a crucial role in building relationships between education institutions and the employers.

The role of the skills development levy needs to be resolved. The SETAs have a surplus of about R3 billion while other

bodies, such as colleges and universities, are financially constrained.

Social partners at the National Economic and Labour Development Council (NEDLAC) need to debate whether the government, as a large employer, should contribute to the skills levy.

Private sector firms and SETAs should take national priorities into account when planning and funding training initiatives.

Regulation

Post-school education in South Africa is governed by an array of legislation and institutions. There is duplication, overlap and, at times, incoherence and inconsistency. The quality assurance framework is complex, and overlaps in the regulation and quality assurance system need to be addressed.

Funding higher education

Funding for higher education as a proportion of GDP has declined over the last few years from 0.76% in 2000 to 0.69% in 2009. Additional funding is needed to support an increase in participation and knowledge production.

The Ministerial Committee for the Review of the Funding of Universities considered revisions and these should be based on the needs of a differentiated system, with

adequate provision for both teaching and research.

As the quality assurance and monitoring system matures, greater emphasis should be placed on incentivising graduate output, in line with the international trend towards greater emphasis on output-based funding. However, the risk of discouraging universities from taking students from deprived backgrounds should be addressed.

All students who qualify for the National Student Financial Aid Scheme (NSFAS) should receive access to full funding through loans and bursaries to cover the costs of tuition, books, accommodation and other living expenses. Students who do not qualify should have access to bank loans, backed by state sureties. Both the NSFAS and bank loans should be recovered through the South African Revenue Service. Service-linked scholarships should be available in areas such as nursing, teaching and social work.

Consideration should be given to extending the National Student Financial Aid Scheme to qualifying students in registered private colleges, as an incentive for privates sector expansion.

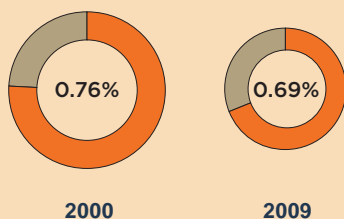
Institutions in chronic distress

The DHET should identify institutions that are in ongoing crisis and provide support for comprehensive renewal plans over five years. If measurable progress towards achieving the objectives is not evident after five years, consideration should be given to reviewing the status of the institution.

NATIONAL RESEARCH AND INNOVATION SYSTEM

South Africa's science and innovation system is small by international standards. The nat-

HIGHER EDUCATION FUNDING IS FALLING AS A PERCENTAGE OF GDP



ural sciences produce the most accredited research (36% of the country's total research output), followed by the humanities (21%) and medical and health sciences (20%). Research and development spending was 0.92% of GDP in 2007. By comparison, Norway spends 1.62%. South Africa has excelled in some areas, but there has been little increase in public sector research personnel, PhD graduates and research outputs.

South Africa's global competitiveness needs to be improved, and the system of innovation has a key role to play. It is the principal tool for creating new knowledge, applying knowledge in production processes, and disseminating knowledge through teaching and research collaboration. There are multiple sites of research and knowledge production, partly or wholly separated from higher education, in industrial laboratories, government departments, corporate research units, parastatals, statutory research councils and NGOs, or through collaboration between these organisations. These should be coordinated to take advantage of new modes of knowledge production, economies of scale and opportunities presented by working across disciplines.

The distribution of research capacity in higher education institutions is skewed in favour of historically white institutions. Black universities have only recently integrated research into their core functions, as have universities of technology. The research and innovation system also needs to contribute to transformation.

The Department of Science and Technology programmes aimed at stimulating research and innovation cover areas such as space science and technology, hydrogen and energy, biotechnology and health innovation, innovation planning and instruments, and radio astronomy

advances. The creation of the South African Research Chairs of the National Research Foundation is an important contribution. Special schools for children interested in science should be established. The Square Kilometre Array (SKA) telescope project gives South Africa the potential to develop its capability in astronomy. There are many other programmes and initiatives that make up a base on which South Africa can build a strong National System of Innovation.

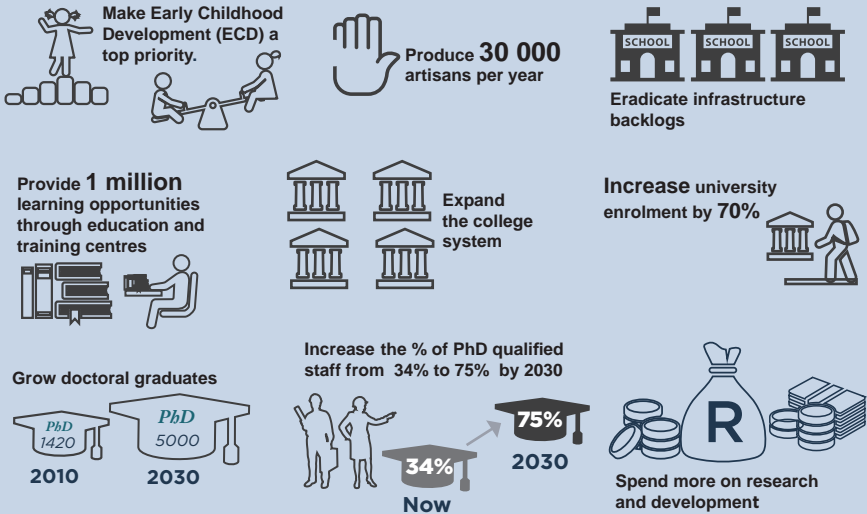
The National Development Plan proposes a single framework to address challenges in the national system of innovation, involving the higher and further education system, state-owned enterprises and private industries. The system needs to work in a coordinated way with broad common objectives aligned to national priorities.

Special consideration should be given to programmes in water, power, marine, space and software engineering, in which South Africa has both comparative and competitive advantages. Companies that focus on such programmes should provide internships for experiential learning, specifically in manufacturing and services.

Research capacity in higher education needs to be expanded and linked to postgraduate studies. Coordination and support for partnerships between universities and other research and innovation sites must improve. The demographic composition of researchers in higher education, research councils and private research establishments must be transformed. Funding and research capacity development programmes should support young, female and black researchers.

There should be more support for postgraduate study at universities, for senior researchers, for partnerships between universities and industry, with a more stable

HOW TO IMPROVE SOUTH AFRICA'S EDUCATION AND TRAINING



funding model for all educational institutions that conduct research.

A policy framework on the critical role of science and technology, the role of higher education in shaping society, and the future of the country and its growth path should be developed, involving the Departments of Higher Education and Training, Science and Technology, Trade and Industry, Public Enterprises, Economic Development, and the National Treasury.

Immigration requirements should be relaxed for highly-skilled science and mathematics teachers, technicians and researchers. All graduates from foreign countries should be granted seven-year work permits. The movement of people, ideas and goods should be encouraged across the east and southern African regions.

The number of school leavers eligible to study science and mathematics-based subjects at university must increase.

A few world-class centres and programmes within both the national system of innovation and the higher education sector should be developed over the next 18 years. The SKA project is an example. These should be in South Africa's areas of comparative and competitive advantage, including indigenous knowledge systems.

South Africa should become a hub for higher education and training in the region, capable of attracting a significant share of the international student population.

The government must create an investment climate that encourages the private sector to compete locally and internationally with innovative products, services and technologies. The freedom of scientists to investigate and of entrepreneurs to innovate is critical.

The government must support collaboration between the business, academic and public sectors. A framework

NOTES

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Chapter 10

PROMOTING HEALTH

All South Africans need to think differently about their health, and work together to create a healthy nation.

South Africans need to make informed decisions to become a healthy nation. They need information and incentives to adopt healthy lifestyles, and they need leaders and influential citizens to be inspiring role models.

Everyone should be encouraged to buy, grow and eat healthy foods, and to do more exercise. This will help to promote the health and wellness needed to prevent and manage lifestyle diseases like heart disease, high blood pressure and diabetes that will otherwise be a major threat over the next 20 years.

There are nine goals and a set of priorities to become a healthy nation. They are to:

- o Increase life expectancy to 70 years
- o Progressively improve tuberculosis (TB) prevention and cure
- o Reduce maternal, infant and child mortality
- o Significantly reduce the prevalence of non-communicable chronic diseases,

including cardiovascular disease (heart disease and strokes), diabetes, cancer and chronic respiratory disease

- o Reduce injury, accidents and violence by 50% from 2010 levels
- o Complete health systems reforms
- o Establish primary health-care teams throughout the country to provide care to families and communities
- o Ensure universal health-care coverage, and
- o Fill posts with skilled, committed and competent individuals.

Tackling the social conditions that affect health and disease

Many social conditions influence our health and the management of disease. If all sectors in our society work together we will be able to change the things that contribute to ill health. This starts with babies, who benefit from extended breastfeeding and ideally should be breastfed exclusively for the first six months.

Child survival programmes and interventions aimed at the social, emotional, cognitive and language development of a child should be introduced earlier.

There is a growing recognition that many policies impact on health, and this should be taken into account in their design and implementation, as health is everyone's responsibility. For example, the functions undertaken by a municipality like providing pedestrian walkways, cycle lanes, parks and street lighting can all have a positive effect on physical activity, which is essential for good health.

Schools also have a central role to play as the best place to instil changes in lifestyles

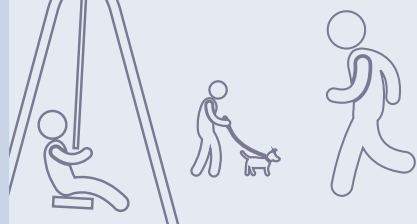
LIFESTYLE DISEASES

HEART DISEASE, HIGH BLOOD PRESSURE AND DIABETES will be a major threat over the next 20 years



TACKLING THE SOCIAL CONDITIONS THAT AFFECT HEALTH AND DISEASE

Every ward should have facilities for exercise and sporting activities



and behaviour. Physical education should be compulsory at school and every school should have a qualified physical education teacher and sport facilities.

South Africans need to be more physically active as part of their culture and everyone should be encouraged to take part in physical activity. To make this possible, municipalities must ensure that the design of cities, suburban areas and rural villages encourages people to run, walk and cycle. Every ward should have facilities for basic exercise and sporting activities.

Strengthening the health system

Actions at different levels are needed to strengthen the health system. Competent leaders and managers are needed at all levels, from clinics to tertiary hospitals and from district to national level. Those who lead institutions must have leadership capability and good technical competence in a clinical discipline. Anyone who does not meet the competency requirements for a job should be replaced.

Overall technical capacity at national and provincial levels should be strengthened. Active engagement in communities is required as functional competence and commitment to quality service must be a priority. Governance and management at

all levels within the health system must be effective and accountable to users and communities.

To strengthen a results-based health system, particularly at the district level, partnerships with the private and non-profit sectors must be boosted.

An important reform is the proposed Office of Health Standards Compliance which will promote quality service delivery by measuring performance against standards for quality. This office will be responsible for ensuring that standards are met throughout the health system with a specific focus on ensuring that common basic standards are met in both the public and private sectors. It will also inspect and certify health establishments and their compliance with prescribed norms and standards, withdraw certification, investigate complaints relating to the health system, monitor indicators of risk and make recommendations for intervention by the national or provincial departments of health.

Improving health information systems

Credible data supports decision-making and system-wide monitoring. The development and management of effective data systems for the health system should be prioritised, and the use of information strengthened.

The national health information system should be integrated with provincial, district, facility and community-based information systems and should link to secure online patient records. National standards for integrating health information systems should be established to facilitate data integration across different financial systems and software.

The development of human resources for health information should also support this

Reduce the disease burden and promote health

ALCOHOL ABUSE in South Africa contributes to our major disease burden and the high accident and injury rates



and ad hoc training should be replaced with ongoing training in this field.

Prevent and reduce the disease burden

It is important to provide comprehensive care, particularly quality primary health care and community outreach, but an integrated focus with three main interventions in needed to reduce the major disease burden.

These are to:

- Prevent and control epidemic burdens through deterring and treating HIV/AIDS, new epidemics and alcohol abuse
- Improve the allocation of resources and the availability of health personnel in the public sector, and
- Improve health systems management by improving the quality of care, operational efficiency, the devolution of authority, health worker morale and by providing leadership and encouraging innovation.

Financing universal healthcare coverage

South Africa's proposals for a national health insurance (NHI) system represent a profound break with the past with the changes being made now laying the foundations for a new health system.

