

# BULLETIN

JANUARY 2015



■ *Foreword by the* **SECRETARY GENERAL, GWEDE MANTASHE**

## Programme Guidelines for Implementation



The objective of the January ANC Lekgotla is for Government to present progress reports on the commitments made in the June/July Lekgotla. Using the resolutions of the previous Lekgotla as a basis to measure progress and be appraised on the challenges before us, further assists us to recall the commitments we have made to the people of South Africa. As we have said before, which is a fact reaffirmed in everyone of our policy documents and national conferences, ours is to serve the people. Consequently, the reports presented at the Lekgotla must demonstrate the extent to which our Government has translated our commitments into practical implementation.

Deriving from the deliberations of the Lekgotla, emerging from the presentations and commissions, the outcomes inform the approach of Government. The Lekgotla outcomes are used as an input to the Cabinet Lekgotla. They also assist the State in its preparation for the State of the Nation Address (SONA), which outlines the focal points for our country and our Government in the coming year. It is in this context that the Opening of Parliament is an important occasion, beyond the usually much publicised glitz and glamour that accompanies it.

Throughout its discussions, this Lekgotla committed to accelerating implementation and ensuring greater progress in the areas where good work is underway. Recognising the economic challenges affecting our country, both as a legacy of apartheid and the current global economic slowdown, specific focus was placed on the economy. The commitment of at least 5% economic growth by 2019 is serious enough for the ANC to assess the potential of the various sectors of the economy. The focus on the four catalytic sectors was informed by the understanding of the multiplier effects of these sectors on the other sectors of the economy.

The electricity problem received undivided attention as it was identified as a binding constraint that has direct impact on the overall performance of the economy. The generation capacity must be increased urgently if the economy is to be turned around. No option

must be discarded easily, ranging from the generation mix to importing some of our energy needs. Other sources of energy must be used efficiently to complement our electricity consumption. Shale gas and liquid fuel exploration, among others, are such complementary substitutes.

Discussions on the land question concluded that there is need for nudging the leadership not to be rigid but to explore various options that can accelerate land redistribution. There was emphasis on giving farmers access to land. Land use is in line with the provisions of the Freedom Charter that, land should be shared among those who work it. It is an admission that we cannot manufacture farmers. Farming needs passion, commitment and capability. The shortage of any one of the above will lead to serious failure of projects.

We reaffirmed that education is an investment not a cost. It is about the future of our country. Progress that is being made every year must be consolidated and nurtured further. Today's sufficient investment in this aspect of our society secures our future.

The call to action by the president must be visible in the outcomes of the various provincial makgotla. When you read this bulletin also try to follow closely the outcome of the Cabinet Lekgotla. As progress made, and what still needs to be achieved, are consolidated in the State of the Nation Address we will be certain of the progress underway.

Remember that the bulletin is not just another publication. It is a summary of decisions that guide our work as we seek to implement the programme of the African National Congress. Through concerted effort at implementation we will certainly make a huge difference in service to our people and in achieving – if not surpassing, the society envisaged in the Freedom Charter.

*Enjoy your reading.*

■ *Political Overview* by **PRESIDENT JACOB ZUMA**



# The Year of the Freedom Charter and Unity in Action to Advance Economic Freedom

We meet here just two weeks after a very successful celebration of the 103rd anniversary of our glorious movement which took place in Cape Town, in the Western Cape.

The location of the Cape Town stadium on the graves of the many Khoi San people who were buried face down by the colonialists is a stark reminder of why we need to ensure that the ANC wins back that province.

The colourful minstrels marching into the stadium, proudly singing and dancing, added flavor to our black, green and gold and reminded us of the painful history of the Western Cape and the triumph of our people against slavery. We urge all our cadres based in the Western Cape to work even harder to maintain the momentum started during the January 8th celebrations.

Our people in that province must become part of the political and social life of the South African nation as a whole. We congratulate the leadership, membership and volunteers who worked tirelessly to make the anniversary a success.

The ANC is an organisation of the people of this country; it is not just a political party. This is the year of the Freedom Charter and Unity in Action to Advance Economic Freedom. This is the year in which we celebrate the contribution of the Charter in providing the vision upon which the free South Africa is based. The Freedom Charter has been the guiding light of our struggle. The wisdom of our leaders said we should understand the freedom.

The January 8 statement at a political level outlines the type of ANC that we are building in this year of the Freedom Charter. This is important because the success of the ANC government is very much interlinked with the strength of the ANC. This is the year of strengthening the

ANC, the Leagues and the Alliance as we forge ahead with implementing the tasks of the movement outlined in the January 8 Statement.

This year we will celebrate the Freedom Charter the whole year, stressing its importance and the fact that we have never deviated from the Charter.

We are implementing the Freedom Charter, and we will do so until we reach the prosperity that the Charter speaks about. The Constitution of the Republic is based on the Freedom Charter. Through the National Development Plan, we seek to achieve the goals outlined in the Charter.

The main clauses of the Charter:

- The People Shall Govern! (implemented)
- All National Groups Shall have Equal Rights! (implemented)
- The People Shall Share in the Country's Wealth! (work in progress)
- The Land Shall be Shared Among Those Who Work It! (work in progress)
- All Shall be Equal Before the Law! (implemented)
- All Shall Enjoy Equal Human Rights! (implemented)
- There Shall be Work and Security! (work in progress)
- The Doors of Learning and Culture Shall be Opened! (done and work in progress)
- There Shall be Houses, Security and Comfort! (work in progress)
- There Shall be Peace and Friendship! (done and work in progress)

As they concluded the Congress of the People, our people said **"THESE FREEDOMS WE WILL FIGHT FOR, SIDE BY SIDE, THROUGHOUT OUR LIVES, UNTIL WE HAVE WON OUR LIBERTY"**.

We have won our political liberty but the struggle for economic emancipation continues, and must be won.

This week we are going to reflect on progress made in implementing the Charter through the manner in which we implement the transformative policies of the ANC.

The January 8 statement has outlined what we want to achieve, and has also clearly spelled out the tasks of the movement. Here at this Lekgotla we should sharpen our action plan, to bring the January 8 statement to life in the work of the ANC government in all spheres.

If we go through the Charter we are happy that most of the clauses have been implemented while others remain work in progress.

One critical area is the clause that states that the land shall be shared among those who work it. We need innovation, we need to do more. The land issue was one of the critical issues that brought about the gap between the rich and the poor. The 1913 Land Act turned those tilling the land into workers, and people who had land to feed themselves suddenly became poor, as outlined by Sol Plaatje. Within the framework of the Constitution, what is it that we can do further to implement this clause?

We attended the World Economic Forum meeting in Davos last week, where people who own the global economy gather each January in Davos. We had a successful visit. The captains of industry that we met were receptive to our message. The positive reception abroad encourages us to work harder as we rebuild and strengthen the economy of the country to create jobs and a better life for all. The visit was useful for us because it enabled us to get feedback on what we should do better and further in boosting inclusive economic growth.

WEF organisers indicated that they had a problem with South African events during WEF as all the events become oversubscribed and venues become overbooked which indicates that people want to associate with South Africa and want to hear our message.

We were able to say the country is open for business. We appreciated interactions with the mining sector in Davos. They appreciate the interaction that is taking place between government, business and labour to stabilize the mining sector as it is yielding results. I am mentioning Davos because the economy remains an apex priority for the ANC. We ought to emerge from the Lekgotla this week

*The ANC is an organisation of the people of this country; it is not just a political party.*

having firmly determined how we are organizing our economy to grow.

We have spoken about radical economic transformation and the Freedom Charter says all shall share in the country's wealth. Our pursuit of inclusive growth continues. To our people it means finding much-

needed jobs and living in decent housing, with electricity, water and sanitation, good schools, clinics, transport and parks nearby. We need to reflect on progress made in implementing these programmes.

We will receive a briefing on the economy, especially the need to create jobs and inclusivity. Our job drivers remain the same:

- Infrastructure development, Agriculture,
- Mining and beneficiation, Manufacturing,
- The green economy
- Tourism.

We have also added the blue economy in the form of Operation Phakisa, the component focusing on unlocking the potential of the ocean economy.

Talking about inclusive growth, the WEF theme was the New Global Context which reflected on inclusive growth, youth unemployment and the recognition of the gap between the rich and poor. Then what is the world doing to address the problem? This is an issue for us locally as well.

On infrastructure development as you are aware our focus remains the three types of infrastructure:

1. The first is core economic infrastructure that businesses need, such as energy, transport and water, information and communications technology such as broadband.
2. The second is investment in what is called soft infrastructure namely through building new schools, three new universities and 12 new training and vocational education colleges.
3. The third is social infrastructure such as sanitation, health facilities and household energy through among others solar water heaters to create better lives.

In the January Lekgotla and the State of the Nation Address in June last year I indicated that we would focus on energy. That will continue to be the case and this year we must show visible action and progress. How are we going to do that? I hope the commissions will exercise their minds with regards to what the organisation can do. The privileged

become upset when we say the fundamental cause of our energy shortage is the apartheid legacy. Let me illustrate. History shows that the first household was connected to municipal electricity in South Africa in 1890.

By 1996, when we conducted the first census under the new democracy, 5,2 million households were connected to our electricity grid. Since 1996, an additional 7 million households were added to the electricity grid.

In other words, we added more people to the grid in less than 20 years of democracy than the preceding 106 years. In addition, the economy has also been expanding. This in turn has placed more pressure on us to expand energy generation, which we are now doing with the continent's largest new energy-build programme, using coal, solar and wind, with plans to complement this with hydro, gas and nuclear energy. The focus is both maintenance and expansion of the grid as we must come with solutions.

Critical in achieving all these goals, is the need to invest in science, technology and innovation. This is important for us to do in moving forward.

## BUILDING PARTNERSHIPS

We need to continue building partnerships with various sectors in building the economy especially between government, business and labour. We need to be clear what each sector will do to address the challenges of including economic growth. We all have clear objectives that we want to achieve.

## FIXING THE PUBLIC SERVICE

The January 8 statement outlines the ideal deployed cadre and ideal public servants.

The statement also outlines our priorities clearly especially with respect to local government and this is important.

*“Every single cadre of our movement must know that his or her responsibility is to make local government function better by getting the basics right – wherever they have been deployed.*

*Getting back to basics means working tirelessly to ensure*

*We need to communicate the work we are doing in the fight against corruption more effectively in order to counter the campaign against the ANC and government which seeks to define us as being corrupt when we have done so much to fight corruption in our country.*

*that municipalities provide water, electricity, parks, street lighting, refuse removal, repairing of potholes, dealing with the frustrating interruptions of services and the problems with billing systems.*

*Getting back to basics means providing these services in a professional and caring manner that recognizes the dignity of each resident. We are here to serve the people, the people are not here to serve us.*

*Getting back to basics means actively communicating and interacting with the community in every ward.*

*Getting back to basics means fighting fraud and corruption and reviewing tendering systems in local government.*

*Getting back to basics also means working harder to expand poverty alleviation programmes such as the Community Works Programme, which provide skills and work opportunities for our people.”*

One other aspect that we should look at is the need for shorter decision making processes within government. The overriding political principle is that we cannot allow bureaucratic systems to stand on the way of progress.

## IMPROVING THE FIGHT AGAINST CORRUPTION

We need to communicate the work we are doing in the fight against corruption more effectively in order to counter the campaign against the ANC and government which seeks to define us as being corrupt when we have done so much to fight corruption in our country. We have established institutions to fight corruption, many people have been arrested, others fired from government, but the message is not getting out.

## INTERNATIONAL RELATIONS: SOME AREAS OF FOCUS

- African Agenda 2063 – the contribution of the ANC to this vision is critical.
- South-South and North-South cooperation as well as cooperation with all countries and parties continentally and globally. There is a big appetite of political parties to work with the ANC.
- Support for struggles of self-determination in Western

Sahara, contributing to finding solutions to the Israeli-Palestinian question.

- Support for Cuba towards ending the blockade and normalisation of relations with the US. We must also be aware that we continued to make calls for the release of the Cuban five, we appreciate that the issue has been resolved.
- Support for the BRICS as it opens up opportunities. BRICS is also an important grouping in the global equation. It is important for us to appreciate its importance. The establishment of the BRICS development bank introduces a new setting.
- ANC support and guidance of government in the campaign for the reform of the UN Security Council and international financial institutions is important. Almost everybody agrees that the UN Security Council must change.
- Peace and security in the continent.

## CONCLUSION

The Secretary-General will outline what the commissions will be doing. One of the issues that the Commissions should attend to closely is local government. It is one of the key challenges, that is where smaller parties can find a small presence.

It is also where things happen, where real governance happens, closest to the people. It is also where we have

mixed performance, in some we do well, in others we don't. We need to spend time on this as next year is local government election, what do we do?

If our councillors are not doing well and there is no recourse, it becomes difficult to take action and help the organisation. What do we do to win elections next year?

Let me re-emphasise the need for an economic discussion in the commissions.

In Mangaung we said we had entered a new phase and now needed radical economic transformation. What do we mean by this? Can the commissions help us to bring about a common understanding? The economic cluster in government has been asked for the purposes of the government lekgotla, that each economic department must indicate what it will do to grow the economy, as single departments and collectively.

We should talk about inclusive growth, bridging the gaps between rich and poor.

We should look at the issues under the clauses of the Freedom Charter and reflect on progress and work that must still be done.

The NEC lekgotla must be able to provide instructions to the government lekgotla and enhance government programmes. We have a lot of work to do, and we look forward to fruitful discussions.

I thank you.