South Africa has a transitional or pluralist

health system, consisting of a tax-funded health system for the majority, and medical schemes for 17% of the population (18.3 million beneficiaries). However, given the large inequities in income in South Africa, spending in the private sector amounts to about half of total health spending. This spending attracts scarce skills away from the public sector with a large proportion of South Africa's specialists, pharmacists, dentists, optometrists and physiotherapists working in the private sector.

South Africa's level of public health spending (4.1% of GDP) is fairly average in global terms, but the country's burden of disease, including the high level of HIV/AIDS, creates additional costs estimated at 0.7% of GDP.

As countries become more developed and richer, their health systems and financing systems typically move from transitional systems to more universal systems, in which a large proportion of health funding is public. In advanced countries, there are three main types of health system:

- National health services in which services are predominantly tax-funded and delivery is mainly through the public sector. The United Kingdom, Spain and Sweden are examples of this.
- National health insurance with mainly public funding, but services are provided by a mix of public and private providers. Australia, Canada, Holland and Germany have these systems.
- Private health insurance, such as in the United States. This model of private health insurance is generally considered to be one of the most expensive and inefficient, and is being reviewed under the Obama health reforms.

When social insurance systems reach universal coverage, the differences between a national health service and a



national health insurance may become blurred. South Africa's national health insurance system will be predominantly based on public sector delivery at first, and mainly tax-funded.

National health insurance is a common endpoint for health financing reforms across the world. Over 100 countries either have, or are moving towards, national health insurance and in many countries it has evolved over decades. As economies strengthen and a growing proportion of the population is employed in the formal sector, a relatively low percentage of the remaining uninsured people are subsidised to bring the entire population into the insurance system.

South Africa broadly supports the principle of universal coverage as outlined in the Green paper on National Health Insurance, with an approach tailored to the local context. The progressive inclusion of private

providers into the publicly funded system is likely to be gradual, given their substantially higher costs. In the early years the focus will be on strengthening public health services, like a national health service-type system. National health insurance in South Africa will involve substantial cross-subsidisation in the early decades due to the high levels of unemployment and income inequality. A process is underway to investigate the best way of financing this.

Health systems must be designed for long-term sustainability. Some countries provide inadequate levels of funding for health services, despite high maternal and child mortality.

On the other hand, poorly conceived health systems can bankrupt companies and governments. Spiralling costs in health systems are easily set off and can be difficult to control. Health systems require many mechanisms to improve their

efficiency and control their costs. Examples of these include primary care gatekeeping, demand management strategies that encourage appropriate self-care, user fees, diagnostic and therapeutic protocols, preferred providers, managed care, and reimbursement strategies.

It has been estimated that between 20% and 40% of health spending globally is wasted through inefficiency.

The success of national health insurance in South Africa will depend on the functioning of the public health system. Improvement should start with the auditing of facilities and the setting of appropriate standards.

Inefficiencies in the private health sector also need to be reduced to control costs. This includes revisiting the Health Professions Council's decision to bar private hospitals from employing doctors. As a result, doctors and specialists establish private practices on hospital premises, attracted by the hospital's investment in infrastructure and equipment. The hospitals refer patients to these doctors, and doctors generate demand for hospital beds. This model leads to over-servicing, which drives up the cost of private health care.

Improving human resources in health

To implement policies that support the health care needs of South Africa, there needs to be a massive and focused investment in training health personnel. Government could incentivise the production of appropriately trained personnel in sufficient numbers within a realistic but short time.

In South Africa there are more health personnel in the private sector, driven by differences in service conditions in the two sectors and linked to the financing of the health system. There are also difficulties in planning for human resource development,

IMPROVING HUMAN RESOURCES IN HEALTH

Training
MIDWIVES could
have an immediate
positive impact in
maternal, neonatal
and child health



because government's human resources administration system (PERSAL) and the health council's registration system do not provide accurate statistics. There is also a lack of posts in the public sector with more graduates being trained than the public sector can absorb.

Several interventions are proposed to improve human resources in the health sector.

Improving primary health care is key and the Re-engineering Primary Health Care policy proposes that there are six community health workers for each primary health-care outreach team. In countries like Brazil, Rwanda, Thailand and Bangladesh community health worker programmes have rapidly increased the poor's access to health care, and improved health outcomes, especially if there are enough community health workers to visit all households regularly and detect health problems early.

To extend the community health worker programme to everyone, South Africa will need over 700 000 community health workers. Community health workers would undertake a range of activities, from rehabilitative and palliative care to treatment, preventive and promotive interventions. They would form the base of

SPECIALIST TRAINING

Specialists in medicine, surgery (including anaesthetics), obstetrics, pediatrics and psychiatry who can improve the quality of **CARE IN DISTRICT HOSPITALS** is a priority



the health pyramid making health care more accessible and equitable, and creating more jobs in the primary health care system. To achieve this model of community-based health care the scope of practice for non-doctors, especially health-care workers and nurses, will have to be enlarged.

The core of the primary health care outreach team will be a professional nurse and a staff nurse working with community health workers. Many more trained nurses are needed, and their skills strengthened, to carry out and support primary health care. Training more midwives and deploying them appropriately in the health system could have an immediate positive impact on maternal, neonatal and child health, reducing mortality.

The rapid expansion and reorientation of nursing training is required, and the policy decision to reopen and expand nurse training colleges supports this. At the same time a curriculum review is needed.

With respect to doctors, specialised medical training is currently out of step with what South Africa needs. Training specialists to improve the quality of care in their field in district hospitals and surrounding health centres and clinics is the priority. They should also be trained to improve the

planning, management and monitoring of district services in their field.

A major change in the training and distribution of specialists is needed, including speeding up the training of community specialists in each of the five specialist areas – medicine, surgery including anaesthetics, obstetrics, paediatrics and psychiatry. Training will include compulsory placement in regions, under the supervision of provincial specialists. Specialists would be based at a regional hospital, but would examine and improve the standard of health care across a system or within the region, including the quality of preventive care, care at primary care clinics and district hospitals, and the referral and transport network.

Reviewing management positions and strengthening accountability

Although the number of people employed in the public health system has stagnated from the late 1990s, the number of people in management posts has grown, with the percentage growth of management posts greatly exceeding the growth of service delivery posts.

Effective performance management frameworks are important. Managing performance and retaining staff should receive as much attention as producing new professionals. Poor management is the reason most doctors give for leaving the public sector. Recruiting skilled professionals from abroad is very difficult in South Africa because of considerable red tape. In the global knowledge-based economy, South Africa is struggling to compete for this scarce resource and this requires urgent attention.

Community representatives have an important role to play in health system governance, and statutory structures

should be bolstered and resourced to include them.

Using evidence to improve quality

Health services are costly. It is essential to base planning, resource allocation and clinical practice on empirical evidence. Evidence-based evaluation, planning and implementation improves the quality of planning. The health workforce, particularly leadership, needs to use evidence in all aspects of practice.

Health work across sectors

Many of the factors that impact on health are outside the health sector. Intersectoral action is a feature of most successful community health-worker programmes. This requires identifying the key categories of health and health-related personnel and their roles, introducing appropriate, practical training programmes, and providing mentoring and support. This will likely require using the skills of experienced NGOs.

Building public-private partnerships

Meaningful public-private partnerships in the health sector are important, particularly for national health insurance. Key issues include the public-private partnership policy environment and the business and financial implications of partnership implementation.

Public-private partnerships should be guided by best practice principles in purchasing, provisioning, procuring and sound financial management of health services. They should create incentives for improving access, greater equity, higher quality, more innovation and serving the poor with efficiency.

Health reforms for quality of life

When implemented together reforms will ensure that South Africans enjoy a better

quality of life. There is a need to mobilise and use resources efficiently. This includes addressing financing inequalities, training and employing more health personnel, improving the physical infrastructure in health facilities, effective supply chain and inventory management practices to ensure health facilities do not run out of essential drugs, better management of patient records and strengthening the delegation of powers to those closest to ground. These are inter-related parts of the health system which require an integrated response.

Private health providers, traditional healers and other sectors play a big role in the health system of the country. Contrary to the belief that private health providers cater for the rich, many poor people use services of general practitioners and private pharmacists. Traditional healers are the first health providers consulted by many people before visiting health facilities. Efforts to ensure that we have a single national health system must acknowledge and draw on the considerable expertise, know-how and resources that private health providers and traditional healers possess.

The different regulatory institutions and professional bodies in the health sector must be strengthened to support these reforms. In some instances different institutions will have to be formed to ensure that we have a well-regulated and ethical health sector that puts patients first. Other regulatory institutions outside the health sector, such as the Competition Commission and the National Consumer Council, among others, must take note of these health goals in pursuing their mandate.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Social protection helps to reduce poverty and inequality by taking care of the most vulnerable in society – young children, the elderly and those who are unable to work – while the capacity of people to participate in the economy and improve their standard of living is strengthened.

South Africa has low levels of formal employment, because access to skills and education was limited during apartheid. The welfare system was also unequally distributed, with elderly Africans receiving their old-age grant payout every second month, while their white counterparts received it monthly.

Now the country needs to pay careful attention to the design of policies to ensure that people are engaged in meaningful activity, and vulnerable groups and citizens are protected from the worst effects of poverty. If apartheid destroyed opportunities for the majority of the population and trapped them in poverty, the challenge for the next 20 years is to rebuild the opportunity structures and help individuals develop the capabilities to live the life they wish to lead.

Social protection measures focus on those who are not employed due to their vulnerable status – children, people with disabilities and the aged – and those who experience labour market vulnerability due to the nature of their jobs or low income levels.

The aim is to define the elements of a social minimum or social floor which together provide a standard of living below which no one should fall. This should cover a person's entire life – from conception by ensuring

Key terms

Social floor

A social floor is a basic set of social rights, including access to essential services (like health, education, water and sanitation) and social transfers, in cash or in kind, to guarantee income security, food security, adequate nutrition and access to essential services.

that pregnant mothers have adequate nutrition, right up to retirement in old age.

The different elements of social protection complement each other and should not be seen in isolation. Coordination is a critical element of the social protection system, and social security, social welfare, education, health, housing, energy and transport policy must work together to benefit individuals and communities, as well as the economy.

Employment is the best form of social protection, but too few people in South Africa have work. Formal employment based on an industrial model of development is unlikely in the immediate term. Thus the approach has to be based on a model that protects the vulnerable and those at risk, while at the same time ensuring economic inclusion through a range of active strategies.

Social protection is both a public and private matter. The government must play an active role in providing this support, but equally individuals need to actively participate and take responsibility for attaining a higher standard of living. Government also has a responsibility to ensure that social protection is affordable and sustainable.

Social protection in a democracy

In 1994 the democratic government inherited a social system that was fragmented along racial lines with a low standard of services for the black majority.

In response South Africa adopted a comprehensive social protection system and established minimum standards linked to a social wage. The system was changed to eliminate racial inequities and introduce some new guarantees and benefits, including non-income transfers and a set of basic services.

Key elements of the system include:

- Social assistance cash grants for children, the aged and persons with disabilities;
- Access to free basic services, such as shelter, water, sanitation and energy for poor households;
- Free education in 60% of schools in poor communities;
- A school nutrition and transport programme;
- Free health care for pregnant women and children under six;
- Statutory social insurance arrangements, such as the unemployment insurance fund (UIF), compensation for injury and disease (COIDA) and the road accident fund (RAF);

Key terms

Social protection

Social protection is the policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets and enhancing their capacity to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age. Grants contribute to social protection.

- Voluntary social security arrangements for those formally employed – pensions and provident funds;
- Policies to help people enter the job market and redress the inequalities due to apartheid;
- Income support for the working-age poor through public works programmes; and
- A developmental social welfare approach, with a focus on individuals, families and communities.

Food security

Ensuring that people have adequate food security is an important part of ensuring a minimum standard of living. Food security begins with maternal health. This includes measures to prevent low birth weight, which has long-term impacts, including impaired cognitive ability and increased vulnerability to various illnesses. Factors such as access to land and sea for subsistence farming also have a role to play.

Major inroads have been made in reducing hunger, but under-nutrition is the more serious problem in South Africa with many people being unable to afford a balanced diet. This is not only a rural problem, since a large proportion of undernourished people live in the metropolitan areas, especially Johannesburg, Ekurhuleni, Cape Town and

HEALTHY FOOD

Under-nutrition remains a serious problem in South Africa with many unable to afford a balanced diet



OR Tambo district. Some rural households have to pay more for the same food basket than in urban areas.