■ *Framework by* **SECRETARY GENERAL, GWEDE MANTASHE**

# Implementing Radical Economic and Social Transformation



## 1. INTRODUCTION

- 1.1 The NEC Lekgotla in June 2014, which was convened immediately after the 2014 general elections, set the tone for the fifth administration. The overarching theme coming out of this Lekgotla was that Government should move swiftly, with speed and implement as means of addressing the needs of our people.
- 1.2 We emerged out of the NEC meeting and the Lekgotla of June 2014 with a clear directive that words without action do not have a place in this term of office. Every cadre of our movement, in the NEC subcommittees and the different spheres of our Government, would give content and provide a programme to our commitment of a radical economic and social transformation, as resolved by the 53rd National Conference.
- 1.3 Drawing from our elections campaign and what our communities said were their needs, and also weaknesses of our public representatives at this level, we resolved to be ever present among our people and to urgently meet the identified needs. It is in this regard that greater emphasis was placed on Local Government.
- 1.4 Institutions of state, in particular the State Owned Enterprises and Development Finance Institutions, were urged to be effective instruments of change.
- 1.5 It was made clear to all of us that service to the people should be a norm, not an exception. Our people expect to be served with distinction, and we must do so as a matter of course and not merely as an electoral act.
- 1.6 All ANC structures were impressed upon to drive implementation. From the officials through to the branch, the challenge would be to monitor our cadres and their ability to implement, and with speed.

## 2. OUR PRIORITIES AND THEIR CONTEXT

- 2.1 The priorities which were set for our Government arose,

mainly, from the Election Manifesto and the National Development Plan. They were outlined as follows:

- ☐ Creating more jobs, decent work and sustainable livelihood.
  - ☐ Access to education.
  - ☐ Access to health.
  - ☐ Rural development, land and agrarian reform.
  - ☐ Fighting crime and corruption.
- 2.2 These priorities, given their long term impact, were carried forth from the previous term because we deemed that they require concerted effort and specific attention.
  - 2.3 In addition to these we included Local Government, with focus on governance and service delivery as aspects that constitute points of vulnerability for the ANC.
  - 2.4 Furthermore, we identified four catalyst sectors, that is:
    - ☐ Energy infrastructure;
    - ☐ Transport infrastructure;
    - ☐ ICT; and
    - ☐ Water and sanitation.
  - 2.5 It was also agreed that sport and recreation, social cohesion and nation-building were critical for creating national pride and preserving our history and heritage.
  - 2.6 Over these four days the question we must confront is: Have the Ministries and Departments adequately dealt with these priorities, by implementing action plans with the required urgency and by allocating the necessary resources?

We should all answer this question openly and honestly. By so doing, we will be enabling our Government make headway even in areas where we are experiencing difficulty.

### 3. WHAT WE COMMITTED TO

#### *Economy*

3.1 We made concrete commitments in concert with our rallying call for a radical economic transformation. Specifically, we stated that:

- i. We should strive to achieve a 5% economic growth.
- ii. Economic growth should translate into increased employment and the reduction of inequality.
- iii. The de-racialisation of the economy should be accelerated.
- iv. We should step-up the implementation of the infrastructure project and crowd-in productive private sector investment.
- v. State-owned companies should play a key role in driving the build programme.
- vi. Electricity shortage is a binding constraint, which limits growth and deters investment, and should be addressed urgently. In this context, the Medupi and Kusile power stations should be urgently brought into the generation stream. Also, considering the ageing generation infrastructure there is an immediate need to plan additional generation capacity. We, therefore, note the reminder that electricity shortage and load-shedding have been a reality since 2008. However, such a call is not useful when concrete solutions are not provided.
- vii. We will pursue an energy mix approach, that is, take a holistic outlook integrating coal, nuclear, shale gas, off-shore oil and gas and renewable. What progress is being made on any of these? What is our response to the public outrage, which is sometimes politically motivated and other times raising alarm about corruption, against nuclear?
- viii. We will facilitate and support the development of specific sectors, through:
  - ☐ Improving the performance of manufacturing and developing concrete plans to improve mining and agriculture.
  - ☐ Supporting smallholder farmers and expanding the number of producers in agriculture.
  - ☐ Increasing support for exploration and development in mining.
  - ☐ Addressing obstacles to the programme of beneficiation of our minerals.
  - ☐ Strengthening the state-owned mining company and consolidating state interests in mining.
  - ☐ Focus on the development and growth of the small business sector. We have established a Ministry to focus on this area of work.

However, is there tangible and visible work to develop and grow small businesses? What are the obstacles and challenges we face in establishing the necessary infrastructure in this new ministry?

- ix. We will increase private sector investment, including provision of specific incentives and engaging the private sector.
- x. We will remove unnecessary regulatory burdens and reduce the risk of unintended consequences emanating from legislation and regulations. Areas that required urgent attention were developed and outlines as follows:
  - ☐ Building licences
  - ☐ Company registration
  - ☐ Tax compliance
  - ☐ Work permits for scarce skills
  - ☐ Mining licences
  - ☐ Water licences and access to municipal infrastructure services
  - ☐ Access to finance
  - ☐ Reduction of workplace conflict, investigate both the modality of collective bargaining in all sectors and the introduction of the national minimum wage.

#### *Education*

3.2 We committed ourselves as follows:

- i. To improve the quality of teaching and learning;
- ii. To have regular annual national assessments to track improvements and lack thereof;
- iii. To improve Grade R and extend Early Childhood Development;
- iv. To improved the provision of infrastructure and learning material;
- v. To expand access to higher education institutions;
- vi. To accelerate the building programme for the new universities;
- vii. To link/integrate the various parts of the training system;
- viii. To improve scholar transport in terms of availability, efficiency and safety;
- ix. To centralise negotiations for procurement and contracts for books and furniture;
- x. To source and increase funding for Master's and Doctoral students;
- xi. To take concrete steps towards free education up to the first degree. While striving to achieve this noble objective NSFAS must be improved to target

students from poor households. This will require closure of loopholes, including corruption, which are used to access NSFAS for students who do not deserve assistance.

- xii. To develop funding for the gap market;
- xiii. To discuss the decline in the matriculation results and the impact of regular changes on the performance of the child.

3.3 We should also recognise that each time a dilapidated school building appears in the media, for example, the schools destroyed by hail storms and left unattended for a long period; it impacts on the image of the ANC. From such images, the ANC is perceived to not prioritise education. Some of these examples are used to undermine progress we make in various areas of education.

### Health

3.4 We committed to:

- i. Improve human resources for health, particularly its management and leadership
- ii. Re-engineer primary healthcare
- iii. Improve health facility planning and infrastructure development and maintenance
- iv. Reduce healthcare costs
- v. Continue to improve prevention and management of HIV & AIDS and TB.
- vi. Reduce maternal, infant and child mortality
- vii. Start the implementation of NHI to ensure universal health coverage

### Crime and corruption

3.5 In the area of fighting crime and corruption the following commitments were made:

- i. Prohibit public servants and public representatives from doing business with the State to limit and, ultimately, eliminate conflict of interest.
- ii. Improve the State' capacity to investigate, prosecute and convict those charged with corruption.
- iii. Strengthen anti-corruption legislation to provide stiffer penalties and strengthen the protection of whistle-blowers.
- iv. Improve management control and operations systems to prevent corruption.
- v. Ensure that all the people of South Africa are and feel safe.
- vi. Enhance the capacity of the courts to eliminate

backlogs and increase conviction rate.

- vii. Increase support for the police.
- viii. Intensify the fight against the abuse of women, children, elderly and people with disabilities.
- ix. Create the border management agency by 2016 and the international migration review.
- x. Finalise the white paper on safety and security.
- xi. Finalise the Defence Review Strategic policy.
- xii. Finalise and implement a Single Police Service.

### Rural development, Land and Agrarian reform

3.6 There was little attention paid to this priority.

3.7 The commitment to expand employment in agriculture was not supported by a clear programme. There was a lacklustre attempt to answer how this could be done by emphasising the expansion of smallholder production. There was also a commitment to grow sustainable rural enterprises and industries, increase agro-processing, trade development, and access to local markets and financial services.

3.8 This Lekgotla should focus on accelerating land reform and the land redistribution programme. The commitment in the January 08th statement that the expropriation legislation will be promulgated in 2015 should be supported with a concrete programme. The ministry must give more details on the challenges faced in trying to implement the programme. The commission should come up with concrete suggestions on how to step up land redistribution.

3.9 Existing programmes directed at improving production among smallholder farmers should be appropriately funded and be properly managed to improve efficiencies.

3.10 Presently, agriculture only contributes about 2% to the GDP when it has the potential to contribute up to about 12%. What can be done concretely to tap this potential? Is Onderstepoort Research Institution appropriately located in the department of agriculture, or should it be in Science and Technology? The impact of its underperformance in our failure to progress fast enough towards achieving the targets must be assessed.

### Local Government

3.11 We committed to:

- i. National departments supporting weak municipalities directly;
- ii. Implement free basic services for indigent households and to support municipalities where they lack capacity;



- iii. Guide municipalities to ensure compliance with legislative requirements in respect of municipal revenue, financial management and sustainability.
- iv. Ensure infrastructure grants are utilised optimally and used for their intended purpose;
- v. Deal with the prevalence of corruption;
- vi. Include the Back to Basics document to our commitments;
- vii. Connect and interact with communities, reporting back regularly and ensuring public participation;
- viii. Eradicate the culture of entitlement in our communities;
- ix. Ensure that local government is responsive, accountable, effective and efficient;
- x. Provide support to poor municipalities so they are able to implement infrastructure capital and maintenance plans.

#### State

3.13 In addition to commitments made in the area of local government we further committed ourselves to

- i. Work on improving the capacity of the state;
- ii. A public service that is disciplined, people-centred and professional;
- iii. Ongoing training in the workplace and targeted training by the School of Government;
- iv. Attract and retain skills;
- v. Professionalise and modernise procurement to improve value for money and reduce risk;
- vi. Smarter use of technology to improve efficiency;
- vii. Increase access to houses and basic services;
- viii. Focus more on building infrastructure with any housing project;
- ix. Move away from apartheid spatial planning patterns.

## 4. EXPECTATIONS FOR THIS LEKGOTLA

4.1 The expectation for this Lekgotla is that:

- i. It should not be diagnostic in its approach and deliberations.

- ii. It should focus on implementation or lack thereof.
- iii. The commission on the economy should make it easy for us to understand sector programmes, progress reports and plans for each sector to contribute to us achieving the 5% growth by 2019.
- iv. It should be specific and bold in dealing with electricity crisis that is facing our country.
- v. It should be more concrete, with clear timeframes, regarding exploiting the potential of the energy sector. Moving with speed is of essence here.
- vi. Ministries working in the catalytic sectors as we identified must help us develop concrete programmes. The June 2014 Lekgotla made little reference to the areas of ICT and water and sanitation, which stands in contrast to the bold commitment made in the infrastructure rollout programme.
- vii. Commissions must help with developing concrete responses to current and immediate challenges:
  - Electricity load shedding
  - The conflict in the small business sector (xenophobia or scramble for scarce resources and opportunities)
  - Digital migration
  - Chaos in boards of State Owned Companies.
- viii. We should add or strengthen the Back to Basic document on local government.
- ix. It should be concrete in addressing corruption, real and perceived, as this remains one of the biggest challenges facing our country.

## 5. CONCLUSION

5.1 The commitments we made in the June 2014 Lekgotla, and those we will make in this Lekgotla, should find expression in practical and concrete actions. They are devoid of value and meaning if they only remain on paper. In fact, if anything at all, they reflect negatively on the ANC and its Government in that they communicate that we are unable to implement even those issues we agree on and commit to.