Government has adopted a developmental approach to social welfare provision, in line with the Constitution and the 1997 White Paper on Social Welfare. It includes a focus on the social and economic development of individuals, families and communities. This approach incorporates raising community awareness of social concerns and introducing strategies to reduce and prevent social pathologies.

Social welfare services may be provided by the state, non-governmental organisations and for example, homes for the elderly and the frail, mental health clinics, child guidance services and services related to addictions are provided by government, private providers, non-profit providers and government subsidised providers.

Despite progress in reducing fragmentation in the post-apartheid era, the social welfare sector is struggling with constraints such as a lack of coordination and integration of systems, weak and limited effectiveness of funding and significant capacity deficits. The distribution of and access to both public and private social welfare services remains skewed along racial and income lines, with the wealthy having access to relatively effective private services.

The burden of disease, particularly HIV/AIDS, extremely high levels of violence and extensive poverty affect the ability of families to care for children, persons with disabilities and the aged. The high mortality rate amongst young adults due to HIV/AIDS places a greater burden on the elderly for raising children.

The causes of rising violence require urgent attention. These include heightened levels of addiction, increasing criminality among young

people, gang-related violence in schools and communities, and sexual violence against children and women, especially in poor areas. Demographic trends and human development indicators point to a country with significant levels of social fragmentation, unacceptable levels of social alienation and the breakdown of social institutions.

A VISION FOR SOCIAL PROTECTION

To effectively tackle poverty and inequality, social and economic policies have to work together. Social protection as part of public policy should provide support that reduces vulnerability, alleviates and ultimately prevents poverty, and empowers individuals, families and communities.

By 2030, everyone must enjoy an adequate standard of living. There must be basic social protection guarantees aimed at preventing or alleviating poverty and protecting against vulnerability. These should be easily accessible and available to those who need them the most.

A social protection system is envisaged which:

- Has a defined social floor of goods and services so that households that cannot achieve the basic standard of living are assisted. This can vary between individuals, depending on their age, gender, socioeconomic status, health and abilities. Poverty induced hunger must be eliminated;
- Is responsive to the needs, realities and conditions of livelihood of those who the system is intended to benefit;
- Is built on a principle of using the capabilities of individuals, households and communities and avoiding dependency and stigma; and
- Is flexible and responds to rapidly changing scenarios and the emergence of new challenges (for example, the impact of HIV/AIDS).

The social protection system must cover the entire life-cycle of an individual, from conception through ensuring adequate nutrition for pregnant mothers to retirement by ensuring that old age related poverty is eliminated.

Social protection brings social solidarity to life and ensures a basic standard of living. It also plays an important role in helping households and families manage life's risks, and eases labour market transitions (such as job loss or retrenchment), contributing to a more flexible economy.

By 2030, South Africa should have a comprehensive system of social protection that includes social security grants, mandatory retirement savings, risk benefits (such as unemployment, death and disability benefits) and voluntary retirement savings.

Part of our approach to social protection is through a social wage, which includes no-fee schools, free basic services and subsidised public transport. In addition to creating more jobs in the private sector, a significant broadening of public employment programmes will also help to ensure that fewer households live below a determined income level.

To achieve the objectives of broader social security coverage, the following is recommended:

- An acceptable minimum standard of living must be defined, including what is needed to enable people to develop their capabilities;
- The retirement savings and risk benefit gap should be closed through reforms, including mandatory contributions, with consideration given to subsidising these contributions for low-income or periodic workers;
- Social welfare services should be expanded, with more education and

training for social work practitioners and a review of funding for non-profit organizations;

- Public employment should expand, with a focus on youth and women. It is expected that public employment will provide the equivalent of two million full-time jobs by 2020; and
- A commitment to household food and nutrition security involving public- and private-sector action.

SOCIAL ASSISTANCE - GRANTS

Concerns about the sustainability and affordability of social protection should not crowd out the state's obligation to provide social protection to those who need it the most.

Social grants are available to all children up to 18 and adults over 60 if they pass the means test. The evidence about the positive impact of social grants on poverty reduction is overwhelming. They may be the largest source, or only source, of income in many poor households, and play a vital role in sustaining lives and livelihoods.

The priority should be to ensure that all those eligible for old-age pensions, disability grants and child support grants should receive them.

SOCIAL GRANTS

Social grants are shown to **REDUCE POVERTY**. They are the largest, or only source of income in many poor households



Key terms

Means test

The official process of measuring how much income a person has in order to decide if they should receive a social grant from the government.

The grants are currently targeted through means testing. There are proposals to remove the means test so that each person, by merit of being a citizen, would receive benefits from social protection guarantees. This would accelerate delivery and make it easier to reach those who are currently eligible but who are not receiving the grants. It would cushion millions of families from the effects of household level and economy wide shocks. It would also reduce the administrative burden on the poor.

There are however, also considerable cost implications, which need to be calculated. There are also concerns that this approach may unfairly distort individual efforts.

SOCIAL SECURITY - PENSIONS

Social security is there to provide people with a securely funded and adequate pension on retirement. Contributions to private schemes must guarantee a decent replacement income on retirement. Most social security or insurance schemes are financed out of labour income. However, employment does not offer full protection against the risk associated with loss of income. Some people flow in and out of employment and unemployment.

For some who are in formal employment there are statutory and voluntary social insurance schemes, with mandatory membership and contributions. These include measures which provide protection

against the risks associated with loss of income as well as medical care. There are also voluntary funds that cover retirement for those in formal employment, but most low wage earners are not covered.

An estimated 13 million people are employed, about nine million in the formal sector. Only half of these earn enough to contribute to voluntary schemes. It is estimated that only 10% preserve their retirement funds and can maintain the same level of spending after retirement. Of concern is that 80% of those currently employed will be reliant on state old age grants when they retire.

The old age grant covers all those who pass a means test. All those who move in and out of the labour market or work in the informal economy should be encouraged to save when they are working so that they are not entirely reliant on the old age grant.

Mechanisms for making social security contributions should be available to those outside formal employment.

The private pension scheme system is large with high participation rates, but it has inefficiencies that will require strong government regulation.

Good proposals have been made by the government task team on retirement reforms led by the Minister of Finance. These include improving governance of retirement funds, balancing the contributions to and benefits from all retirement funds, phasing in preservation requirements to improve financial security in retirement and reforming the annuities market.

These will ensure that most of those who are in formal employment and contributing to private, voluntary pension schemes are

SAVING FOR RETIREMENT

Only 10% of people with formal jobs preserve their retirement funds



protected on retirement, and do not have to rely on public finances.

Other gaps need to be closed. There must be protection from the risk of losing a job to discourage early withdrawal of pension funds. It is not feasible to ask individuals to save for retirement when they are faced with immediate needs for food, housing and health care.

The current proposals do not address the issue of bequest motive or intergenerational transfers of pension funds. While it may be argued that at old age, people do not necessarily have dependents, individual savings could play an important role in addressing intergenerational poverty. In the context of high unemployment and an increasing number of orphans amongst other reasons, many old people do have dependents.

UNEMPLOYMENT INSURANCE

The national unemployment insurance fund (UIF) helps those who lose their jobs, and those who stop receiving a salary for a period of time due to maternity leave, illness or taking care of an adopted child under the age of two. Family members are also helped when a breadwinner dies.

OLD AGE GRANTS

80% of **EMPLOYED** people will rely on state old age grants when retired



However, less than 5% of the unemployed are receiving benefits, as the rest have either never worked or have been without work for longer than the benefit period.

While unemployment is rising, the UIF has a growing surplus as revenues are larger than the fund payouts. The Department of Labour has proposed using the fund to provide more protection by increasing the benefits or extending the period of benefits.

There are alternatives to this. One option is to provide assistance with seeking work, training and skills development. Another is to use a portion of UIF to support the unemployed, not only those who have contributed to the fund. It could also be accessed by people in the informal sector, and contract or temporary workers who can prove that they have contributed at some time.

A job investment fund for small, micro and medium enterprise development could also be established, in line with Public Investment Corporation discussions.

Serious consideration should be given to including government employees as contributors to help grow the fund and extend the benefits to those not currently covered by UIF.

COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASE

The Compensation Fund provides medical care and income benefits to workers who are injured at work or with occupational diseases. It is a statutory fund with compulsory membership and contributions, restricted to the formal economy.

This means that some workers without formal contracts and those in the informal sector cannot benefit.

The informal sector and small-scale industries, in particular, are subject to workplace hazards. Most informal sector workers live and work in poor areas, which increases their vulnerability. Many hazardous jobs have also been pushed into the informal economy, for example, recycling products generated by the mining and manufacturing sectors. The formal sector should hold some responsibility for workers' safety in the informal sector.

A number of suggestions have been made to assist workers in the informal economy. These include compiling better data, creating linkages between industries and formal sector funds and insurance and the informal sector, and ensuring a greater role for local government in health and safety.

SOCIAL PROTECTION – COVERING THE INFORMAL SECTOR

Social protection systems need to respond to the growth of temporary and part-time contracts and self-employment. While the government has a role to play in ensuring a decent life for all its citizens, it cannot fulfill this on its own.

Social partners and communities can play a strong role in developing and running social insurance and social protection schemes

STOKVELS

Stokvels contribute to **SOCIAL PROTECTION** and 40% of people belong to stokvels

R44 billion is the value of South Africa's stokvels



for the informal sector. For example, South Africa has a long tradition of stokvels, including community-based insurance. In 2011, an estimated 40% of people belonged to a stokvel, usually for savings or burial purposes. The total estimated value of stokvels is R44 billion.

Incentivising savings products, and private sector insurance products that cover going to hospital and loss of income should be supported. Matching contributions could be provided to those below a certain threshold.

Trade unions can play an important role in ensuring that social protection is available to their members and workers in the informal sector. This includes ways of extending protection to their members when they lose their jobs, and when companies close down without providing severance pay.

DEVELOPMENTAL SOCIAL SERVICES

A robust social welfare system should be one of the pillars of the country's social protection agenda. The poor bear the greatest burden of a heavily constrained social welfare system. The current system needs to be reformed to deliver better results for vulnerable groups. Over the medium to long term, government should implement

SOCIAL WORKERS NEEDED

South Africa
needs 55 000
**SOCIAL SERVICE
PROFESSIONALS**
but only has 15
000 qualified social
welfare workers



reforms that ensure accountability as well as adequate funding for the state-civil society model for delivering welfare services.

Social cash transfers are not sufficient to ensure wellbeing. Other social welfare services are important as part of a coordinated and integrated approach to social protection.

The state's partnership model relies mainly on NGO welfare organizations to provide professional social services. Funding has declined steadily since 1994, reducing the range and quality of services, while demand has increased. The scale and complexity of poverty, social fragmentation and lack of social support systems has meant that increasingly, the burden of care has fallen on the poorest communities and on women and the elderly, often leading to a sense of powerlessness and social isolation. The state also has to ensure that NGO providers do not take advantage of vulnerable groups and that they provide the correct benefits.

The skills deficit in the social welfare sector needs to be addressed. This means increasing the numbers of social workers, auxiliary or assistant social workers, community development workers and youth care workers. It is estimated that

close to 55 000 social service professionals are required to meet the country's social welfare needs, but there are only 15 000 registered qualified social welfare workers. This is partly due to poor working conditions and lack of funding.

South Africa needs to confront the reality that social services are critical for improving social integration and human development. The current model of shifting the burden of care, treatment and rehabilitation to the NGO sector and the poorest communities is not working, given the scale of social fragmentation and loss of purpose.

Statutory services for children, young offenders, the elderly, those with mental health problems and people living with disabilities need well-thought out state and community interventions. Complex social problems require professional interventions to deal with the symptoms and causes of social pressures, most evident in schools, workplaces and neighbourhoods plagued by gang warfare and households afflicted by violence, including the abuse of women and children.

Issues of disability need to be integrated into all facets of society, and equitable service provision for persons with disabilities must be insured.