## ■ Plenary Presentations

*The Lekgotla, following the President's political overview and the Secretary General's presentation, received several presentations.*

■ Presentation by **JEFF RADEBE**

# PROGRESS REPORT ON THE IMPLEMENTATION OF THE MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF) 2014-2019

## INTRODUCTION

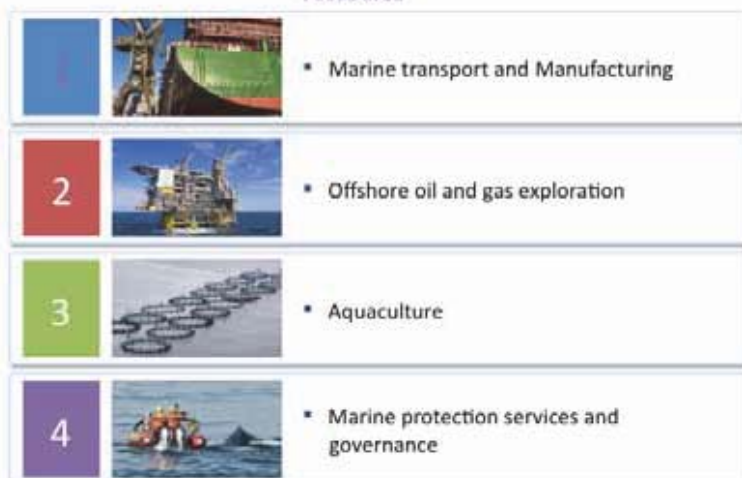
- This report provides an update on actions taken by the Government to implement the election manifesto of the ANC and the National Development Plan
- The election manifesto was translated into the Medium Term Strategic Framework (MTSF) for 2014 – 2019
- The MTSF covers 14 outcomes that are aligned with the election manifesto of the ANC and the National Development Plan
- This report reviews progress against the targets in the MTSF for the 14 outcomes
- Government has undertaken institutional restructuring to give effect to the manifesto – e.g. small business development, water and sanitation, etc. not all details are covered in this report

## IMPROVING IMPLEMENTATION OF THE NDP

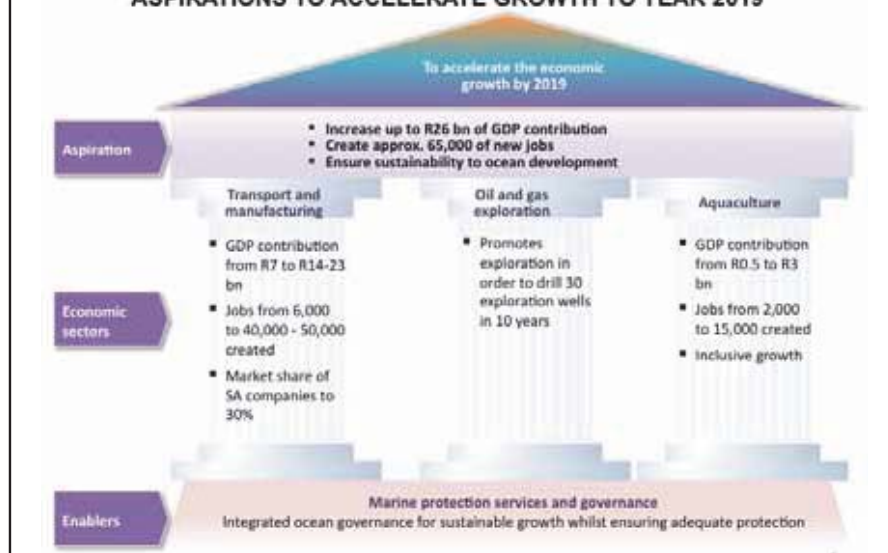
- Key targets in MTSF have been written into performance agreements for 2014-2019 that the President has signed with all Ministers
- DPME in the Presidency is checking the strategic plans and annual performance plans of national and provincial departments to ensure that they reflect key targets and actions in the MTSF
- These key targets and actions should then be reflected in the performance agreements of HoDs and senior officials
- Operation Phakisa is introducing improved detailed planning methods and project management methods into government
  - Pilots completed for the oceans economy and service delivery in clinics, now in implementation phase
  - Cabinet will shortly be considering ways of using these methods more widely across government to improve implementation

## OCEAN ECONOMY

Focus area



## ASPIRATIONS TO ACCELERATE GROWTH TO YEAR 2019



## RADICAL SOCIO-ECONOMIC TRANSFORMATION

➤ The MTSF includes the following to achieve radical socio-economic transformation:

- Crowding in productive investment through infrastructure build programme
- Enhancing competitiveness in the productive sectors of the economy
- Addressing spatial imbalances in economic opportunities
- Elimination of unnecessary regulatory burdens
- Improving workers' education and skills development
- Ensuring a stable macroeconomic and financial framework to support employment-creating growth
- Reducing workplace conflict and improving cooperation between government, business and labour
- Enhancing opportunities for small businesses and historically excluded and vulnerable groups
- Expanding public employment schemes
- Improving service delivery

### SOME KEY ACHIEVEMENTS (1)

- Government agencies invested just over R1 trillion in infrastructure between 2009 and 2013. In real terms, that is more than twice as high as any other five-year period since government began tracking data 40 years ago
- Approvals and disbursements by the Industrial Development Corporation (IDC) doubled compared to the previous administration
- Competition Commission and the Competition Tribunal scored major successes to end abuse by monopolies and cartels
- Renewable Energy Independent Power Producers Programme – state facilitated a total of R120 billion of private investment into renewable energy generation; highly regarded internationally

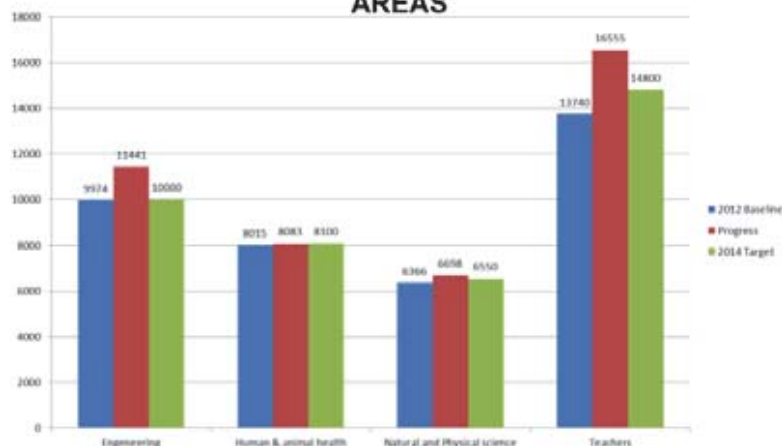
### SOME KEY ACHIEVEMENTS (2)

- An agreement was signed between South African and DRC to secure 2500 MW on the Grand Inga Project
- Human Settlement Social Contract between Government and the Banking Association of SA renewed.
- 1409 functional Primary Health Care outreach teams established
- Five bulk water scheme projects in rural areas are at construction phase
- Targets for increasing training of engineers, teachers, human and animal health, natural and physical health practitioners in 2014 was exceeded

### SOME KEY ACHIEVEMENTS (3)

- Improved public transport through Bus Rapid Transit system in various cities– Tshwane recently launched A Re Yeng
- A Land and Property Spatial Information System (LAPSIS) has been developed which incorporates environment, human settlements, transport and related development functions
- Department of Basic Education printed and distributed 25 million workbooks
- HIV, AIDS and TB programme continues to show improvements

### EXAMPLE: INCREASE ACCESS TO HIGH-LEVEL OCCUPATIONALLY DIRECTED PROGRAMS IN NEEDED AREAS



### KEY CHALLENGES: The economy (I)

- Global growth remains weak and is likely to remain so in the short to medium term. This has a major impact on our export markets in Europe and China.
- At a local level there are a number of challenges:
  - Energy remains a constraint to higher growth and investment
  - Workplace conflict continues to impact on key economic sectors
  - Our skills deficit remains a constraining factor
- The platinum and metals sector has not fully recovered from industrial action of earlier this year
- Energy constraints in supply and poor infrastructure maintenance in distribution continue to have a major impact on economic growth and investment
- With the increasing fiscal constraint environment our interventions and priorities must be properly targeted to ensure we support growing our economy

### KEY CHALLENGES: Electricity supply (I)

- Electricity supply constraints are single largest impediment to economic growth
- High risk of frequent and major load-shedding over coming months, could last up to 3 years, caused by:
  - Delays in build of Medupi and Kusile (causes: poor contractor performance, weaknesses in contract management, strikes) (these delays are common on large power station projects internationally)
  - Large amount of existing generating capacity not available due to breakdowns - average plant availability has dropped from over 80% to 72% (causes: insufficient maintenance due to policy of keeping the lights on, possibly weaknesses in maintenance practices and operation of plant)
- No option but to improve maintenance to avoid plant availability ratio falling further, therefore highly likely to have load shedding while plant is taken off-line for maintenance



### KEY CHALLENGES: Electricity supply (2)

- What is being done:
  - Expediting all viable options to increasing supply in short-medium term – options include gas, additional Open Cycle Gas Turbines (OCGTs), renewable IPP's, cogeneration, coal IPPs, among others
  - Assessing ways of reducing demand which have least economic impact, engaging with industry in this regard
  - Assessing maintenance practices
  - Financial support package to Eskom to address stress caused by cost overruns on build programme and unbudgeted-for burning of diesel for OCGTs, among other causes
  - War-room established in Union Buildings to drive progress, led by Deputy President

### KEY CHALLENGES: Electricity supply (3)

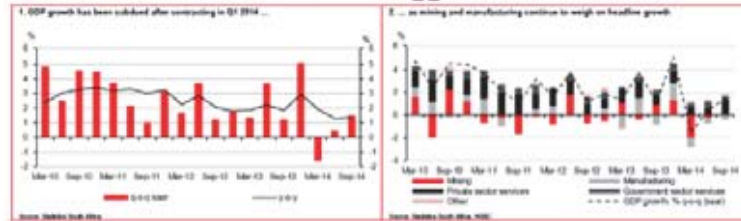
- What needs to be done:
  - Only sustainable solution is to move towards cost-reflective tariffs
  - Mobilise society to use electricity sparingly - Government needs to set an example for demand side management, e.g. switching off lights and air conditioners and street lights when not required
  - Expedite decision making regarding medium-long-term supply options
  - Stop doing business as usual
    - Need to consider emergency options such as emergency procurement processes for spare parts and repair work to existing generators
    - All relevant departments and entities need to make the necessary decisions and take the necessary actions very quickly to expedite viable options for increasing supply and need to prioritise work related to increasing supply

### Distribution infrastructure

➤ Distribution infrastructure at municipal level continues to decay with limited investment to upgrade and expand capacity. The problem is manifesting with continuous power cuts even when there is sufficient generation capacity.

➤ Cities that have a critical impact on the economy – notably Johannesburg, Ekurhuleni and eThekweni – have not ensured adequate maintenance of electricity distribution infrastructure

### KEY CHALLENGES: GDP Growth performance has been sluggish



- Our economy grew by 1.4% in the 3<sup>rd</sup> quarter of 2014. Growth remains low and not sufficient to impact on reducing unemployment
- Latest measurement of GDP growth in the 3<sup>rd</sup> quarter of 2014 shows that
  - The retail, services and financial sector continue to perform better than other sectors
  - Despite some growth (1.6%) in mining – lower mining activity has a significant impact on our manufacturing sector
  - Manufacturing continues to show negative growth rates (-3.4% in the 3<sup>rd</sup> quarter)

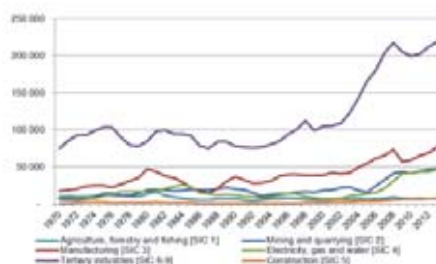
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### KEY CHALLENGES: Employment

- Unemployment has not improved significantly since the number of work-seekers entering the labour market has been increasing and our economy has not been able to absorb existing and new entrants fast enough
- Overall employment continues to grow slowly in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter 2014, recovering from the 1<sup>st</sup> quarter employment loss of 122,000 jobs
- Most new jobs have been in the public sector and other private services
- Overall employment continues to grow slowly in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter 2014, recovering from the 1<sup>st</sup> quarter employment loss of 122,000 jobs

### KEY CHALLENGES: Crowding in productive investment through infrastructure build programme

GDP, 2005 Prices, Main Economic Sectors, RMillions



Investment in the productive sectors has lagged investment in the tertiary industries

Progress on investment other elements of National Infrastructure Plan is steady

Progress towards the 75% local procurement target has also been slow

Greater policy and regulatory certainty is necessary to attract higher levels of Foreign Direct Investment as well as stimulate domestic investment and growth the economy – key to avoiding downgrades by ratings agencies

## MAINTENANCE, STRATEGIC EXPANSION, OPERATIONAL EFFICIENCY, CAPACITY AND COMPETITIVENESS OF LOGISTICS AND TRANSPORT INFRASTRUCTURE

### Analysis and interventions

- Good progress on the operational efficiency and industry structure, with draft Integrated Freight Corridor Plan being completed for the Durban –Free-state-Gauteng Corridor.
- This will improve the capacity, efficiency and sustainability of the Durban-Gauteng freight corridor and coal-transport corridor however concerns must be noted regarding the impact this may have on the town of Harrismith.
- Substantial progress can be recorded in 12 Cities in completing phase 1 network operational plans for public transport
- Address constraints in fast-tracking the move of goods from road to rail

## MAINTENANCE, SUPPLY & AVAILABILITY OF BULK WATER RESOURCES

### Analysis and interventions

- A number of policy interventions have been developed to improve equity in the allocation of water resources and improve investment into water infrastructure
- The Mokolo and Crocodile River Water Augmentation Project Phase 1 is at Construction Phase with the de-bottlenecking phase.
  - This will result in an additional 57% of water delivered to the system, which enables Eskom to commission four of its Medupi units and meet the forecasted high water demand scenarios until December 2015.
- Despite progress there are some delays in certain bulk water projects
  - Increase capacity is needed to render water services functions in Ngaka Modiri Molema District Municipality to carry through commitments made
  - Address financial constraints in the provision of water to 55 villages in Mopani District municipality
  - Ensure the fast tracking of provision of effective bulk water supply in Grahams Town
  - Ensure adequate community consultation on water conservation on water demand management has been implemented in Bloemfontein and surrounding areas (namely Batho Location, Turflaagte, Ipopeng, Namibia and Thaba Nchu)

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## EXPANSION, MODERNISATION, ACCESS AND AFFORDABILITY OF OUR INFORMATION AND COMMUNICATIONS INFRASTRUCTURE

### Analysis

- Delays in digital migration
- Concerns remain that SIP 15 is not sufficiently coordinated to ensure delivery in access to universal services and access to reliable and affordable services
- Inadequate infrastructure in rural communities remains a challenge
- The roll-out of our broadband strategy raises a number of concerns
  - Rollout is capital intensive and costly
  - Affordability and access remains limited
  - High barrier to market entry - dominated by two mobile operator and one fixed line operator
- Slow delivery of e-government services impacts on efficiencies and delivery

### Interventions required:

- Speed up the digital migration process
- Fast track policy development to reduce cost of broadband rollout is required to ensure we expand ICT access in SA
- A clearly defined role of SOE's involved in the ICT sector to ensure as a State we increase capacity to deliver
- Speed up and ensure a clear strategy is developed for the relevant Departments to move towards e-services

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## THE PRODUCTIVE SECTORS ACCOUNT FOR A GROWING SHARE OF PRODUCTION AND EMPLOYMENT

### Analysis

- Overall the contribution of the productive sectors to growth and employment is not yet increasing as intended and remains weak
- The ongoing weak global economic environment, continues to have an impact on our economic growth and constrains historic export markets
- Departments do not necessarily have capacity to identify key levers to drive growth
- Relations with business are improving through bilaterals, but need to be more strategic

### Interventions:

- Get the private sector to increase investment in productive sectors
- Focus on identifying and removing the obstacles to increased private sector investment
- Develop a clear strategy and plan in implementing the local procurement programme
- Expand exports especially outside of Europe and China
- Focus on trade promotion measures combined with more efficient regulation and possibly export-import financing, in Africa
- Dedicated Export Council for exports to Africa established

## ELIMINATE UNNECESSARY REGULATORY BURDENS AND LOWER PRICE INCREASES TO FOSTER BUSINESS CONFIDENCE, REDUCE COSTS FOR WORKING PEOPLE AND PRODUCERS, AND SUSTAIN INVESTMENT AND ECONOMIC GROWTH

### Analysis and addressing key challenges

- Need to put in place a more focused and project-managed initiative to comprehensively eliminate unnecessary regulatory burdens which impede growth and investment, and to make necessary regulations more efficient.
- Urgent implementation of One Stop Investment centres; the co-location of SMME support agencies by DSBD; and the Strategic Environmental Assessments (SEA) by the Department of Environmental Affairs' to be initiated
- Address investor concerns regarding the implementation of revised immigration regulations
- Relevant departments are developing proposals that support competitive port charges
  - This will require a review of the entire Transnet funding model as ports effectively help pay for general freight

## WORKPLACE CONFLICT IS REDUCED AND COLLABORATION BETWEEN GOVERNMENT, ORGANISED BUSINESS AND ORGANISED LABOUR IMPROVES

### Analysis

- Continue to see substantial workplace conflict in platinum mining and metals, while the public service negotiations this year have seen substantial delays and are still far from conclusion.
- The metals and mining strikes cut about half a percentage off economic growth. A public-service settlement that is more than 1% above inflation will have a negative impact on the public finances.
- Public-service negotiations require improved support and buy in from across government through high-level support and a stronger negotiating team
- There is little clarity on why the metals industry has seen such intense and relatively prolonged strikes.
- The Labour Relations Indaba is focusing on the legal framework and minimum wages, but not on how to reduce workplace conflict on the shop floor

### Interventions to address challenges:

- Dispute prevention and dispute management interventions by the CCMA must be supported and scaled up through support of social partners
- Investigate factors behind workplace conflict in the metals industry



### **ECONOMIC OPPORTUNITIES FOR HISTORICALLY EXCLUDED AND VULNERABLE GROUPS ARE EXPANDED AND THE GROWTH AND DEVELOPMENT IN SMALL BUSINESS AND COOPERATIVES IS IMPROVED MARKEDLY**

#### **Analysis and interventions required**

➤ Small business is not meeting potential contribution to growth and employment creation.

➤ Interventions will be required to support existing as well as develop new small business and cooperatives to facilitate access to formal markets through;

- Regulations on targeted procurement to support SMMEs and co-ops gazetted.
- Sefa and seda co-located in every province.
- Report on progress of National Informal Business Upliftment Strategy.
- 30% target growth above 2014 level.

### **BASIC EDUCATION (1)**

#### **Infrastructure and Learner Teacher Support Materials**

##### **Challenge**

➤ Processes developed by DBE to monitor build projects are slowly maturing to deliver schools on time, but some provinces still struggle to spend their infrastructure budgets

➤ Sanitation, especially in rural schools, remains a major challenge

➤ Systems for distributing workbooks have improved - DBE has printed 25 000 000 grade 1-9 volume 1 workbooks for 2015 academic year, however textbooks are still an issue

##### **What needs to be done**

➤ Some provinces had already spent 71% of their infrastructure budgets (e.g. KZN), while others (e.g. Free State and EC) had spent below 40% by the end of September 2014.

➤ Explore creative ways of supplying textbooks to reach the target of 1 textbook per child

➤ Better spatial planning is needed to ensure schools are built where they are needed.

➤ A plan is needed on how existing schools will be upgraded to meet the infrastructure norms

### **BASIC EDUCATION (2)**

#### **Grade R and ECD**

##### **Analysis**

➤ Efforts are being made to improve the qualifications of Grade R practitioners

➤ Policy document and programme plans of ECD prior to Grade R including the discussion on the Pre-Grade R year have been finalised

➤ ANA results cannot be compared across the years because there is no way ensuring equivalence of ANA

##### **What needs to be done**

➤ Grade R evaluation indicates that its impact is limited in non-fee schools

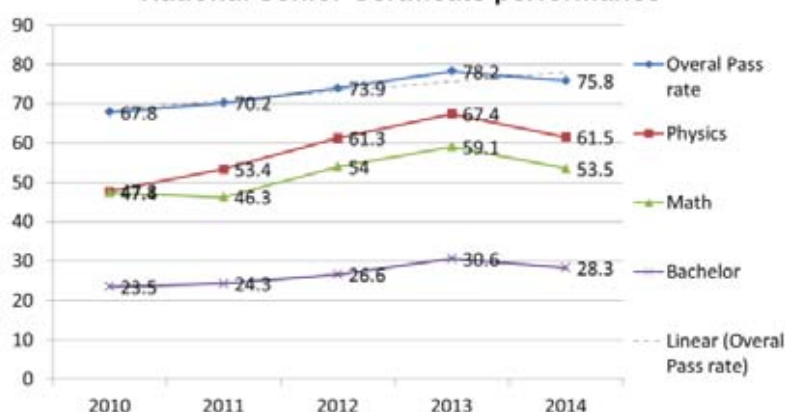
➤ The quality of Grade R needs to be urgently attended to

➤ Grade R quality is also dependent on quality of ECD (0-4yrs) which remains a challenge

➤ DBE needs to pilot items before they are used in the ANA to test their validity and appropriateness before including them in the item bank for all grades



### BASIC EDUCATION (3) National Senior Certificate performance



\* An overall decline in pass rate and number of learners writing the NSC assessment (2013-14).

### BASIC EDUCATION (4) Matriculation

#### Analysis

➤ Majority of Mathematics learners still pass at below 40%, only 35% passed by 40% and above in 2014

➤ Fewer learner opt for science and mathematics, more effort is needed to encourage learners to select mathematics and science.

#### What needs to be done

➤ Investigate the reasons for the decline in the Matric pass rate for 2014 compared to 2013

➤ Strengthen assessment processes throughout the system not only at matric to enable early intervention

➤ DBE needs to strengthen capacity to oversee the administration of NSC

### HEALTH (1) NHI and Health Standards Compliance

#### Analysis

➤ Finalisation of the NHI White Paper on the NHI requires acceleration

➤ The regulations for the functioning of the Office of Health Standards Compliance and the establishment of the Office of the Ombudsperson must be finalised

➤ Whereas the annual target for the development of annual Quality Improvement Plan (QIP) plans has been exceeded, the expected improvements in service delivery resulting from the implementation of these plans has not yet been measured.

#### What needs to be done

➤ Finalise the NHI White Paper on NHI

➤ Undertake continuous internal monitoring of the quality of service delivery, and use this monitoring to inform service delivery improvements

## HEALTH (2)

### Primary Health Care and Non-Communicable Diseases

#### Analysis

- 1409 functional Municipal Ward Based PHC Outreach Teams functional
- Good progress in School Grade 1 screening coverage
- An Operation Phakisa Delivery Lab was convened to scale up a national programme for improving the quality of health services provided at clinics.
- The health sector has stepped up efforts to enhance awareness and management of Non-Communicable Diseases (NCD). However, screening of people remains a concern
- High costs of private health care remain a significant barrier to access to health care for the majority of South Africans.

#### What needs to be done

- Strengthen awareness-raising with regard to Non-Communicable Diseases amongst communities and screening for high blood pressure and raised blood glucose levels
- Fast-track the creation of the National Health Commission to ensure inter-sectoral action.
- Reducing the costs of care in the private sector

## HEALTH (3)

### Management and Audit outcomes

#### Analysis

- A persistent challenge facing the health is the negative audit outcomes for the Auditor-General of South Africa (AGSA). For the last few years only 3/10 health departments have obtained unqualified audit opinions from the AGSA. Effective measures are required to turn this pattern around.
- Establishment of governance structures will also strengthen community participation in health issues and enhance public accountability in health service delivery. The 893 governance structures established have cumulatively increased the previous figure of 2256, to 3149.
- Effective delivery of primary health care services requires existence of appropriate management structures at all levels.

#### What needs to be done

- Strengthen interventions to improve audit outcomes including ensuring stability in the offices of Chief Financial Officers (CFOs) and effective financial management processes

## HEALTH (4)

### HIV, AIDS and TB

#### Analysis

- The attainment of several targets for the management of TB and MDR-TB is due to improvements in the effectiveness and efficiency of the routine TB control programme
- The National HIV Prevalence, Incidence and Behaviour Survey 2012, published by the Human Science Research Council in 2014 entailed several findings that are a cause for concern. These include the following:
  - Compared with 2008 data, there were trends reflecting a decline in condom use in all age groups, except for the 50 years and older group. An increase was observed in multiple sexual partnerships among sexually active people aged 15 years and older in 2012.
  - Majority of the respondents aged 15 years and older (76.5%) believed that they were at low risk of acquiring HIV infection. However, about 10% of those who believed they were at low risk for acquiring HIV infection, were already infected but did not know it
- A campaign similar to the HCT must be implemented.

## HEALTH (5) Maternal and child health

### Analysis

- Success factors that have contributed to the attainment of several targets for maternal and child health during the period under review include:
  - The roll-out of the Prevention of Mother-to-Child Transmission (PMTCT) of HIV
  - A new intervention, MomConnect that registers every pregnant mother via SMS for receiving relevant pregnancy-related health messages.
  - Introduction of Ward-Based Primary Health Care Outreach Teams, which include Community Health Workers, who conduct health promotion and disease prevention
- Limited progress regarding severe acute malnutrition case fatality rate for children under 5 and the DTaP-IPV/HIV 3-Measles 1st dose drop-out rate

### Proposed interventions

- Strengthen efforts to improve ante-natal visits, visits to mothers within 6 days of delivery and overall immunization coverage for children-under 1.
- The high case fatality rate from severe acute malnutrition amongst children under-5 requires further investigation, and remedial measures to be implemented.

## SAFETY AND SECURITY (1) Crime

### Analysis

- Crimes such as murder, attempted murder, robbery at residential and non-residential premises, carjackings and bank robberies are increasing
- Low rate of detection of contact crimes reported undermines the goal of promoting deterrence through sending positive messages that crime does not pay
- Release of Crime stats on annual basis renders it difficult to identify challenges in good time
- The reported high levels of competence of trainees is contradicted by on-going reports of weaknesses in investigations, forensics, etc.

### What should be done

- Undertake research into the reasons for the rising contact and serious crime rates
- Capacity to investigate and prosecute must be continuously improved
- Activities to promote community participation must be intensified
- The quality of training should be assessed and revised if need be

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## SAFETY AND SECURITY (2) Finalisation of cases and ADRM

### Analysis

- The target for cases finalised with verdict is likely to be met. However, the finalised cases finalised in this way only represent about 30% of cases originally enrolled in court (Development Indicators)
- While the target for Alternative Dispute Resolution Mechanism is likely to be met its effectiveness or impact on the reduction of crime levels needs to be investigated

### What should be done

- Investigative capacity needs to be enhanced to improve the rate of detection and trial-ready dockets for serious crimes. Crime prevention activities must also be improved

### **SAFETY AND SECURITY (3) Border Management**

#### **Analysis**

- Progress has been made towards establishing the Border Management Agency (BMA), however this requires the promulgation of legislation.
- The development of an over-arching strategy as prescribed in the National Security Strategy must be expedited.
- There is a need to urgently address the porousness of the borders
- Slow pace of drafting cybersecurity legislation

#### **What should be done**

- The draft BMA legislation to be expedited
- The over-arching strategy should be drafted
- Cybersecurity Bill to be expedited

### **SAFETY AND SECURITY (4) Public order**

#### **Analysis**

- Violent service delivery protests can undermine the authority of the State – identified in the National Security Strategy
- Though no information provided regarding investigations and prosecution, it is known that there is a major challenge in ensuring successful prosecution of those involved in violent protests
- Challenge of rebuilding capacity of Public Order Police

#### **What should be done**

- JCPS Cluster must urgently develop measures to assert authority of the State in line with NSS Plan of Action
- Furthermore, issues pertaining to service delivery need to be attended to as a matter of urgency and a coordinated response formulated

### **SAFETY AND SECURITY (5) Anti-corruption**

#### **Analysis**

- Progress in development of coherent and holistic anti-corruption policy framework for South Africa
- Challenges in securing convictions of those involved in corruption cases involving huge sums of money
- Not much effort made to develop system for measuring action taken against government officials
- Slow progress in strengthening anti-corruption legislation

#### **What should be done**

- Address need to increase forensic investigators, ensure prosecutors dedicated to fighting corruption and increase intelligence-led investigations
- Expedite the review and amendment of anti-corruption and money-laundering legislation
- Use Chief Procurement Officer processes to cancel contracts corruptly awarded

### SKILLS DEVELOPMENT (1)

#### Academic staff, graduates and Funza Lushaka

##### Analysis

- The 2014 target for qualification of academic staff is being met, however, the target was set at a low level, thus need to be revised
- Need to analyse the total figures, which includes people who are already in the system. Most of the qualified academics are aging, the focus should be on replenishing the academia with young qualified academics
- Progress is being made with respect to graduates in engineering, health, science and teachers, however this is against a low target. Support is needed to increase the pool and pass rate in these critical areas
- Need to improve targeting to ensure the Funza Lushaka scheme funds more teachers in critical and scarce skills. There is also a need to ensure a focus on awarding Foundation Phase teachers, especially ECD teachers

### SKILLS DEVELOPMENT (2)

#### The funding framework

##### What needs to be done

- DHET needs to finalise the revision of the university funding framework. This will help address a number of challenges, such as improving funding for teaching universities (HDIs mainly), funding for foundation programmes which are essential for improving pass and completion rates
- Introduce measures to arrest the increasing cost of higher education – this reduces the impact of NSFAS despite increase in allocations to the scheme.
- Carefully interrogate the funding framework of universities to improve performance and address historical imbalances in resource allocations to PDIs, to enable them to become universities of choice

### RURAL DEVELOPMENT (1)

#### Interdepartmental coordination and spatial development

##### Analysis

- Spatial planning in this section focuses on rural areas
- The DRDLR has established an Inter-departmental Task Team (ITT) as a strategic problem solving platform to ensure integrated implementation of policies and interventions impacting on the **rural space**
- A concept paper and road map for the national rural Spatial Development Framework (SDF) provides for the establishment of institutional structures before the development of the National Rural Spatial Development Framework (NSDF). Legislation and regulations to guide land use have also been developed
- DPME recommends that there should be more focus on reaching agreement on common rural spatial planning principles as opposed to a focus on institutional structures



## RURAL DEVELOPMENT (2)

### Interdepartmental coordination and spatial development

#### Analysis

•The IGR and stakeholder management strategy is earmarked for completion by the next quarter; Provinces working with district municipalities have already developed draft integrated plans aligned to the MTSF and based on area-differential opportunities.