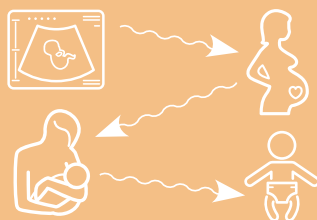
HOUSEHOLD FOOD AND NUTRITION SECURITY

Addressing household food and nutrition security is a low cost way of underpinning livelihoods, wellbeing and developmental growth. It will help bring down the future costs of health care and improve education outcomes.

It is critical to address nutritional needs through the first 1000 days – 270 during a women's pregnancy and 365 days in each

FIRST 1000 DAYS

The right nutrition in the 1000 days between conception and a child's second birthday builds the foundation for good health and development



of the first two years of an infant's life – if we are to reap the benefits of good health and development. Poor dietary intake, food insecurity and the poor quality of basic services are major problems exacerbated by HIV/AIDS.

Nutrition in South Africa is about realising children's full potential, and building healthy families and a thriving nation. This requires multi-sector partnerships to reduce malnutrition and accelerate efforts for children to thrive.

A household food and nutrition security road map should be produced, covering food grants, fortification, pricing, education and home gardens. It should target mothers, babies and children. A campaign should be launched to strengthen existing policies in respect of breastfeeding, the first 1000 days programme, vitamin A distribution, fortification monitoring, food banks and access to social grants for mothers of children under three years and school feeding programmes.

LABOUR MARKET PRACTICES

Employment is the best form of social protection. Income support should be combined with active labour market policies as well as assistance and incentives that help people find employment.

Public works programmes, activation policies and other enabling programmes are aimed at job creation and employment and offer incentives to ensure sustainable economic activity. Proposals should focus on building strong incentives and systems to assist the unemployed to access jobs, incentives for older workers to stay in employment, incentives for employers and entrepreneurs in relation to job creation, training and skills development and reducing prices (particularly transport costs).

Public employment

Public employment programmes provide a bridge between social grants and sustainable employment. The Expanded Public Works Programme (EPWP) has created more than 500 000 job opportunities. It was intended to provide a training component, but it is now recognised that it is difficult to provide training through such programmes.

Newer programmes include incentives to municipalities that meet employment targets, incentives for NGOs and the Community Work Programme. These enable communities and organisations to determine how they create jobs. Public employment should do more than transfer income by empowering people to contribute to their communities.

Employment services

Employment services should assist the unemployed to find work and skills development opportunities, and help employers recruit new employees, especially low-skilled workers. Private employment and placement services play a significant role. There are concerns about labour regulations and workers' rights, which should be addressed through better regulation.

The Department of Labour's regional offices has small-scale services, finding placements

for people with disabilities, facilitating on-the-job training, and assisting enterprises that employ people with disabilities.

Training and skills development

The current skills development system operates at a small scale, despite there being adequate financial resources to expand. At the end of the 2010/11 financial year there was an estimated R3.8 billion surplus from the skills development levy.

Skills development programmes can play an important role in facilitating entry into the labour market. A study on the first five years of the skills development strategy found that more than 50% of the young people surveyed moved from the learnership programme into employment before finishing their training, and 50% of those who completed their training moved into full-time employment.

Activation

There is no incentive structure to encourage employers to hire and train unemployed workers. The employment rates for young people are low and declining. Strategies to provide incentives for these unemployed people to seek and take up work and for employers to create new jobs are critical to address the problems of unemployment and poverty.

Employment incentives have been used in many countries and it is clear that they are a critical policy instrument. There are both positive and negative aspects and it is critical to minimise the negative aspects.

Funding active labour market policies

Apart from training and skills development programmes, which are funded through the levy paid by employers, all the other strategies will require funding from the fiscus. Public funds are not unlimited and choices will have to be made. The challenge is to improve the efficiency of these

programmes, cut down on duplication and ensure they are properly targeted at those who would benefit most.

The Expanded Public Works Programme (EPWP) should be targeted at low-skilled adults who are unemployed. The programme serves as unemployment assistance and protects this group from the risks associated with job losses or long term unemployment.

Youth with senior secondary education and above should be targeted by programmes that provide incentives to employers to hire and train them. After a year or two in a subsidised job that is complemented by relevant training, they will gain experience and their wages will increase, enabling them to graduate from the subsidised programme.

The skills development programmes can be used to target young people and encourage them to acquire additional educational qualifications and skills. A large number of unemployed young people have less than senior secondary education level. Unless this improves, their labour market prospects will remain poor. This group should be re-engaged through proper education and training programmes.

Whilst there is agreement that the economy needs to grow to create jobs, high unemployment rates constrain economic growth. The EPWP is sometimes expected to be a panacea for unemployment and also enhance employability of the participants. Lessons from an evaluation of the programme have shown that this is an unrealistic expectation. EPWP has an important role to play but it cannot be the only instrument to address unemployment.

Chapter 12

BUILDING SAFER COMMUNITIES

Personal safety is a human right. It is a necessary condition for human development, a good quality of life and enhanced productivity. When communities do not feel safe and live in fear, the country's economic development and people's wellbeing are affected.

South Africa's crime rate, although showing a downward trend is still too high.

A future is envisaged in which South Africans feel safe at home, school and work, and can enjoy community life free from fear. Women and children can walk freely in the streets and children can play outside. The police service is well resourced and professional.

Achieving this vision requires a well-functioning criminal justice system, in which the police, the judiciary and correctional services work together to ensure that suspects are caught, prosecuted, convicted if guilty, and securely incarcerated and rehabilitated. There are five priorities to achieve a crime-free South Africa – strengthening the criminal justice system,

making the police service professional, demilitarising the police, rehabilitating prisoners and increasing community participation in safety.

STRENGTHENING THE CRIMINAL JUSTICE SYSTEM

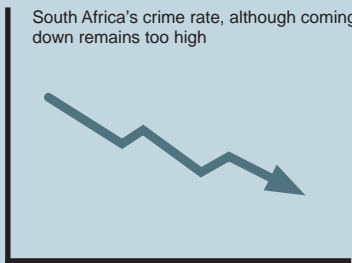
Public confidence in the criminal justice system is necessary to prevent crime and increase levels of safety. This is eroded by perceptions that criminals escape the law, that arrests do not lead to convictions, or that prisoners escape easily from courtrooms or correctional facilities. The most effective deterrent to criminality is an efficient and effective criminal justice system.

The 2007 Review of the South African Criminal Justice System recommended a seven-point plan that was adopted by Cabinet. The government departments responsible for justice, crime prevention and security should align their strategic objectives with this seven-point plan. There are seven transformative changes to the criminal justice system which require full, integrated and holistic implementation to achieve the stated outcomes.

A single vision and mission for the criminal justice system should be adopted with a single set of performance-measurement targets. A new and realigned single coordinating structure for the criminal justice system from Cabinet to each court should be established. The head of this will be appointed from the Executive and will have coordination and management functions but not executive powers. Substantial changes are required to the present court process in criminal matters through practical proposals that in the

CRIME TRENDS

South Africa's crime rate, although coming down remains too high



short and medium term will improve the performance of courts, especially the regional courts.

Other transformative changes include establishing an integrated information and technology database containing all information relevant to the criminal justice system. This will include reviewing and aligning the template for gathering information relating to the criminal justice system.

Modernising all aspects of systems and equipment in the criminal justice system requires fast tracking, with technology used to increase efficiency and end bottlenecks. This should include investigation-docket management systems, court case management systems and parole management systems, including the monitoring of parolees to ensure better integration and rehabilitation. Technology for preventing and investigating crime should be prioritised to prevent crimes from happening in the first instance, and to expedite investigations through increased forensic capacity, better crime scene investigation and analysis of current and future threats to safety.

The public must be involved in the fight against crime by introducing changes to

community police forums. This will include expanding their role to deal with all matters in the criminal justice system such as policing outcomes, support to correctional supervision of out-of-court sentences, and parole boards.

To succeed the seven-point plan must be well-coordinated, with dedicated budgets and an implementation plan involving all departments in the justice, crime prevention and security cluster. Its aspects must be executed in tandem with stipulated timeframes and evaluated against intended outcomes. The overall implementation of the plan must be evaluated annually and assessed against its objectives.

PROFESSIONALISING THE POLICE SERVICE

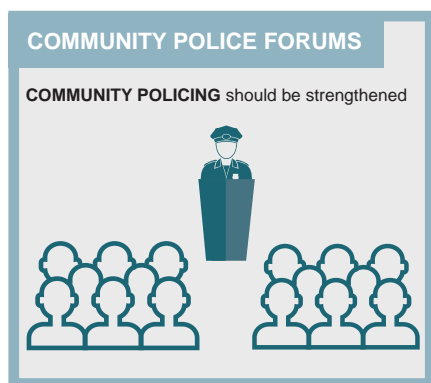
Professional police uphold the integrity of the police service. They are knowledgeable about the law and their roles, carry out their functions competently, and understand their responsibility to serve communities. In this way, they earn public respect and support and the rule of law is upheld by citizens.

The police must be professionalised by enforcing the South African Police Service code of conduct and a police code of ethics, appointing highly trained and skilled personnel, and establishing a body to set and regulate standards.

The police code of conduct

The police code of conduct should be included in the disciplinary regulations and performance appraisal system. Members of the police service should all sign a copy of the code of conduct and checks should be held to ensure that it is well understood and practiced.

Disciplinary cases involving a breach of the code should be dealt with as a priority.



CODE OF CONDUCT

Members of the **POLICE** should all sign a code of conduct



Police service members charged with misconduct should be required to leave their station immediately until allegations are tested and cases finalised.

A code of professional and ethical police practice should also be developed and prescribed through regulations. Police are professionals, working in a skilled occupational group to protect the public in one of the only agencies mandated to use necessary coercive force. Ethical conduct must be practiced to maintain the public perception of policing as a professional institution. The professional police practice code should state that the officers' fundamental duties are to the Constitution. They are to serve the community, safeguard lives and property and respect the constitutional rights of all to equality and justice.

The code should also prescribe the off-duty obligation of police officials to honour the badge as a symbol of public trust. Internal and external oversight bodies should be able to request a review of the professional ethics of an individual, unit or section of the police and law enforcement agencies.

Recruitment and promotion

A national policing board should be established, with multidisciplinary expertise

SENIOR APPOINTMENTS

The **NATIONAL COMMISSIONER OF POLICE** and deputies should be appointed by the President on a competitive basis



to set standards for recruiting, selecting, appointing and promoting police officials and officers. The board should also develop a code of ethics and analyse the professional standing of policing, based on international norms and standards.

A two-stream system should be developed to create a high calibre of officers and recruits who are capable of being trained for effective professional policing. The basic police stream would allow for the recruitment and selection of non-commissioned officers, who can progress through training and experience to the positions of warrant officer or inspector, or any level below a commissioned officer.

Direct recruitment to the officers' stream should be based on set criteria, followed by further training and testing for candidate officers. Officers should be commissioned when all criteria are met. The basic stream and officers' stream could be flexible, allowing aspiring officers to work towards meeting the criteria for appointment to the officer corps. Similarly, officers should lose their commissions if they fail to meet the standards.

The National Commissioner of Police and Deputies should be appointed by the President on a competitive basis.

A selection panel, established by the President, should select and interview candidates for these posts against objective criteria. The President should appoint the National Commissioner and Deputies from recommendations and reports received from this selection panel. This would enhance the incumbents' standing in the eyes of the community and the respect accorded them by their peers and subordinates.

A culture of professionalism

There must be a renewed focus on strengthening the capacity and training of detectives and specialised investigators, particularly in the fields of forensics, ballistics and crime scene investigations. These specialised units should be deployed when and where they are most needed – during peak crime periods and in high-risk areas. Specialised units staffed with highly trained and professional police officers should be re-established to respond to changing crime trends such as narcotics, cyber crime, human trafficking, crimes against women and children, and international crime syndicates.

Technology development has greatly influenced crime. Bank robberies can now be committed using computers anywhere in the world. Social networks lure victims and into pyramid schemes through sophisticated international scams. Police training needs to keep abreast of these developments, and partnerships with the private sector and universities would increase police competence in these areas.

Officers should be deployed according to crime patterns and trends and officers should be available outside office hours to direct operations, investigate crime and supervise staff. Office hours should not apply to policing. Senior staff should always be available to resolve crime matters with

speed and efficiency. Community policing as a philosophy and practice should be emphasised and strengthened in police training programmes and systems for evaluation of police effectiveness.