•DRDLR is in the process of finalising memoranda of understanding with three sector departments, i.e., Departments of Trade and Industry, of Traditional Affairs and of Water and Sanitation, as part of the IGR and stakeholder relations strategy

•The involvement and active participation of traditional leaders in both the planning process and the development of the stakeholder relations strategy is important

•There is an urgent need to urgently resolve the custodianship of the National Spatial Development Framework

## RURAL DEVELOPMENT (3)

### Land reform and food security

#### Analysis

➤The efforts to improve food security need to be intensified and accelerated. \*Oxfam report on hunger and malnutrition in South Africa found that one in four people currently suffers hunger on a regular basis and more than half of the population are at risk of going hungry.

➤Hunger is not a product of a failure in food production per se, but a failure of livelihoods to provide adequate cash to purchase food at the household (hh) level. The most food-insecure households are those headed by women or children as 46% of South African men receive salaries, compared to 32% of women\*.

➤The underutilisation of newly acquired land by beneficiaries of land reform remains a major concern. According to the first Quarterly Performance Report (QPR1) on Land Reform farms under recapitalisation, only 44 have received support out of a quarterly target of 76.

➤There is still inadequate support to land reform beneficiaries to ensure that they are capable of utilising the land. Stronger mentorship for beneficiaries and stronger coordination across support programmes under DRDLR and DAFF is required.

➤DSD must engage with the DRDLR to discuss and reach agreement on modalities of reporting on social assistance programmes and related initiatives on food security.

\* Oxfam 2014: Hidden Hunger in South Africa: The faces of hunger and malnutrition in a food secure nation.

## SUSTAINABLE HUMAN SETTLEMENTS (1)

### Housing delivery

#### Analysis

➤Overall - slow, uneven, but steady progress regarding housing delivery

➤Overall progress for 3 quarters represents approximately 45% of annual 299 000 MTSF target for housing opportunities

➤Weak performance in Upgrading of Informal Settlements – 32 000 to the annual target of 150 000 (20%). Possible double counting overstates performance

#### Key challenges:

➤Social Housing Regulatory Agency (SHRA) is not functioning affecting rental targets

➤Weak implementation of informal settlement upgrading programme

➤Target definition and performances between the MTSF and the Provincial Business Plans need reconciliation

#### What should be done to address the key challenges:

➤The Green Paper must determine housing and human settlements delivery, and resolve roles, functions and the application of the subsidy programme. The outcome needs to be debated as a matter of urgency.

➤The National Upgrading Support Programme (NUSP) must integrate its support with the Extended –Peoples Housing Programme (PHP), the provincial upgrading programmes (UISP) and the metros informal settlement upgrading (using the Urban Settlements Development Programme-USDG)

➤SHRA to be re-operationalised

## HUMAN SETTLEMENTS (2)

### Title deeds, social contracts and DFIs

#### Analysis

- Poor performance with new subsidy housing title deed transfer as well as slow progress with defining the implementation plan to transfer the outstanding title deeds
- The Social Contract led by the Minister has renewed the commitment by the Banking Association of SA. The Department needs to exploit this commitment to increase lending by banks in the affordable housing market
- Slow progress with affordable housing market delivery by DFI's and private banks performance not assessed

#### Challenges:

- Slow progress on consolidation of DFI's: affects affordable housing delivery
- The government sponsored Finance Linked Individual Subsidy Programme (FLISP) which provides a deposit is delivering very few opportunities
- Getting the roll out the backlog of title-deeds transfers is too slow

#### What needs to be done :

- Develop the outstanding finance strategy to facilitate increased affordable housing
- Operationalize the backlog deeds transfer programme

## HUMAN SETTLEMENTS (3)

### Accreditation and the Spatial Master Plan Framework

#### Analysis

- Accreditation is receiving focussed attention between DCOG and DHS. A joint DCOG/ NDHS MINMEC held in July 2014 resolved that the approach to the Accreditation Programme be revised and a strategy is being developed for 2015/16 implementation
- Data reliability in NDHS remains a concern for NT and DPME
- Spatial Master Plan Framework developed, an important step towards putting in place the M&E system for spatial targeting

## LOCAL GOVERNMENT: Organisational Challenges (1)

The following have impacted on the performance of many municipalities:

- Critical Skills gap
- Undue political influence in the recruitment of senior managers and supply chain
- Absence of a positive and focused role for provinces in building municipal capacity
- Lack of capacity to sustain service delivery through own revenue in the context of high levels of poverty and unemployment
- Absence of accountability and poor financial management and controls

- 70% of senior officials don't have the competency to do the job
- Provinces not an effective resource to municipalities & not impactful in monitoring, supporting & empowering municipalities.
- Questionable governance and leadership – poor audit outcomes
- Basic systems not in place

Municipalities not efficient and effective in reducing the wasting of funds on non-priority expenditure.  
Provincial departments of local government ineffective in supporting and empowering municipalities to fulfil mandate

## LOCAL GOVERNMENT: Service Delivery Challenges (2)

Infrastructure has been provided, but the service is unreliable, e.g.  
 •Water and electricity interruptions  
 •Sewage spills are a frequent occurrence  
 •Roads are in disrepair  
 •Waste removal services are found wanting

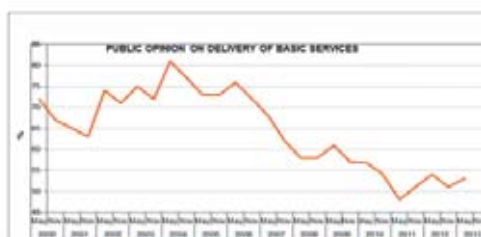
Neglect of routine maintenance – 3.4 million HHs who have access experience dysfunctional water & sanitation services – we are regressing.

Close to 1.4 Million households do not have access to water and dignified sanitation services

88 000 HHs use bucket sanitation in the formal areas (excluding informal settlements were supposed to be eradicated by March 2014. Not done.

To date 15 700 removed. MTSF target unlikely to be achieved.

**MTSF targets for basic services at risk of not being met.**



		Very High Vulnerability		High Vulnerability		Moderate Vulnerability		Low Vulnerability	
Prov.	Total Number WSA's	Number WSA's	%	Number WSA's	%	Number WSA's	%	Number WSA's	%
EC	16	5	31%	4	25%	3	19%	4	25%
FS	20	10	50%	7	35%	3	15%	0	0%
GP	10	5	50%	4	40%	1	10%	0	0%
KZN	14	1	7%	7	50%	4	29%	0	0%
LP	11	7	64%	4	36%	0	0%	0	0%
MP	18	12	67%	3	17%	3	17%	0	0%
NC	27	16	59%	10	37%	0	0%	1	4%
NW	11	6	55%	1	9%	1	9%	0	0%
WC	25	1	4%	8	32%	10	40%	6	24%
Total	152	70	46%	50	33%	27	18%	5	3%

## LOCAL GOVERNMENT: WHAT NEEDS TO BE DONE (3)

Levers and Instruments

- Management (organisational) assessments followed by strictly monitored improvement plans in select municipalities
- Back to basics in other municipalities
- Strict monitoring of action plans to address audit outcomes
- Rigorous application of the competency & recruitment regulations
- Response plan for key factors including political interference, associated with corruption and or weak governance
- Directing the role of provincial departments of local government with regard to their core mandate using LGMIM as a framework.



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## LOCAL GOVERNMENT

### What needs to be done to improve service delivery (4)

- Focus on the 27 priority districts which have the highest unmet needs. Outputs will be as follows:
- Start with the DM's and locals mentioned in the SONA (5 in total) to gradually build up to the remainder of the 27 DM's.
- Use this smaller cohort to put in place project information system (project register) then gradually extend to the balance of the 27 DM's and eventually capture information from all municipalities
- Priority action plans for struggling Water Services Authorities prepared and implementation strictly monitored
- Rapid scale up needed to eradicate bucket sanitation in the formal areas





## LOCAL GOVERNMENT

### Building trust and confidence amongst communities (5)

- Municipalities need to pay greater attention to engaging citizens at ward level as well as ensuring that engagement in IDP processes is deliberative, with citizens actively involved in identifying and resolving trade-offs.

Use ward committee system more effectively:

- Prepare participatory ward level service improvement plans
- Play an active oversight role in terms of monitoring and reporting to community progress against the IDP and Service Delivery and Budget Implementation Plans (SDBIPs) and the ward service improvement plans
- National DCoG with provincial counterparts to monitor extent to which communities have been meaningfully engaged

## ENVIRONMENTAL RESOURCES (1)

### Water licences, EIAs and rehabilitation of wetlands

#### Analysis

- Slower turnaround times for processing of water use licences and EIAs has a negative impact on service delivery, growth and employment
- Slow rate of finalising Strategic Environmental Assessments for SIPs will impact on infrastructure delivery programme
- Insufficient monitoring of compliance with water licence conditions by mines remains a persistent ongoing challenge
- Gaps in reporting most of the biodiversity-related targets are still a challenge due lack of systems to monitor
- Rate of rehabilitating wetlands is slow and this might have a negative impact on water resources

## ENVIRONMENTAL RESOURCES (2)

### Water licences, EIAs, and rehabilitation of wetlands

#### What needs to be done

- Department of Water and Sanitation must accelerate their efforts to curtail losses especially in large water supply schemes and municipal networks
- Systems and capacity to process Water Use Licenses applications should be enhanced
- Improve cooperation at operational level between Department of Water and Sanitation and Department of Mineral Resources (DMR) to deal with issues of non-compliance by mines
- Competent Authorities should accelerate processing of EIA applications and SEA's for SIPs
- Systems to monitor and track biodiversity related targets should be developed
- Increase support to Working for programmes to fast-track rehabilitation and create jobs in community works programme

### ENVIRONMENTAL RESOURCES (3)

#### Air quality and rhino and abalone poaching

##### Analysis

- There is still concern that air quality targets are progressing slowly due to challenges associated with maintenance of existing air quality monitoring stations and therefore lack of reporting
- While enforcement actions have been enhanced, rhino and Abalone poaching remains a concern

##### What needs to be done

- The sector should develop systems to monitor progress on targets that are not yet being measured for example *waste licenses and atmospheric licences*
- Competent authorities should allocate adequate budgets should for maintenance of air quality monitoring stations
- A maintenance plan for air quality monitoring stations should be developed to ensure continuous data gathering and analysis

### INTERNATIONAL RELATIONS (1)

#### Integration

##### Challenge

- There are challenges regarding integration, in SACU and SADC in particular
- The goal of promoting developmental integration through market access, infrastructure development and industrial development is progressing slowly
- SA views proposed launch of Tripartite-Free Trade Area as premature given that no agreement yet on key issues such rules of origin, dispute settlement and trade remedies

##### What should be done

- Increased diplomatic engagement at the highest level required to break the SACU impasse
- SA should not oppose planned launch of Tripartite-Free Trade Area but should push for securing agreement on key elements of an FTA

### INTERNATIONAL RELATIONS (2)

#### Peace, stability and security

##### Analysis

- SA is a major role player in efforts to bring about and maintain peace, stability and security on the Continent and in SADC
- At instance of SA, ARCIC established by decision of AUPSC, first deployment in Eastern DRC with participation of SANDF contingent
- SA facilitation of normalisation of situation of situation in Lesotho – Coalition Partners agreeing to Roadmap, Parliament reconvened, election in February 2015

##### What should be done

- ARCIC is an interim measure pending establishment of African Standby Force – should not drop the ball in relation to this goal



### INTERNATIONAL RELATIONS (3) Strengthening the AU and structures

#### Analysis

➤ The secondment to strengthen AU and its structures should be informed by objective of targeting key positions in strategic structures of the AU

➤ Secondment of government officials appears to be a challenge despite the adoption of a Secondment Policy by Cabinet some years back

➤ Important role of ARCIC in stabilisation of areas where there is armed conflict e.g. Eastern DRC resulting in renunciation of rebellion by M23

#### What should be done

➤ Urgent need to identify strategic AU structures that should be targeted for secondment of officials

➤ Encourage non-government individuals to apply to these structures where no government officials are available – ensure that these individuals are familiar with government domestic and foreign policy objectives

➤ ICTS Cabinet Committee has recommended that DGs should inquire to apparent reluctance of government official to volunteer for secondment – review and improve secondment policy where needed

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### KEY ACHIEVEMENTS: REGIONAL INFRASTRUCTURE

➤ HE President Zuma is the political champion of AU Presidential Infrastructure Championing Initiative, and in particular the North South Road and Rail Corridor and linkages between the Northern and Southern parts of the continent

➤ A number of projects have been initiated under the Presidential Infrastructure Championing Initiative that includes:

- The missing links of the Trans-Sahara and Optic Fibre Project from Algeria via Niger to Nigeria (Algeria is responsible)
- Dakar-Ndjamena-Djibouti Road/Rail (Senegal)
- Benin-unspecified
- Nigeria – Algeria Gas Pipeline (Nigeria)
- Kinshasa-Brazzaville Bridge Road/Rail (Republic of Congo)
- ICT Broadband and Fibre Optic network linking neighbouring states (Rwanda)
- Water Management, River and Rail Transport (Egypt)
- The North –South Corridor Rail/Road (South Africa)

➤ Some further projects have been identified by African states and will form part of this initiative, in due course. For example, Cote d' Ivoire would like to champion the Africa Rail Project under the Presidential Infrastructure Championing Initiative. Kenya and Namibia also wish to join and will nominate the project that they wish to champion.

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### NORTH-SOUTH CORRIDOR



## PUBLIC SERVICE (1) Political-administrative interface

### Challenge

- High turnover of HoDs impacts adversely on the capacity of the public service to drive sustained improvements in service delivery.
- The NDP and MTSF identify the creation of an Administrative Head of the Public Service as an important step to help address this instability.
- The Administrative Head of the Public Service would be responsible for running standard administrative-level processes to inform EA decisions on managing the career incidents of HoDs.
- Detailed work has been done on developing a discussion document to set out how this role would work in the SA context.

## PUBLIC SERVICE (2) Management Performance Assessment

### Analysis

- Effective Human Resource Management and Development (HRM&D) is a key condition necessary for building a capable state that will enable government to meet the objectives of the NDP
- Current data from the Management Performance Assessments Tool (MPAT) shows that most national and provincial departments are weak in this area
- A strategy to support poor performing departments in the area needs to be developed by DPISA
- Current data from DPISA indicates that the 2014/15 target of appointing 20 000 youth in the Public Service to internship, learnership and artisan programmes has been exceeded. It is projected that we will reach 30 000 youth in these programmes by the end of the fourth quarter.

## PUBLIC SERVICE (3) Procurement

### Analysis

- The establishment of the Office of the Chief Procurement Officer (CPO) in NT is a major step forward. For the first time in South Africa, procurement and SCM are being seen as strategic functions rather than administrative transactional functions
- Work is in progress to professionalise and improve procurement practices in national and provincial departments
  - Minimum competency and capacity requirements for SCM staff for different types of department need to be implemented
  - NT is putting in place a broader range of centralised contracts to obtain efficiencies and reduce corruption
- NT needs to expedite the issuing of the revised Treasury Regulations
- Need to develop standard sectoral procurement strategies: e.g. health lab has developed a procurement strategy for health, with different procurement approaches for different categories of goods and services and infrastructure-related spend

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## **PUBLIC SERVICE (4) Coordination**

### **Analysis**

- Challenges in coordination relate to day-to-day coordination around specific issues, which needs to happen outside formal coordinating structures
- The Presidency is currently facilitating a process for improving the operation of clusters
- Institutionalisation of long-term planning will bring benefits for coordination and policy coherence

## **SOCIAL PROTECTION SYSTEM Universal access**

### **Analysis and what needs to be done**

- Universal access (all who are eligible have access) to grants is close to being realised
- The foster care grant needs to be aligned to the child support grant
- There needs to be clarity on the intended outcomes of the food distribution programme, how the current activities will result in these outcomes and the relationship between the food distribution programme and other government household food security initiatives (such as those under DRDLR and DAFF)
- The absorption rate of social workers at less than 50% of those that have graduated is less than what the country needs but it is what it can afford.

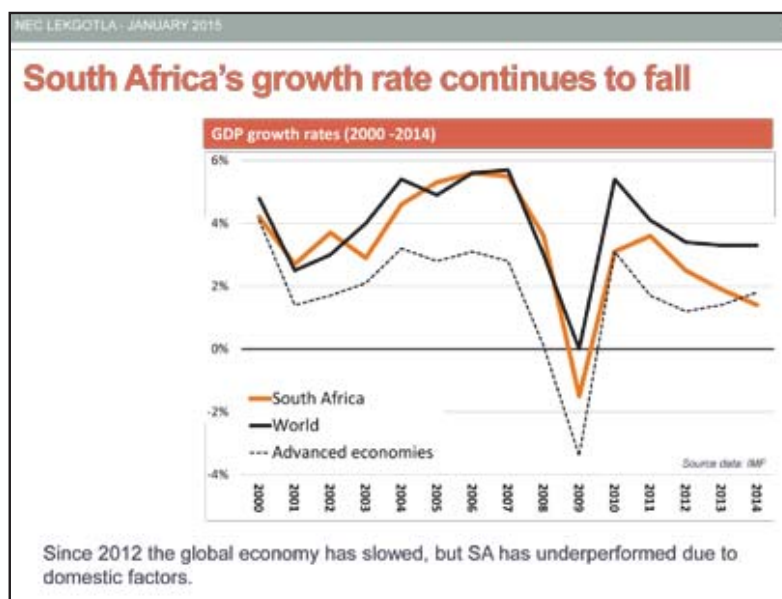
## **NATION BUILDING AND SOCIAL COHESION**

### **Analysis**

- During National Days celebrations the Preamble of the Constitution is recited but the celebrations are yet to appeal to all race groups
- The women empowerment and gender equality bill will be replaced by a process to review whether better implementation of existing laws will not yield the same outcome. Plans are ready to drive the film/art/cultural programme, the snails pace is due to financial constraints (approval of the film fund)
- Citizen based monitoring has been implemented in 18 municipalities and a framework for such developed
- A National Youth Policy has been developed and issued for public comment
- The current wave of attacks on foreign nationals indicates that xenophobia remains a major challenge

■ Presentation by **NHLANHLA NENE**

# ECONOMIC OUTLOOK AND FISCAL POLICY



- NEC LEKGOTLA - JANUARY 2015 3
- ## Long-term growth potential is in decline
- Part of the problem are well-known, yet unresolved structural weaknesses:
    - High levels of inequality and unemployment
    - Poor skills and low-quality basic education
    - Inadequate infrastructure
    - Markets dominated by (private and public) monopolies
    - Weak regulation, faltering public institutions and too much red-tape
    - Inefficient labour markets
    - Uneconomic and inequitable spatial patterns
  - Additional problems have eroded growth potential over the last few years: Labour market disruptions in key exporting sectors, low levels of private investment, low levels of confidence in the future prospects for the economy.
  - In several respects, government is in part responsible for the slowdown in growth: weak regulatory institutions, poor service delivery, governance failures at state companies, the absence of quality social spending, extended periods of policy and regulatory uncertainty, poorly coordinated actions, policies that contradict one another, red tape...
  - Growth slowed further during 2014 as consumption-led, debt fuelled economic path of recent years reached its limits. Credit growth is low and the ability of the fiscus to take on new debt is increasingly limited.
  - Against a growth expectation of 2.7 per cent at the beginning of 2014, we now expect annual growth of 1.4 per cent.
  - All of this points to a declining potential growth rate (i.e. estimates of the rate at which the economy can sustain growth in the long run has fallen)

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- ## New economic conditions
- Against this backdrop, three factors have emerged to transform the economic environment.
    - The absence of global recovery (putting downward pressure on commodity prices)
    - A drop in the global price of oil
    - The electricity shortage
  - They will all have important implications for South Africa's economy, and may imply shifts in policy and strategy.



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## [1] World slowdown looks increasingly permanent

	2013	2014	2015	2016
World	3.3	3.3	3.5	3.7
USA	2.2	2.4	3.6	3.3
Euro Area	-0.5	0.8	1.2	1.4
Japan	1.6	0.1	0.6	0.8
UK	1.7	2.6	2.7	2.4
China	7.8	7.4	6.8	6.3
India	5.0	5.8	6.3	6.5
Brazil	2.5	0.1	0.3	1.5
Mexico	1.4	2.1	3.2	3.5
Russia	1.3	0.6	-3.0	-1.0
Nigeria	5.4	6.1	4.8	5.2
South Africa	2.2	1.4	2.1	2.5

Source: IMF, WFO update, January 2015

- World growth expectations have been lowered over the medium-term
- The USA is the only economy that is expected to grow faster
- Oil and other commodity prices are adjusting to lower demand
- Global capital flows are likely to shift towards the US (away from developing countries), as the US recovers and interest rates rise
- Growth in Africa remains strong for now, but lower commodity prices and higher interest rates are a major risk

South Africa must adjust to a new normal of lower global growth, lower commodity prices and rising interest rates.

This is not a short term adjustment. It is a medium term reality. The global growth rates seen before 2008 are unlikely to return.

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## Slower world growth means lower prices for South Africa's key exports and oil

Commodity prices

SA's top 4 commodity exports\*  
Oil

Price index based on 100 (2005=100)

\* Price index of platinum, gold, coal and iron ore

- These developments have consequences that may require strategic rethink.
- Investment in oil exploration and development will be less buoyant
- Government revenues from company taxes may be weaker (e.g. synthetic fuel producers and commodity exporters will be less profitable)
- Policies that subsidize fuel production (e.g. biofuels) will be less viable
- Infrastructure investments funded from commodity export profits may be less sustainable
- Existing weaknesses in mining and related sectors may be exposed.

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## [2] Petrol price drops by R4/litre

Petrol pump prices: 93 Unleaded (Gauteng)

R/litre

From a peak of R14.16/litre in April

Down to a forecast of R10.02/litre next month

01-Jan-2013 01-Apr-2013 01-Jul-2013 01-Oct-2013 01-Jan-2014 01-Apr-2014 01-Jul-2014 01-Oct-2014 01-Jan-2015



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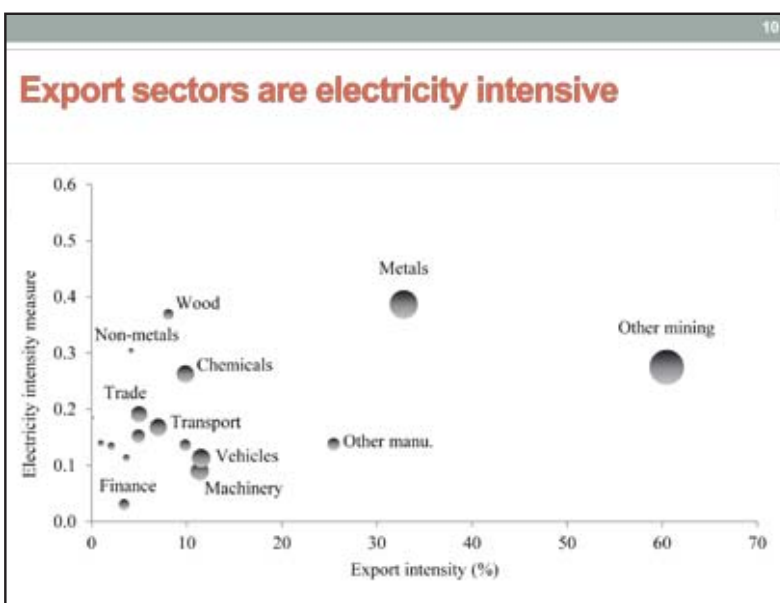
### Implications of lower oil prices

- The drop in international oil prices have been large, while the future path of prices is uncertain.
- Further depreciation of the rand exchange rate could offset gains at the petrol pump.
- Oil accounts for 40% of imports, so a lower price will ease pressure on the **current account** deficit. But lower growth in key African markets (e.g. Nigeria, Angola) could hurt our exports.
- The most direct impact will be on **inflation**: already CPI for December is to 5.3% down from 6.6% in May.
- The gains from lower petrol prices will be shared between:
  - Workers/consumers in the form of improved real wages (for those who drive cars)
  - Profits (e.g. for the taxi industry, and other sectors with "sticky prices")
- Lower inflation will also benefit the fiscus. The same budget (in rand terms) may buy more (if inflation stays low). Real growth in expenditure will improve, and departments that rely heavily on fuel (e.g. police) will have more space.
- Lower inflation could also translate into a more moderate public sector wage settlement.
- In normal circumstances the lower oil price would mean lower costs and higher growth, an all round gain for the country. However... (see next slide)

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### [3] Electricity: a binding constraint on growth

- Electricity shortages impose a binding constraint on economic growth that will be with us for the next three to four years.
- By the time Medupi is finished, the erosion of capacity due to lack of maintenance means that electricity availability could be lower than when Medupi was started.
- Shortages will hit export sectors particularly hard. Over 60% of our exports are mineral resources, manufactured goods or beneficiated goods that are all energy intensive.
- **The economy will struggle to grow higher than 2% until the energy constraint is relieved.**



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## How fast can we grow?