Demilitarising the police

Civilianising a highly militarised and politicised police force was a transformation objective after the 1994 elections. It was considered necessary to professionalise the police, establish healthy relationships between communities and police and develop confidence and trust in the police. Reforms to police insignia, ranks, policing methodologies and the introduction of sector policing were all undertaken.

From 2000 however, the police service gradually started resembling a paramilitary force. This was formalised with the reintroduction of military ranks in 2010 which took place against a backdrop of increasing violent crime, high levels of community frustration and fear, and a perception that the old military police ranks would command greater respect from communities. However, these arguments are inconsistent with the police's mandate in a modern democracy and neglect the challenges of developing greater competence and skills in the police to respond to growing complexity and changing patterns of crime.

The police will earn public respect if they are efficient and effective, and display a professional approach to combating crime. The culture of the police and a professional ethos are interlinked. Ethos relates to the skills and competence of the institution and culture relates to the approach, values and discipline of its members.

The South African Police Service should be demilitarised. This is a short-term objective which should happen in the immediate term.

A HOLISTIC VIEW OF SAFETY AND SECURITY

An effective response to violent crime requires a holistic approach to community safety that takes the causes of crime into account and responds to them. This is often considered too complex and long term. However, sustainable community safety is a long-term issue. It requires coordinated effort and the participation of other government departments, local government and civil society.

To develop a framework for community safety and crime prevention, three interrelated factors must be considered:

- Underlying root causes, such as poverty, inequality, unemployment, and a variety of temptations and motivations to engage in criminal activity;
- A lack of social cohesion, including inadequate care of children and a failure to accept and internalise “good” societal norms are leading causes of crime; and
- Opportunity and motive: for example, the availability of targets like vulnerable people or properties; the availability of weapons; situational factors including spatial or environmental design, and the availability of accomplices.

An effective safety strategy will involve taking a “systems view” of all these factors and pinpointing the interventions that will greatly improve safety.

Any significant decline in crime should be evaluated and the reasons examined, so that it can be maintained, repeated and increased. For this to succeed greater community involvement should actively be encouraged especially from vulnerable sectors.

SAFETY FOR WOMEN, GIRLS AND YOUTH

Gender-based violence in South Africa is unacceptably high. This has consequences

for women and girls and their ability to achieve their potential in every sphere of social and productive life. Gender-based violence seriously inhibits women's ability to enjoy rights and freedom on the basis of equality with men. It also impacts transgendered communities and gays, and lesbians have been severely affected.

Qualitative indicators need to be developed to measure the progress made to secure the safety of potential victims of gender based violence and existing quantitative measures need to be expanded to include all categories of vulnerable people.

An overall approach to eliminate gender-based violence is to address all facets of society that cause and condone such behaviour. An effective criminal justice system is also needed to address gender-based violence whenever it takes place. But preventing it requires the efforts of all sectors of society to address the social, economic and political inequality among men and women.

Cultural and religious practices which condone inequality of the sexes to the extent that gender-based violence is tolerated and encouraged should be addressed head-on by government, religious and cultural bodies, and society as a whole.

GENDER-BASED VIOLENCE

QUALITATIVE INDICATORS

need to be developed to measure the progress made to secure the safety of potential victims of gender-based violence



Safety of children

Children's rights to a safe and secure environment are protected by the Constitution but South Africa is challenged to realise this constitutional imperative, particularly considering the number of child-headed households and Aids orphans in the country.

The safety needs of children and girls need to be recognised in the policies and practices of government departments. This includes designing infrastructure, like the design and location of toilets and other public facilities and amenities, which are not always planned for the privacy and safety of girls.

School safety

School authorities and local government should take responsibility for the safety of learners, children, teenagers and youth within their specific mandates. The safety of learners at school and in the community requires a well coordinated approach between the education department, police and local government.

Challenges include gangsterism, which is growing in South Africa, and drug and alcohol abuse. Drug and alcohol abuse, crime in general and gang activities are among the main reasons for learners to

drop out of high school. Safety of learners, girls in particular, should be components of any safety audit and should form part of minimum standards for schools. School governing bodies should appoint an official to assess safety measures and make recommendations for their improvement.

Safety of youth

In South Africa, the youth are often the main victims and perpetrators of crime and young, black males are most affected. Young people should therefore be engaged in programmes that promote taking responsibility for their own safety. Resources to do this should be mobilised from the public and private sector, creating a partnership to support a long-term programme.

An analysis of murder victims should be used to inform a homicide prevention strategy that should direct the interventions of the police and other relevant departments. Alcohol and substance abuse, as well as anger management for youth should be implemented at an early stage in schools and as part of diversion programmes for youth who are at risk of offending. Research shows that the majority of murder victims in South Africa are African men, and the largest proportion of victims are aged between 21 and 30. Alcohol or drugs are consumed by almost 30% of victims.

The South African Police Service should produce an analysis of murder, assault, rape and all categories of contact crime as a standard tool for crime prevention strategies. This analysis should be made available to the broader crime prevention community to promote timely interventions and community supported strategies. The relationship between drugs, alcohol and violence requires an in-depth study and specific projects should be developed by the justice, crime prevention and security cluster.



Rural safety

The full set of services from the criminal justice system that is offered in urban areas is not readily available to rural and farming communities. A national rural safety strategy was crafted by the South African Police Service to address these risks. This strategy is aimed at farmers, farm workers and the broader rural community. The National Rural Safety Strategy of the South African Police Service should be implemented in full. Communication tools and early warning systems should also be prioritised and technology and social media could be used for this. Safety and crime prevention training and capacity building workshops should be provided to farmers and farm workers jointly.

Improving prisoner rehabilitation

Rehabilitation in prison may not be achieved if prisons are overcrowded and conditions are poor. Instead this may result in a relapse into criminal activity or recidivism.

Recidivism is mainly caused by barriers to community re-entry upon release. Prisoner re-entry into the community is a problem for many reasons. First, the number of prisoners released has increased considerably over the past two decades. This has had an adverse effect on crime management and reduction since overcrowding of prisons in itself can lead to increased crime. Second, the communities to which offenders return are less stable and less able to provide social services and support to large number of returning prisoners. Third, there are not enough prison rehabilitation programmes available to meet inmate needs in terms of quantity and quality. Finally, the focus is on supervision and monitoring rather than casework and support by parole and release officers of prisoners re-entering society. This has compounded the problem of lack of programmes.

Key terms

Restorative justice

This focuses on the rehabilitation of offenders through reconciliation with victims and the community at large.

Addressing overcrowding of prisons is a priority community safety issue. The plan recommends that substance-abuse treatment during imprisonment is stepped up given the relationship between drug abuse and the commission of crime in the broader society and education and training programmes should be extended to increase the chances of employment and reintegration of released prisoners. Community organisations should be equipped to assist with sustaining the rehabilitation of former prisoners.

Overcrowding of prisons should be addressed as a matter of urgency. Building more prisons is extremely costly and will not address the situation of overcrowding in the short to medium term. The best way to address overcrowding is through assessment, categorisation and placement of prisoners in appropriate “out of prison sentence” programmes and correctional supervision based on clearly defined and objective criteria.

The population of awaiting-trial prisoners must be reduced drastically. Increased use of technology is important to monitor awaiting-trial prisoners to ensure attendance in court and prevent at-risk suspects from committing crime or endangering community safety. The use of tagging and tracking of awaiting-trial prisoners should be explored as an alternative to incarceration.

Youths in prison should be addressed by Correctional Services as a priority focus for

NOTES

Law enforcement provides the institutional mandate required to improve safety. However, it does not, and cannot, provide a total response. South Africa has to mobilise its communities to play a role in their own safety. The private sector already supports local initiatives, providing technological support with closed-circuit television cameras or information technology. Private security initiatives carry out joint operations with police and take part in joint patrols and check points with neighbourhood watches. These initiatives should be supported and extended.

Safety involves the criminal justice system, local government, community, and private sector and role players involved in economic and social development. Only an integrated approach will make safety and security a reality for South Africans in 2030.



Chapter 13

BUILDING A CAPABLE, DEVELOPMENTAL STATE

Transforming society and the economy is not possible without a capable and developmental state. Critical interventions are required to build a state capable of realising the vision for 2030.

Since 1994, South Africa has made significant progress in building the structures of a democratic state. The fragmented apartheid governance structures have been consolidated into a system designed to serve developmental objectives. The composition of the public service and local government has been transformed to better represent the entire population. Democracy has laid the basis for greater accountability of the state to its citizens, and there is a crucial role for Parliament and Chapter 9 institutions in exercising oversight, holding government to account and enabling public participation.

The state has also successfully restructured public finances, created an effective tax system, and built an independent and credible reserve bank. There has also been significant progress in the provision of basic services, such as housing, water and electricity.

The foundations have been laid, but weaknesses also constrain the state's ability to pursue developmental objectives.

Gaps in skills and professionalism affect all elements of the public service. At senior levels, reporting and recruitment structures have allowed for too much political interference in selecting and managing senior staff. The result has been unnecessary turbulence in senior posts, which has undermined the morale of

public servants and citizens' confidence in the state. At junior levels, there has been insufficient focus on providing stimulating career paths that ensure the reproduction of skills and foster a sense of professional common purpose. The state needs a clear vision for where the next generation of public servants will come from and how specialist professional skills will be reproduced. Weak managerial capacity and lack of leadership prevent these issues being addressed.

South Africa has also struggled to achieve constructive relations between local, provincial and national government. A lack of clarity about the division of responsibilities together with a reluctance to manage the system has created tension and instability across the three spheres of government. There is no consensus on how this is going to be resolved and there is a lack of leadership in finding appropriate solutions, but these coordination problems are not unique to South Africa.

A developmental state brings about rapid and sustainable transformation in a country's economic and social conditions through active, intensive and effective intervention in the structural causes of economic or social underdevelopment. Developmental states are active and do not simply produce regulations and legislation. They constantly strive to improve the quality of what they do by building their own capacity and learning from experience. They also recognise the importance of nurturing constructive relations with all sectors of society, while insulating themselves from capture by sectional interests.

There are eight areas, discussed below, where targeted action to build a capable and developmental state is particularly important.

Stabilising the political-administrative interface

Following the end of apartheid, there was good reason to give political principals wide-ranging influence over the public service to promote rapid transformation of a public service that had previously represented a minority of the population. Having achieved significant improvements in the representivity of the public service, attention now needs to shift to ensuring that the public service is adequately equipped to play its part in transforming society.

The Municipal Systems Amendment Act of 2011 introduced a prohibition on municipal managers, or senior managers who report directly to the municipal manager from holding office in a political party. This suggests a growing recognition of the need to achieve a clearer demarcation between the administrative and the political in the interests of good governance.

Many of government's best-performing institutions are characterised by their stability of leadership and policy approach. However, lack of clarity about the division of roles and responsibilities between political principals

and administrative heads often undermines this stability. Although public servants work for elected leaders, their role is non-partisan and the potential to forge a collective professional identity as public servants requires that this distinction is kept clear. In South Africa, the current approach to appointments blurs the lines of accountability.

Proposals to stabilise the political-administrative interface include:

- Strengthening the role of the Public Service Commission (PSC) in championing norms and standards, and monitoring recruitment processes;
- Creating an administrative head of the public service with responsibility for managing the career progression of heads of department, including convening panels for recruitment, performance assessments and disciplinary procedures;
- Using a hybrid approach for top appointments that allows for the reconciliation of administrative and political priorities; and
- Using a purely administrative approach for lower-level appointments, giving senior officials full authority to appoint staff in their departments.

STABILISING THE POLITICAL-ADMINISTRATIVE INTERFACE



Strengthen the role of the Public Service Commission



Create an administrative head of the public service



Give senior officials full authority to appoint staff in their departments



Use a hybrid approach for top appointments that reconciles administrative and political priorities

Making the public service and local government careers of choice

The public service should attract highly skilled people and cultivate a sense of professional common purpose and a commitment to developmental goals. To achieve this, South Africa needs a two-pronged approach to building a more professional public service from the top and the bottom. It needs to increase the pool of skilled people by ensuring that the public service and local government become careers of choice for graduates who wish to contribute to the development of the country, and ensure that high level staff are recruited on the basis of their suitability for the job.