- We will continue to have electricity shortages for the next 3-4 years.
- Electricity intensity is linked to the performance of mining and manufacturing. Higher growth in mining and manufacturing means higher electricity usage.
- One factor behind investment shortfalls is the electricity constraint. This is affecting our ability to produce and create jobs over the next 5 to 10 years.
- The delays and uncertainty with regard to completion of Medupu and Kusile further discourages investment in the economy and questions our ability to deliver on our infrastructure projects.
- The current situation can reduce growth in the region of 1.8 to 2.5 per cent per year with significant downside risks.
- This will have a large negative impact on our tax revenue and the current fiscal framework.

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## In sum, the economic outlook has worsened since the last NEC lekgotla

- Lower global growth means declining commodity prices and less demand for other exports.
- The lower oil price will provide a boost to the economy
- But this will be (more than) off-set by electricity constraints
- The electricity constraint means that growth approaching 3 per cent is highly unlikely over the medium-term
- The consequence of this is that unemployment will rise over the next three years.
- The NDP target of 5% growth is looking increasingly doubtful.
- **The social and political consequences of a decade (2008 to 2018) with poor growth, very little employment gain and stagnant incomes for half the population are considerable.**

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## Space for macroeconomic intervention is limited

- Weaker exchange rate can boost competitiveness, assuming that we can prevent inflation. Lower inflation should imply a slow down in interest rate increases.
- Government must act to stabilise the public finances and rebuild fiscal space. To do otherwise would risk a debt trap and push up borrowing costs, crowd out other expenditure and do further damage to the wider economy. The risks will grow strongly over the next two to three years.
- Fiscal policy has supported the economy for the past seven years. Mounting debt means that this approach is reaching its limits. But expenditure is not being cut. Instead, spending growth has been reduced, and new revenue measures will be introduced.
- The wide current account deficit and electricity constraints imply that demand-side policies would be counter-productive, producing inflation and appreciating the exchange rate rather than boosting income.
- **An approach that seeks to spend our way out of current problems will be ineffective and create even worse problems.**

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### What can be done?

- Act decisively to manage the energy situation.
- Continue to invest to relieve other infrastructure bottlenecks
- Conclude a moderate public sector wage agreement to create space for continued government investment spending.
- Take steps to rebuild cooperative labour relations and enable greater entry of youth into employment.
- Strengthen the governance of state-owned companies and implement the Piyegea commission report (work being led by Deputy President)
- Keep to our commitments and resolve key policy uncertainties
- Remove excessive regulation in key industries.
- Ensure that policy actions do not damage key growth sectors (e.g. look at the impact of recent immigration policy initiatives on tourism)
- Improve the quality and targeting of social spending
- Implement the NDP to boost longer-term growth
- **Build social cohesion around a common national platform**

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### Managing the energy situation: questions in need of urgent answers

- Would higher tariffs result in less load shedding and is this a trade off we are prepared to make?
- Is "keeping the lights on" more important than ensuring system stability and allowing for proper maintenance of the electricity grid?
- Can we go further in facilitating power generation by the private sector or is this ideologically wrong?
- Should we consider interventions to shut down aluminium smelters or other high intensity operations with limited employment opportunities or other economy-wide linkages?
- How should we communicate the current impasse to the people?
- What are the implications of energy constraints for our beneficiation strategy?
- Can we shift in the short term to a less energy/capital-intensive industrial policy strategy?

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### Conclusion

- The shortage of electricity overshadows all the other structural flaws in the economy and also limits the impact of many positive reforms that have been put in place since 1994
- It is necessary to be honest with ourselves (and the public) about how binding this constraint is
- If we manage the situation sensibly, we might get growth of between 2 to 3%
- In addition, we have to raise our efforts to improve public services, transform economic structures and ensure that growth is more inclusive.
- Building national unity around a common economic agenda is an urgent political task.

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Examples of constraints on growth		
Constraint	Examples	
<b>Economic Infrastructure</b> – Electricity, ICT, freight and public transport	Economic cost of load shedding, difficulty in accessing electricity for new investors, and capacity constraints in freight and port sectors.	
<b>Labour Instability</b> – lengthy strikes, shopfloor conflict, persistent discrimination and related socio-economic issues	Platinum strike followed by Metal sector strike has had massive knock-on effect in a range of manufacturing sub-sectors. There is a housing gap for workers, inadequate public transport	
<b>Regulatory Processes</b> – are opaque, slow and lack clear timelines.	EIRs, water licences, access to land, local government regulations and ease of doing business. This work is also being addressed through Presidential Business Working Group.	
<b>Policy Logjams &amp; Bottlenecks</b> – constrain Government's ability to crowd-in private sector investment	Slow implementation of biofuels, co-generation, and SMME 'set asides'	
<b>Capacity of the state</b> – capability in departments, the role of SOCs and the Private-sector – mixed messages and policy uncertainty has impeded investment	Eskom build programme weaknesses in governance arrangements that limit effectiveness of SOCs and departments, capture by private sector, introduction of new regulations which undermine SA's status as a recipient of FDI.	

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NDP focus areas		
<ol style="list-style-type: none"> <li>1. Resolving the energy crisis</li> <li>2. Moderating workplace conflict</li> <li>3. Revitalising the Agriculture and Agro-processing value-chain</li> <li>4. Advancing Beneficiation</li> <li>5. Crowding in private-sector investment                             <ul style="list-style-type: none"> <li>• Will include dealing with regulatory constraints and giving certainty</li> </ul> </li> <li>6. Unlocking SMME, Co-ops and Township and rural Enterprise Potential</li> <li>7. State reform and boosting the role of SOCs and national champion firms                             <ul style="list-style-type: none"> <li>• Will include ensuring that the state has the right employees in the correct positions</li> <li>• Putting governance measures in place to improve accountability and effectiveness</li> <li>• Improved coordination among departments and other state agencies</li> </ul> </li> </ol>		



■ *Presentation by* **ROB DAVIES**

# SECTORAL ANALYSIS OF THE SOUTH AFRICAN ECONOMY

## Key themes

- Global historical context
- Local historical context
- Evolution of the SA economy
- Industrialisation and the interlinked nature of the SA economy
- Industrialisation and black economic empowerment
- The new trade narrative, GVCs and the WTO
- Progress in industrial policy
- Constraints on industrial policy
- Some conclusions

### Global historical context

- ❖ The manufacturing sector lies at the core of industrialisation
- ❖ OECD economies achieved high income per capita levels through industrialisation
- ❖ Developing economies that achieved high and sustained growth after WWII also did so through industrialisation
- ❖ Common strategies which historically underpinned developing country industrialisation successes:
  - Policies to support rapid growth of agriculture
  - State-supported industrialisation
  - Infrastructure directed towards value-added production and exports
  - Finance directed towards long term investment in industry and infrastructure, with short term and speculative activities discouraged
  - Supportive macro-economic policies

### Local historical context Evolution of the SA economy: 1

- ❖ SA historically emerged as a producer and exporter of primary products – diamonds and gold-mining dominated from the late 19<sup>th</sup> century to the 1970s
- ❖ This drew in large numbers of low-paid, low-skilled migrant workers and led to the underdevelopment of reserves/"homelands"
- ❖ Heavily state-supported, white-owned commercial agriculture was orientated both to export markets and the domestic economy
- ❖ The later emergence of manufacturing was in part linked to Minerals-Energy Complex (MEC) mega projects, in part domestic-orientated, with state support through high tariffs
- ❖ Banks and other service sectors supported the MEC, giving rise to large conglomerates towards the end of the apartheid period



### Evolution of the SA economy: 2

- ❖ The initial post-apartheid period saw the removal of apartheid support measures, plus adjustments to “globalisation”
  - Rapid trade liberalisation: SA - classified as a developed country by apartheid - underwent deeper cuts than peers, resulting in the undermining of much of the existing manufacturing base
  - Low public infrastructure investment
  - Unbundling of apartheid conglomerates – which did not facilitate the predicted investments and growth opportunities:
    - Offshore dividend flows and investments
    - Strengthened monopolistic private control of various sectors (e.g. steel, chemicals, fuel, maize and wheat)
    - Removal of subsidies to white commercial agriculture
  - Increasing shift of private investors to short term portfolio approach
  - Increased reliance on - and volatility of - short term capital flows

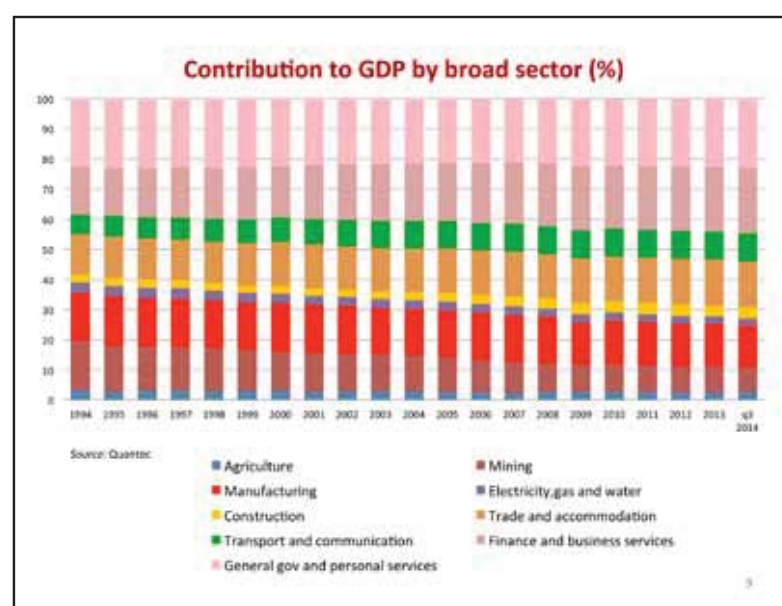
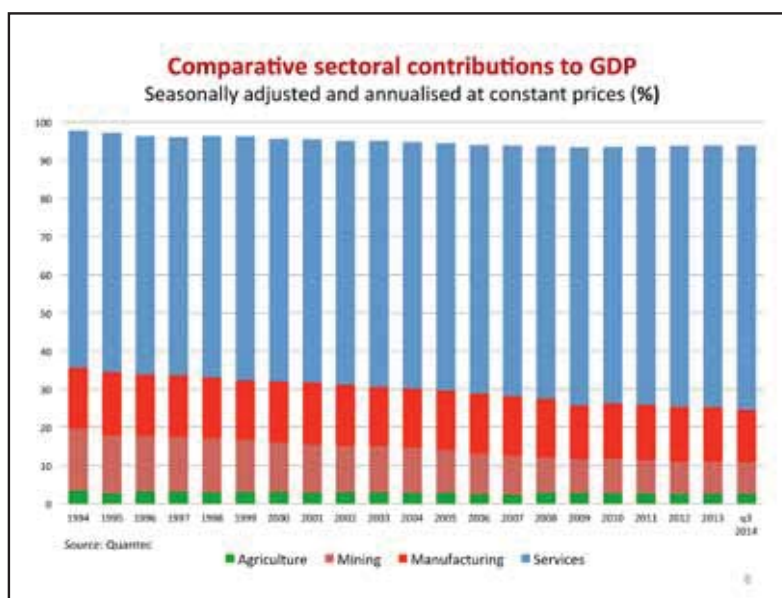
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### Evolution of the SA economy: 3

- ❖ The economy has not grown fast enough for long enough
- ❖ Between 1993 and 2014, quarterly GDP growth exceeded 5% in only 16 of the 44 quarters
- ❖ Primary sources of SA's GDP growth of 5% in mid-2000s were the commodity 'super-cycle' (as China industrialised, commodity prices boomed) and credit-fuelled consumption
- ❖ Stronger GDP growth in this period masked deep structural problems in the economy

### Evolution of the SA economy: 4

- ❖ Post-apartheid consumption-led growth path:
  - Consumption-based sectors of the economy grew at double the rate of production-based sectors and facilitated increasing imports
  - This was based on increasing levels of household debt - now over 70% - and clearly unsustainable
- ❖ Growth and employment gains in service sectors such as retail cannot be sustained if the production side of the economy does not grow
- ❖ Growth has been narrow - not inclusive - and characterised by :
  - Declining share of productive sectors (mining, agriculture and manufacturing) in GDP
  - The growth path has been both import- and skills-intensive
  - Dependence on commodity exports and capital inflows has impacted on the exchange rate and made the economy highly vulnerable to rapid changes in global sentiment

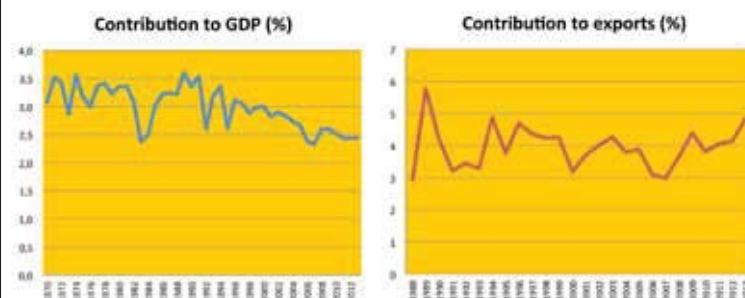


### Industrialisation and the interlinked nature of the SA economy: 1

- ❖ **Agriculture:** is a critical sector (but has performed poorly since 1994)
  - Has potential to become a much more important source of jobs
  - Provides critical feed-stocks to manufacturing; agro-processing can help to grow the agriculture sector as a whole
  - Has potential to contribute far more to exports and balance of payments
- ❖ **Manufacturing:** is central to growth and job creation (but has also performed poorly since 1994)
  - Directly
  - Backward linkages: demand for agricultural, mining and service sector inputs
  - Forward linkages: development of new sectors and products
- ❖ **Mining:** remains critical to SA's economic fortunes (but has likewise performed below expectation since 1994)
  - Important source of jobs and exports
  - Vulnerable to commodity price cycles
  - "Wasting asset" which needs to be leveraged for long term developmental gain

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### Contribution by Agriculture to the SA economy

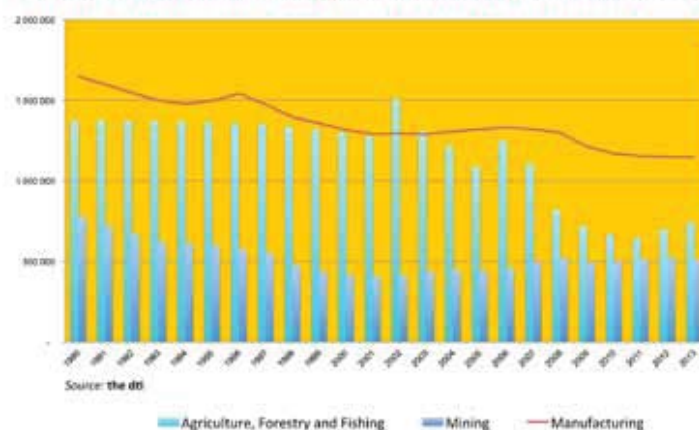


Source: IDC

- The moderate contribution of agriculture to GDP has declined over time with the contribution in 2013 reaching a new low.
- The sector's contribution to exports is also low - although it has started to recover slightly over the last few years.