A professional public service is one where people are recruited and promoted on the basis of merit and potential, rather than connections or political allegiance. This requires rigorous and transparent recruitment mechanisms. However, the public service will not be effective if it is elitist and aloof. Public servants need to have an in-depth understanding of the sections of society with which they work. A highly skilled public service should also be representative of, and connected to, the communities it serves.

Building a skilled and professional public service requires a vision of how public servants' experience and expertise will develop during their careers. Recruitment and promotion processes need to emphasise skill and experience, and the state needs to focus on its role in producing and enhancing skills. This can be achieved through:

- o A formal graduate recruitment scheme for the public service;
- o A strategy to recruit high-calibre staff into local government;
- o Making adequate experience a prerequisite for senior posts;
- o Developing a long-term perspective on training and management; and

CAREERS IN GOVERNMENT

The public service and local government must become **CAREERS OF CHOICE** for graduates who want to contribute to the development of the country



- o Improving the system for skills development.

Developing technical and specialist skills

Services cannot be delivered without people with the necessary specialist skills – whether they are nurses, doctors, engineers, planners or artisans. There is a shortage of professional skills in government, particularly at the local level.

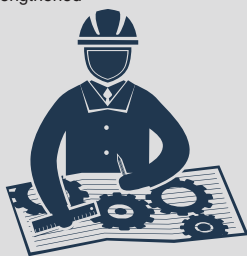
Municipalities require engineers to build, maintain and operate infrastructure. Even when these functions are contracted out, municipalities need the technical expertise to commission and oversee contractors.

Efforts to extend access to basic services have not been accompanied by a comparable focus on ensuring the emergence of skilled professionals. In the apartheid era, the state played an active role in producing professionals. Graduate engineers and trainee technicians could enter the public service and obtain sufficient recognised experience, under the guidance of a qualified professional, to enable them to register as engineering technicians and professional engineers.

As the initiator of many major infrastructure projects, the public sector was best placed

TECHNICAL SPECIALISTS

The state's role in developing technical specialists must be strengthened



to plan such recruitment and training programmes. Many entrants were on public-sector bursaries, with an obligation to work to pay them back. Although such bursaries may still be funded, the public service can seldom provide the required professional training since most work is contracted out and there are few qualified professionals available to provide direction and supervision. The problem of ambivalence towards skill in the public service also means professionals in government institutions feel undervalued.

The state's role in developing technical skills should be strengthened, career paths developed for technical specialists, and procurement systems must deliver value for money.

Strengthening delegation, accountability and oversight

Measures to professionalise the public service and local government administration need to be accompanied by measures to improve accountability. Since 1994, South Africa has focused on devolving responsibility to departments and municipalities, so that ministers, premiers, mayors, departmental heads and municipal managers can make, and take responsibility for, decisions. However, this model has been pursued without adequate

attention to the systems of support and oversight that enable those in leadership positions to lead effectively and be held accountable when things go wrong. In practice, decentralised authority requires effective systems of support and oversight.

Greater attention also needs to be given to support functions in areas such as human resources and procurement. The weakness of these functions has resulted in central management seeking to retain control of operational units and a reluctance to delegate. As a result, authority has tended to remain centralised at the top of government departments and municipalities. The problem is made worse as many political principals have not taken full advantage of the opportunity to delegate responsibility for day-to-day administrative matters.

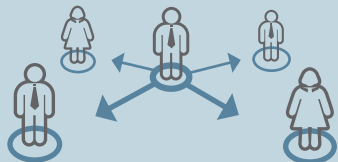
Decentralising authority to ministers and their heads of departments will not be effective unless it is accompanied by greater delegation within departments. Effective delegation enhances staff morale, particularly for middle management who are given the authority to make day-to-day decisions.

Staff need to have sufficient confidence in their own abilities to trust their judgement and delegate where appropriate. This needs to be backed up by effective systems for performance management, so that oversight can be maintained and weaknesses identified at an early stage.

The lack of effective delegation slows down decision-making and impedes implementation. Decisions are often out of touch with operational realities, and support services become unaccountable because they operate at a remote centralised level. Accountability is weakened when paperwork has to be signed by multiple

DELEGATION

Greater delegation within the public service will speed up **DECISION MAKING AND IMPLEMENTATION** and enhance staff morale. Staff need to trust their own judgement and delegate where appropriate.



people or at multiple stages in the process. Streamlined processes are needed, that maintain checks and balances, while clarifying accountability and making it easier for departments to take decisions.

Interdepartmental coordination

The challenge of improving coordination runs throughout all sections of government. Too often departments pursue competing objectives, there are gaps where no department takes responsibility, or areas where departments could be more effective if they worked together and drew on each others' strengths. Coordination problems can be particularly acute where it has to take place both between departments and across spheres of government.

The temptation is to create new structures, such as interdepartmental clusters and implementation forums. While these structures have an important role to play, it is a mistake to assume that all coordination problems can be resolved through high-level coordination mechanisms.

Government is inherently complex. It is unrealistic to expect complete coherence on everything and so prioritisation is important. Coordination mechanisms need to be used sparingly and strategically. High-level coordination meetings are needed

where other mechanisms have failed, but this cannot be the standard approach. To improve coordination, the National Development Plan proposes a two pronged approach that distinguishes between routine and strategic coordination.

Routine coordination is particularly relevant where the problems relate to implementation more than policy formulation. This requires that responsibility is delegated to officials at appropriate levels, together with the necessary guidance. This means moving away from a hierarchical system where it is expected that all coordination agreements will be formalised at the highest level.

Some coordination problems arise because of disagreements between departments or gaps that no department is dealing with. In these cases high level coordination needs to take place on strategic issues. Both the cluster system and the Presidency have a role to play in strategic coordination.

Improving relations between national, provincial and local government

South Africa's intergovernmental framework is still new. The nine provinces were formed in 1994 and the local government system of wall-to-wall municipalities was only established in 2000. There have been extensive debates about whether the basic structures set out in the Constitution are the right ones, or whether restructuring is required. This has drawn attention away from the pressing question of how to make these structures work effectively and deliver for all.

The Constitution sets out the distribution of powers and functions between national, provincial and local government, but no document can lay out every feature of the intergovernmental system. The Constitution provides a set of principles for how the system should operate, not a manual for turning those principles

MORE POWER FOR METROS

Additional powers for metropolitan municipalities should be phased in to support control over the **CORE BUILT ENVIRONMENT FUNCTIONS** like transport and housing



into reality. These include principles of subsidiarity and differentiation that allow for an important degree of flexibility in how the Constitution is applied. It takes time and experience to identify the best way of realising these principles.

South Africa has frequently witnessed distrust and conflict between the different spheres of government. This has replaced efforts to collaborate in order to overcome obstacles. The experience of other countries suggests that building effective relations between the different spheres of government requires time, effort and will.

At the heart of the challenge is the need to clarify the division of roles and functions, and ensure disagreements are resolved quickly and effectively, as this will make coordination and cooperation easier. Areas that require specific focus include developing a differentiated approach to district municipalities and regional service providers that is responsive to local circumstances, phasing in powers for metropolitan municipalities to support more comprehensive control over the core built environment functions, and developing a more focussed role for provinces.

Strengthening local government

The ability of local government to meet

its development mandate is central to many of the objectives of the National Development Plan. However, municipalities have often found that expectations exceed their financial and administrative capacity. To support local government, national government needs to shift towards developing an enabling framework focussed on developing systems to strengthen local government. This could include operational guidelines for routine tasks and staffing frameworks for different municipal functions. Guidelines like these could deepen accountability by making it easier to identify where resources are being misallocated or processes mismanaged.

Improved capacity building for local government and better intergovernmental relations will also strengthen the ability of local government to deliver services efficiently and effectively. Among the proposals to strengthen the intergovernmental system is that metropolitan municipalities should be given full control of built environment functions as long as they have suitable capacity.

The role of citizen participation to strengthen democracy and ensure that local government remains responsive to citizens is also emphasised. This should include meaningful participation in the development of municipal Integrated Development Plans that involve communities in prioritising the use of resources and making trade-offs. Civil society and citizens groups should also be able to make use of the data that is available in order to hold local government accountable.

Strengthening the governance of state-owned enterprises

South Africa needs to be served by a set of efficient, financially sound and well-governed state-owned enterprises (SOEs)

that address the country's developmental objectives in areas where neither the executive arm of government nor private enterprises are able to do so effectively. These enterprises must deliver quality and reliable services at a cost that enables South Africa to be globally competitive. To live up to these expectations, SOEs will require clear public-interest mandates, which are consistently enforced.

To improve the performance of SOEs, their task needs to be simplified. Asking enterprises with limited capacity and resources to address too many different priorities at once is setting them up to fail, particularly when they have to work through complex or unpredictable governance structures.

A broad set of reforms will ensure sustainable improvements in the performance of state-owned enterprises. Firstly, each state-owned enterprise needs a well defined and transparent mandate that sets out its role and how its activities serve the public interest. Given that these enterprises exist to serve the public interest, it is important that the mandate is precise about what public good the enterprise provides and how it serves the public interest.

For the large state-owned enterprises involved in economic infrastructure provision,

their mandate should also include the imperative of financial viability and sustaining their asset base and balance sheet in order to maintain and expand services.

Secondly, a clear and straightforward governance structure is needed for state-owned enterprises. This involves clearly identifying and managing the government's roles in policy-making, ownership of utility assets, and regulation of prices and quality of utility services. Consideration needs to be given to how these different roles are allocated to ensure a sustainable balance between short-term and long-term priorities and coordination between different policy priorities.

Thirdly, a long-term strategy must be formulated to develop the policy and technical expertise that state-owned enterprises need to carry out their mandate.

IMPROVING GOVERNANCE

A clear and straightforward governance structure is needed for **STATE-OWNED ENTERPRISES**



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Chapter 14

FIGHTING CORRUPTION

To achieve its developmental goals, South Africa must develop a society with zero tolerance for corruption, in which citizens are able to hold their leaders to account.

In a democracy political leaders and public officials have to account to citizens for their actions, through a system of checks and balances including Parliament, oversight institutions and the judiciary.

Building integrity is an essential part of good governance. The Constitution calls for public servants to maintain a high standard of professional ethics. Political leaders and public officials should conduct themselves at all times in a manner that would bear the closest public scrutiny.

South Africa has high levels of corruption, which is defined as the misuse of an official position for personal gain in both the public and private sectors. Corruption wastes money and leads to poor quality services and reduced access to services, especially for poor communities. State systems of accountability are not always effective, which enables corruption to thrive. This is an issue for society as a whole and anti-corruption efforts need to target those giving bribes and those accepting bribes.

Overcoming corruption requires political will, sound institutions, a solid legal foundation and an active citizenry that holds public officials accountable.

The vision for 2030 is a South Africa that has zero tolerance for corruption. It will be a society in which citizens do not offer bribes and have the confidence and knowledge to hold public and private officials to account,

and in which leaders have integrity and high ethical standards. Citizens should speak out against corruption and the media must fulfil its investigative and reporting function to expose corruption in the public and private sectors. Anti-corruption agencies must have the resources, independence from political influence and powers to investigate corruption, with their investigations acted upon.

Achievements since 1994

Corruption was widespread during apartheid, but since 1994 steps have been taken to counter corrupt practices and put in place ways to make people accountable. The Constitution provides for access to information and administrative justice, and the Promotion of Access to Information Act and the Promotion of Administrative Justice Act were passed in 2000 to give effect to these rights. These laws provide the basis for open, transparent and accountable government. Other laws that can be used to fight corruption include the Prevention and Combating of Corrupt Activities Act (2004), Public Finance Management Act (1999) and the Municipal Finance Management Act (2003).

South Africa also has institutions that deal with corruption and hold public officials to account, such as the Auditor-General and the Public Protector established in terms of

Key terms

Accountability

When someone accounts for how they have carried out the responsibilities given to them and how public money has been spent.

chapter 9 of the Constitution to strengthen democracy. Several anti-corruption agencies are operating with solid skills and political commitment.

Strengthening the multi-agency anti-corruption system

Fighting corruption requires an anti-corruption system that is well-resourced, operates freely from political interference and has the support of citizens.

Agencies with a mandate to fight corruption are the South African Police Service (including the Directorate for Priority Crimes Investigation), the Special Investigations Unit, the Assets Forfeiture Unit (based in the office of the National Director of Public Prosecutions), and the Public Service Commission. The Public Protector and the Auditor-General also investigate corruption, although this does not form part of their core mandate.

The mandates and functions of all agencies should be reviewed to reduce overlap and improve coordination. More specialist resources should be provided to allow agencies to investigate corruption, with special prosecutors and courts to speed up resolution of corruption cases.

Agencies should be required to conduct public awareness campaigns in partnership with NGOs on the effects of corruption on service delivery and how to report cases. The multi-sector National Anti-Corruption Forum also needs to be strengthened and better resourced. Political statements of support for anti-corruption efforts need to be backed by commitment to providing sufficient resources and taking action against corrupt officials.

Procurement and tenders

The Office of the Accountant General in the National Treasury is responsible for

TENDERS

Tenders offer opportunities for corruption in both the **PUBLIC AND PRIVATE SECTOR**.

Proposals to reduce corruption include a system of review by the Auditor-General and Parliament



promoting and enforcing the effective management of revenue and expenditure in departments, and monitoring the proper implementation of the Public Finance Management Act and the Municipal Finance Management Act by state institutions. This includes setting and monitoring procurement standards and practices. Procurement systems should deliver value for money and enable effective government, but tenders also offer opportunities for corruption in both the public and private sectors.

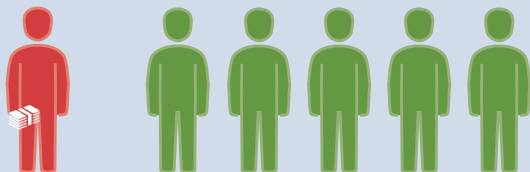
Proposals to reduce corruption include having a tiered system of review for tenders, depending on their value. Tenders above a certain amount should be reviewed by the Auditor-General and the Parliamentary Standing Committee on Public Accounts, with a public hearing to exercise oversight over the award process. The Auditor General's Office should be empowered to investigate the value for money of tenders.

Strengthening the accountability of public servants

Public officials administer public resources on behalf of society, and they should be managed in an efficient, transparent and accountable fashion. South Africa has developed ways to manage integrity and promote ethical conduct, including the public service code of conduct in the public

PUBLIC SERVANTS AND CORRUPTION

Many **GOVERNMENT EMPLOYEES** and their spouses have been involved in government contracts despite rules preventing this, and the practice of public servants using their office to set up future business opportunities is a problem. Corrupt officials should be made individually liable for losses



service regulations, the financial disclosure framework and supply chain management prescripts. However, these have been poorly implemented and departments are slow to respond in preventing and combating corruption.

Many government employees and their spouses have been involved in government contracts. This is despite rules in the public service code of conduct to prevent officials from engaging in transactions that may result in improper personal gain or are in conflict with their official duties.

Senior managers are obliged to disclose their financial interests. However, many do not do this, with very few consequences. Departments do little with the information they receive, besides forwarding it to the Public Service Commission. There are also many other public servants with business interests who are not required to disclose these, and this needs to be addressed. The practice of public servants using their office to set up future business opportunities is a problem. It is also common for officials found guilty of corruption in one department to surface in another.

Strengthening the accountability of the public service requires more consistent implementation of existing rules. Proposals

include instituting an accountability framework that links individual public servants to their responsibilities, in proportion to their seniority, and making the rules restricting the business interests of public servants more specific and clearer.

Restraint-of-trade agreements should be considered for senior civil servants and politicians at all levels of government. Exit interviews and proper record-keeping would enable the restraint of trade agreements and prevent corrupt officials from moving around the public service. Corrupt officials should also be made individually liable for losses.

Combating corruption in the private sector

Corruption is a broader societal problem. Elements within the private sector engage in corrupt practices, such as paying bribes for government contracts, price-fixing and collusion between businesses, and charging inflated rates and prices for government contracts. When exposed, corruption in the private sector is often investigated quietly and not made public. People may be dismissed but criminal prosecution is rare.

Companies must be required to use the criminal justice system and not just internal

EXPOSING WRONG DOING

The National Development Plan proposes expanding the **PROTECTION OF WHISTLEBLOWERS** and creating a culture of exposing wrong doing



disciplinary processes to deal with corrupt activity. Consideration should be given to establishing a structure to which private sector non-compliance with the law can be reported, and requiring all companies to include corruption cases in their annual reports.

Some businesses have set up independent ethics complaints facilities to allow employees to report corruption anonymously. Business Leadership South Africa has developed a Code of Good Corporate Citizenship for its members, committing them to ethical conduct in regard to customers, competitors, suppliers, government, regulatory authorities and their own employees.

The business sector in the National Anti-Corruption Forum has proposed developing integrity pacts, where government and all bidders for a public contract agree that neither side will pay, offer, demand or accept bribes, collude with competitors, or engage in such abuses while executing the contract. These anti-corruption initiatives must be encouraged and extended across the private sector.

Fighting corruption is the duty of all members of society. Organisations like Corruption Watch, which provides a place where citizens can report corrupt

behaviour and an independent media that increases public awareness by investigating and reporting on cases of corruption have an important role to play.

Strengthen protection for whistleblowers

Protection for whistleblowers creates a culture of exposing wrongdoing. While the Protected Disclosures Act (2000) provides some protection, it does not do enough. The protection only applies to whistleblowers in a formal permanent employment relationship and excludes those in other commercial relationships with the organisation or department. A protected disclosure may only be made to the Auditor-General and Public Protector.

The possibility of conditional amnesty for whistleblowers implicated in corruption is not clear. Currently the Protected Disclosures Act does not guarantee immunity against civil or criminal liability for making a disclosure in good faith. This could discourage people. Adequate security for whistleblowers has not been established and the act does not ensure the confidentiality of whistleblower identity.

Many government departments have not implemented the Act and regulations to direct them on implementation have yet to be published.

A review of the Protected Disclosures Act is proposed to expand the scope of whistleblower protection outside the

Key terms

Whistleblower

A whistleblower is a person who exposes any information or activities that are illegal, unethical, or not correct within the private or public

limits of “occupational detriment”, permit disclosure to bodies other than the Public Protector and the Auditor-General and strengthen measures to ensure the security of whistleblowers. It says the regulations to the Protected Disclosures Act should be developed as soon as possible and government departments must develop policies to implement the Act.

Create an open, responsive and accountable public service

Section 32 of the Constitution enshrines the right of access to information. The Batho Pele principles state that government should inform citizens about the services they are entitled to and government administration be just, open and transparent.

Government has been slow to make information available and in a form accessible to all citizens. Requests for information are routinely ignored, despite the existence of the Promotion of Access to Information Act. This may be due to willful neglect, not appreciating the importance of the right, an institutional culture of risk aversion and secrecy and a lack of training. There is also no appeal body when requests are ignored or refused.

An information regulator should be established as envisaged in the Protection of Personal Information Bill, to adjudicate appeals when access to information requested is denied, and should have the resources to do its job properly and independently. It should strike a balance between its responsibilities to protect personal data and providing recourse to those claiming their right of access to information.

State information, such as details of procurement, environmental impact assessments and mineral licences, should

be made openly available to citizens

Strengthen judicial governance and the rule of law

Without a reliable, honest, efficient court system, there can be no access to justice, no confidence on the part of investors in the economy and little prospect of holding powerful private and public people and organisations to account.

There are a range of proposals to ensure the independence and accountability of the judiciary, establish clear criteria for the appointment of judges and scale up judicial training to improve the quality of judges.

South Africa’s rule of law could do more to realise the transformative promise of the Constitution. Challenges such as court administration inefficiencies that deny people of their right to access justice, and judicial appointments that call the impartiality of selection processes into question must be addressed.

Reforms to implement a judiciary-led independent court administration must be accelerated. Clear criteria for the appointment of judges need to be established, with emphasis on the candidates’ progressive credentials and transformative judicial philosophy and expertise. The South African Judicial Educational Institute (SAJEI), which is responsible for training judges, must be given all the support it requires and be well-resourced to fulfil its mandate effectively.

Consideration should also be given to whether the current structure of the Judicial Service Commission is adequate to fulfil its expanding mandate.

Legal Aid South Africa, which does laudable work representing people who cannot afford legal assistance, must be adequately resourced so as to improve

The Small Claims Court should be strengthened and resourced to serve the whole country, including rural areas.

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Chapter 15

TRANSFORMING SOCIETY AND UNITING THE COUNTRY

The National Development Plain is about transformation and contains recommendations to achieve a positive cycle of confidence and trust, a growing economy and broadening of opportunities.

The fundamental relationships that define us as South Africans are vitally important. They will bind the country together in moving towards a shared future. The most important uniting elements are the space and history we share.

The progressive Constitution is a testament to that history. It is a national compact that defines South Africa's common values and identifies our rights and responsibilities as people living together. The Constitution is also the vision for South Africa and offers a blueprint for the establishment of a prosperous, non-sexist, non-racial and democratic society.

South Africa has made significant progress since 1994. South Africans walked away from the precipice of war and bloodshed to create a democratic state based on a progressive Constitution. The end of apartheid provided for the restoration of dignity to all South Africans. Free and fair democratic elections are held regularly. In addition to establishing the legal and institutional underpinnings of an inclusive society, South Africa has made significant progress in extending access to services such as education and housing. The economy has performed better, with rising incomes and employment.

Despite progress since 1994, South African society remains divided. Many

schools, suburbs and places of worship are integrated, but many more are not.

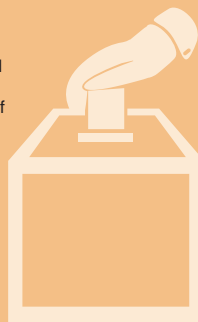
South Africa remains one of the most unequal economies in the world. The privilege attached to race, class, space and gender has not been fully reversed. Despite rapid improvements in access to basic services, the quality of services continue to be affected by who you are and where you live.

When opportunity is skewed for centuries, this tends to produce a distribution of financial, human and social capital that continues to reinforce inequality of opportunity even if the legal elements of discrimination have ended.

Opportunity continues to be defined by race, gender, geographic location, class and linguistic background. In South Africa, class is aligned with non-economic factors such as race, so that the social order as a whole seems not only profoundly inequitable but also unfair. Deep inequalities and the associated low levels of trust have a highly negative impact on economic development

VOTING

Since 1994 free and fair **ELECTIONS** have become part of South African life



and make it harder to forge a social compact that could move South Africa to a higher level of development.

THE VISION FOR 2030

In 2030, South Africans will be more conscious of the things they have in common than their differences. Their lived experiences will progressively undermine and cut across the divisions of race, gender, space and class. The nation will be more accepting of peoples' multiple identities.

In this South Africa there will be broad-based knowledge about and support for a set of values shared by all South Africans including the values contained in the Constitution. There will be an inclusive society and economy. This means tackling the factors that sustain inequality of opportunity and outcomes by building capabilities and redressing the wrongs of the past. Increased interaction between South Africans from different social and racial groups will occur, and there will be strong leadership across society and a mobilised, active and responsible citizenry.

FOSTERING CONSTITUTIONAL VALUES

The Constitution is the supreme law of the land. It aims to transform South Africa

into a more equitable, integrated and just society. The Constitution embodies values of human dignity, non-sexism, non-racialism and the rule of law.

Chapter 2 of the Constitution declares that "everyone is equal before the law and has the right to equal protection and benefit from the law". It also states that the country may pass laws that protect or advance people disadvantaged under apartheid, which includes measures such as affirmative action, black economic empowerment (BEE), preferential procurement, land reform and redistributive patterns of public spending.

These two clauses form the nub of the agreement that brought democracy and freedom in 1994.

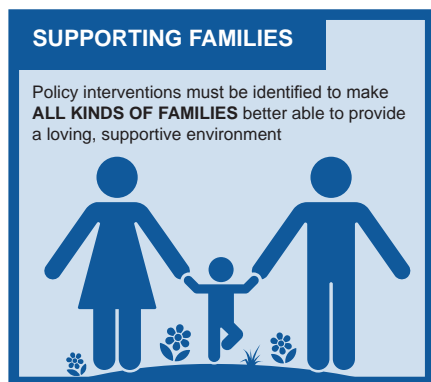
The role of family

Family can be defined as a social group related by blood, marriage, adoption or affiliation. This definition allows for all forms of families, including single-headed families, cohabitation, multigenerational families, single-sex families and the nuclear family. The family plays a critical role in shaping independent, productive and responsible people. However families are subject to many pressures.

Appropriate policy interventions must be identified to make families better able to provide a loving, supportive and safe environment in which values such as tolerance, diversity, non-racialism, non-sexism and equity are fostered.

The role of schools

Schools have an important role to play in building social cohesion. They can foster common values across language, culture, religion, race, class and space. Schools should help to produce inquiring minds – people who are empowered to question and challenge prejudice whenever and



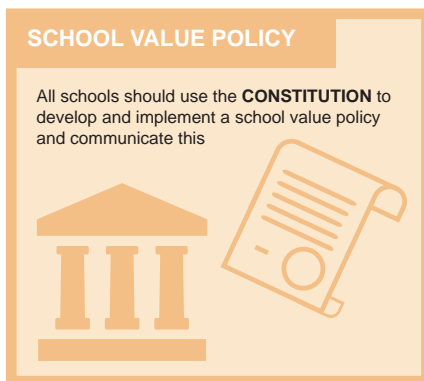
wherever they encounter it. It is therefore important that children are empowered to appreciate diversity through respect and tolerance, cope in an ever-changing environment, understand that rights come with responsibility, and help transform the national character of South Africa.

In a democratic South Africa, schools should promote the values embedded in the Constitution.

The constitutional value of human dignity advancing equality, human rights and freedoms informs the South African Schools Act (1998). The 2002 Schools Values Manifesto sets out the values which should permeate the education system. These are democracy, social justice and equity, equality, nonracism, and non-sexism, ubuntu, human dignity, an open society, accountability, responsibility, the rule of law, respect and reconciliation.

To foster these values, all teachers must integrate them in their everyday practice and interactions with colleagues, learners, the school management team and parents. Pre-service training, continuous school-based professional development and teacher support programmes must be instituted, to help teachers develop knowledge and skills to teach values in their learning areas and across the curriculum. Syllabuses should mainstream democratic values in the curriculum, as well as encourage the understanding that actions speak louder than words. Teachers and students who live these values must be rewarded.

All schools should use the Constitution to develop and implement a school value policy and broadly communicate this. The process is as important as the outcome, because it will help the school and its community (education department officials,



school governing bodies and parents), develop a common understanding of what values are embedded in the Constitution and the national curriculum.

The preamble to the Constitution embodies values of the Constitution. To build a common understanding of what South Africa stands for, all schools should recite the preamble at assembly, in a language of their choice.

The role of the media

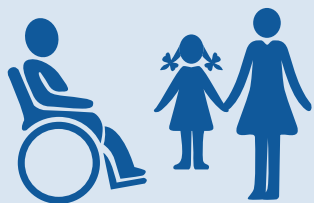
Access to information via print, broadcasting and the internet are vital for building an informed citizenry and contributes to education and economic development.

The media has an impact on the values that people hold and the lives they aspire to. The outputs of media organisations are not value-neutral. They carry the values and ethos of their owners, the staff and readers.

In South Africa, the Constitution and society give the media extensive freedoms. In turn, media organisations have a responsibility to use these freedoms sensibly and in accordance with the Constitution. The media have a responsibility to give adequate space to the voiceless and the marginalised, without which an informed public discourse is not possible. The media

ECONOMIC EXCLUSION

YOUNG PEOPLE, WOMEN, PEOPLE WITH DISABILITIES AND PEOPLE LIVING IN RURAL AREAS face the highest levels of unemployment and exclusion



plays a critical role in nation building and building non-racialism and non-sexism. They also play a role in building an informed, education and opinionated society and in holding government to account. These are critical for democracy to function.

The media should play all these roles while at the same time, breaking down racial and gender stereotypes. The media must promote the Constitution and also promote the non-racial, non-sexist and democratic ethos of the Constitution. One way the media could do this is by instituting a Constitutional Friday on the first Friday of every month.

Legislation does support the electronic media in promoting progressive values. However the legislative and policy regime has become outdated and narrow, given changes in technology and media platforms. The current broadcasting policy review process must ensure that the mandate to build the nation and promote constitutional values is strengthened.

The independence and autonomy of media institutions and regulatory bodies including the South African Broadcasting Corporation, the Independent Communications Authority of South Africa, the Press Council of South Africa and the Advertising Standards Authority should be protected.

Equal opportunities, inclusion and redress

Equal opportunity is about reducing the impact of factors such as gender, ethnicity, place of birth, parental income and wealth and family background on people's life chances. Success in life should depend on people's choices, effort and talents, not their circumstances at birth.

To increase opportunity for all government needs to remove the obstacles to faster economic growth, increase infrastructure investment, and improve service delivery (especially quality education). This would help to build confidence and encourage business to invest with a view to the long term.

Young people, women, people with disabilities and people living in rural areas face the highest levels of unemployment and exclusion.

Inclusion will be enhanced by densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps. Others actions include strengthening the social wage and social security so that no South African lives below a minimum standard of living. The aim is also to grow the economy and employment so that 11 million jobs are created by 2030, by providing a tax incentive to employers to reduce the initial cost of hiring young people as well as a subsidy to the placement sector to identify, prepare and place matric graduates into employment opportunities. Business should devise its own plan to increase access for young job seekers.

The rural development strategy will ensure that jobs are created in the agricultural sector through effective land reform, extending irrigation, improving basic services in rural areas to enable people to

develop their capabilities, and developing industries such as agro-processing, tourism, fisheries and small enterprises.

This is part of a transformational vision, including economic transformation, which is defined by the Broad-Based Black Economic Empowerment Act (BBBEE) as the empowerment of African, Indian and Coloured people, as well as women, workers, the youth, people with disabilities and people living in rural areas.

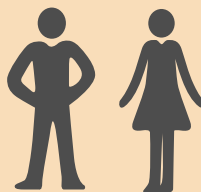
Measures to achieve this include increasing the number of black people that manage, own and control enterprises and productive assets, facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises. It also encompasses human resource and skills development aimed at achieving equitable representation in all occupational categories and levels in the workforce, as well as preferential procurement and investment in enterprises that are owned or managed by black people.

The present model of BEE has not succeeded to the degree that was intended in broadening the scope of ownership and control of large firms. Proposals for transforming the ownership of the economy contained in the plan include creating an enabling environment for small, medium and micro enterprises and entrepreneurs, using procurement more effectively to advance socioeconomic targets in specific areas and industries, and targets for job creation in all tenders above R10 million.

The National Empowerment Fund must strengthen its support for black owned small and medium-sized enterprises as well expand the provision of finance and other support for new and emerging sectors,

EMPLOYMENT EQUITY

The law says if two candidates have the same qualifications, similar competencies and experience, then **THE BLACK PERSON OR THE WOMAN** should be selected



black industrialists and entrepreneurs. South Africa also needs to optimise returns from its natural resources, which should be used to drive an accelerated development agenda that has skills development and sustainable job creation at its core.

Employment equity is a key element of the country's plans to broaden opportunities for the historically disadvantaged, and has a firm moral and constitutional basis. The Employment Equity Act (1998) states that if two candidates have the same qualifications, similar competencies and experience, then the black person or the woman should be selected. It does not encourage the appointment of people without the requisite qualifications, competence or potential. The Act would enjoy broader support and appeal among citizens if these provisions were implemented more consistently and fairly.

South African employers spend too little on training their staff and investing in their long-term potential. The Skills Accord signed in 2011, is a step in the right direction.

Equalising opportunity and building capabilities

Everyone should have access to quality basic services, quality health care and

LANGUAGE SKILLS

By 2030, every South African should be functionally literate in English, and be able to converse in an **AFRICAN LANGUAGE**



quality education and improved access. Quality education and skills training play a major role in tackling poverty. A range of proposals have been made to ensure all schools have infrastructure, that school performance is improved, teachers are accountable, that parents are involved and that qualifying students have access to funding for post-school education.

All schools must have the minimum infrastructure standards, and this requires financial, logistical or planning capacity. The private sector could be encouraged to adopt a school. The state must continue to skew education funding in favour of schools in poor communities and to students from poor families.

Financial assistance must also be available for students entering further education and training to increase the numbers of skilled artisans.

Living free from discrimination

The Constitution stipulates that neither the state nor any person may discriminate against anyone on the basis of race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language or birth. There is much work to be done to turn this into a reality.

Gender discrimination remains a major problem in social and economic settings, including the workplace, the family and educational institutions. The institutions dedicated to promoting gender equity have not been functioning optimally and the National Gender Policy does not set clear priorities and targets from which a programme of action can be developed.

The country needs sustained campaigns that focus on changing attitudes and behaviour in relation to racist, homophobic and xenophobic tendencies. It needs to strengthen existing campaigns for non-racialism and gender equity, and against gender violence. The government must address gaps and weaknesses in legislation. For example, the Traditional Leadership and Governance Framework Act (2003) entrenches patriarchal values and limits women's participation in traditional governance.

All vulnerable groups including women, children, rural communities, gay and lesbian people and African immigrants should enjoy equal protection and their vulnerability to be addressed through effective and coordinated responses by the police, business, community and civil society

An important pillar of nation building is that South Africa confronts the systematic racism within society, with sustained campaigns aimed at changing attitudes and behaviour in relation to racist and xenophobic or afrophobic tendencies.

The Constitution recognises 11 official languages, and promises them equitable status and use. However, English has become the dominant language in the world, and competence in English shapes inclusion or exclusion. By 2030, every South African should be functionally literate in

English, but should continue to make daily use of other languages. All South Africans should be able to converse in an African language.

PROMOTING SOCIAL COHESION

The key to the country's unity is embracing the reality that all South Africans have many identities, and yet are South African. The Constitution, and the values it sets out, is based on South Africa's diversity. Being South African has never been premised on the notion of a melting pot. South Africans need to work continually to build unity in diversity.

Dealing with the challenges of unemployment, poverty and inequality is critical. Yet we also need society to unite around a vision of a better South Africa, the attainment of which would not be possible if we do not work together. As we continue our task of nation-building, we also need to understand the context of globalisation. South Africa has a significant minority of people with transnational identities that span the borders of any one country. Their skills together with the cross-border networks to which they belong can provide both economic and cultural opportunities for South Africa's development.

Daily interactions on an equal basis build social cohesion and common understanding, and will be promoted effectively when South Africans share more public spaces, as was the case briefly during the 2010 soccer world cup.

At the moment, the country is divided by the services people use, with economic wealth gradually replacing race as the key driver of differentiation.

Improved public services, including better public transport, and more integrated

housing, will make it easier for South Africans to break out of their immediate communities and share common experiences. Sport and cultural activities also have an important role to play.

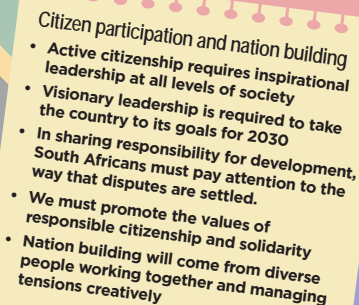
ACTIVE CITIZENSHIP AND LEADERSHIP

Citizen participation has an important role to play in bringing about transformation. South Africans need to use the avenues provided for in the legislation and others to help shape the development process and hold the government to account for the quality of services it delivers.

Active citizenship requires inspirational leadership at all levels of society. Leadership does not refer to one person, or even a tight collective of people. It applies in every aspect of life. In particular, community leaders and public figures should demonstrate leadership qualities that include the ability to lead by example and to follow rules that apply to everyone, as well as honesty, integrity and trustworthiness. Leaders are able to combine the ability to hold fast to a core set of values as enshrined in the Constitution with embracing change and agitating for transformation

Leadership includes the capacity to innovate, manage change, build enough support to drive an "essential" and not necessarily popular agenda, communicate with people and keep them interested and informed.

Good leaders have the ability to listen, especially to those with a different opinion, perspective or priorities. Leaders should be able to create conditions that allow everyone to communicate in open dialogue. This requires tolerance, patience, openness to giving and receiving criticism, a willingness to admit mistakes, and an ability to re-examine one's own presuppositions.



This is all-encompassing leadership that empowers people and places them at the centre of development. It is the visionary leadership required to take the country to its goals for 2030. It can act as a catalyst for change.

In the interests of shared responsibility for development, South Africa must pay attention to the way that disputes are settled. It is vital to promote values of responsible citizenship and solidarity. Nation building will come from diverse people working together and managing tensions creatively.

NOTES

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