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### Formal employment: steady decline across productive sectors

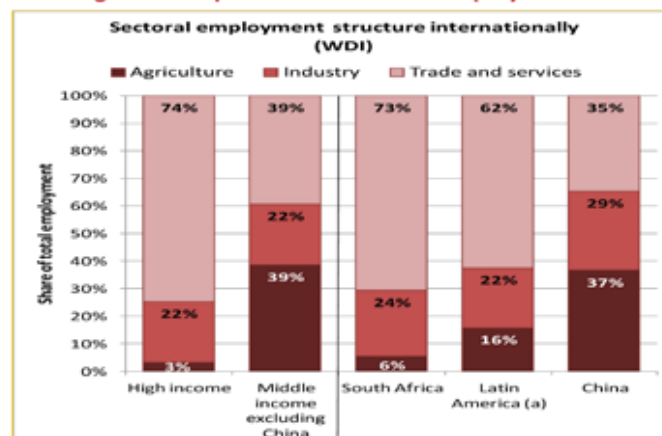


Source: the dti

— Agriculture, Forestry and Fishing — Mining — Manufacturing

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### Agriculture: performance and unemployment

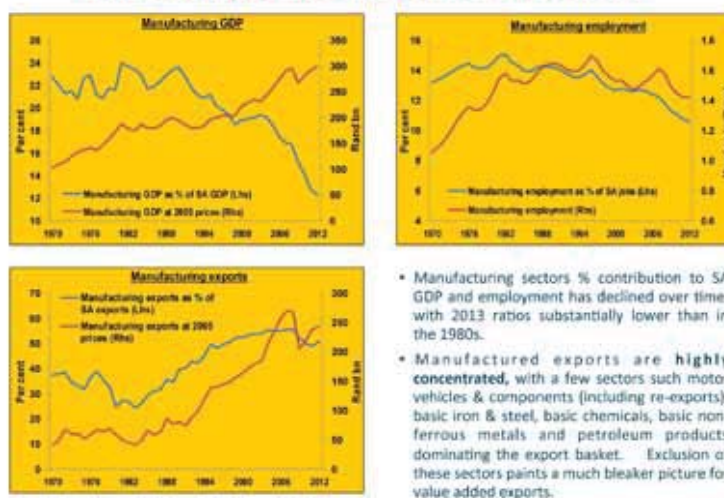


Source: World Bank

- ❖ Benchmarked against other middle income economies, the contribution of agriculture to employment is a key consideration

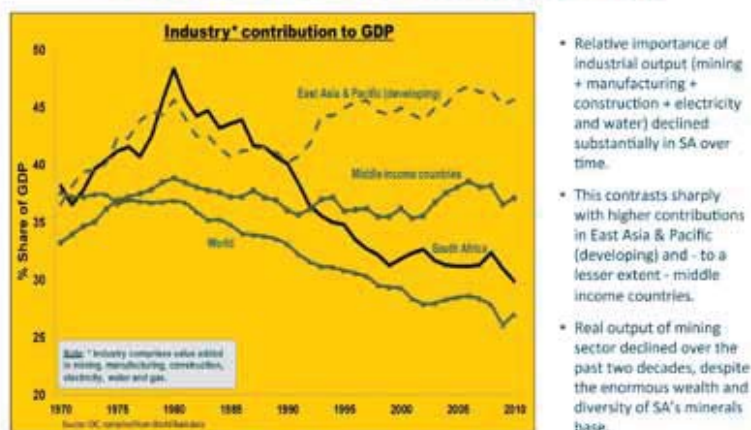
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### Manufacturing sector contributions to SA economy



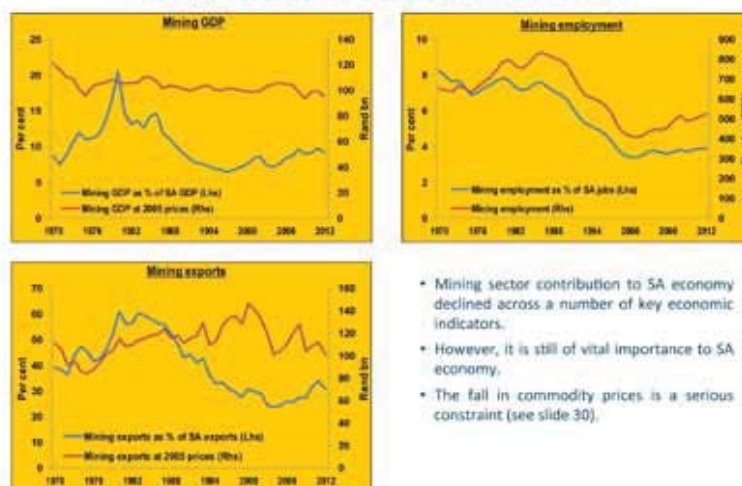
Source: IDC 34

### Industry share of GDP – SA vs world regions



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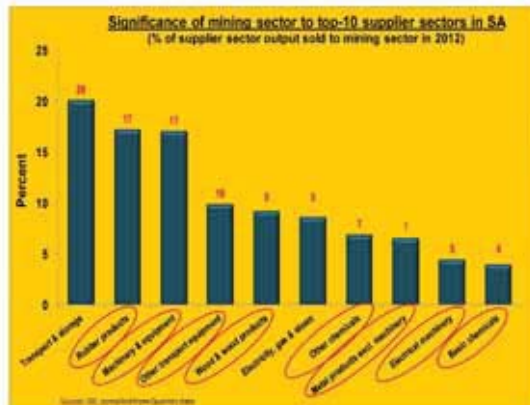
### Mining sector contributions to SA economy



Source: IDC 36



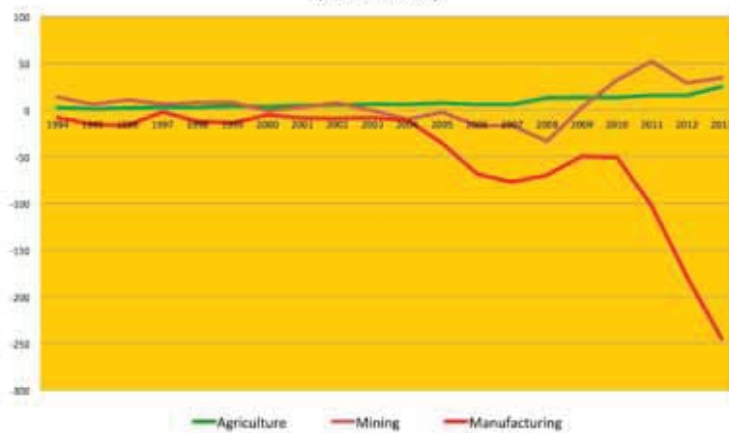
## Mining is a critical source of demand for manufacture



- A number of sectors rely on the mining sector as a key source of demand for their respective products/services.
- In manufacturing, sub-sectors such as rubber, machinery & equipment, other transport equipment, wood, as well as many other sectors supply a substantial portion of their output to the domestic mining sector.

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## Trade balance by broad sector (Rand billion)



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## Industrialisation and the interlinked nature of the SA economy: 2

### ❖ Services

- Have grown rapidly since 1994 – driven strongly by the rise of finance and related activities

BUT:

- Service sectors are more sustainable and of higher quality if rooted in a growing and diversifying productive economy
- There is a strong need to create *sustainable demand* for consumption-based sectors like retail – through increasing both national value-added and income on the production side of the economy

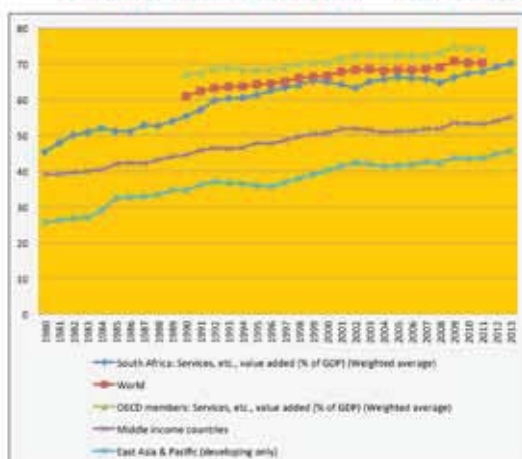
### ❖ Finance

- Likewise, a critical need to incentivise long-term productive investment, discourage increasing household debt and disincentivise speculative activities

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## Services share of GDP – SA vs world regions



Source: World Bank

- In SA, services sectors' contribution mirrored world average, but is **substantially higher** than for middle income countries and a developing region such as East Asia & Pacific.
- Services sectors have grown significantly driven by credit extension and consumption ('financialisation' of the economy) - and the proliferation of business services and explosive growth in the security industry and telecommunications.

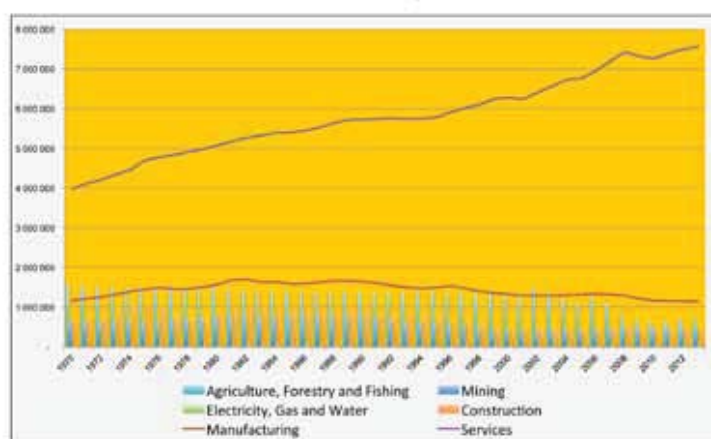
20

## Industrialisation and Black Economic Empowerment

- ❖ Increasing short-termism of traditionally white corporate sector
  - Increased role of institutional investors
  - Shift to shorter-term sources and uses of funds
  - Preference for returns from intermediation activities rather than direct investment in production-based sectors
  - Investment in sectors which facilitate imports
- ❖ However, many emerging BEE groups and investors follow similar patterns
  - Preference for increasing number of minority stakes across a range of sectors versus deepening of ownership within production-based sectors
  - Arrangements with importers and foreign original equipment manufacturers (OEMs) which facilitate imports rather than direct investment in production-based sectors
- ❖ Need to support the development of a black industrialists who are committed to building long-term sustainable manufacturing businesses

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## Gross Domestic Fixed Investment Constant 2005 Prices, R millions



Source: the dti

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## The new trade narrative

- ❖ Globalisation has been a highly uneven process
- ❖ The development of the global trading system has strongly favoured advanced economies, as captured in the “new trade narrative”: both a description and a problematic prescription
  - **Description:** goods are now “made in the world”; intermediates make up 60% of world trade; services 50% of OECD trade – which highlights the emergent economy problem of being incorporated as producers and exporters of primary products and importers of finished goods
  - **Prescription:** liberalisation of services now deemed more important than production of goods
  - Trade Facilitation – main barrier; gains from TF 6 x greater than tariff reductions
  - “Doha is dead”:
    - Emerging markets should “graduate”
    - “Single undertaking” does not work
    - Plurilaterals – such as in services - should be the main approach
    - Future negotiations should be issue-by-issue - such as TF in Bali

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## Global Value Chains (GVCs)

- ❖ Entry into GVCs currently being put forward as the new industrial development paradigm
  - Ignores the fact that GVCs are controlled by a small number of increasingly concentrated transnational companies
  - Accompanied by demands for further unilateral trade liberalisation by emerging economies – i.e. free movement of intermediate inputs into high value added products, produced mainly in advanced economies
- ❖ Development issues are marginalised and policy space for developing countries squeezed, to prevent the deployment of purposeful industrial policies and industrialisation up the value chain
- ❖ Approach is largely driven by US Trade Strategy:
  - A focus on emerging countries (graduation) masks protectionism in the US/EU
  - US focus on plurilaterals in WTO, issue-by-issue negotiation, TPP and TTIP are all targeted at isolating China and creating new rules to compete with China

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## SA approach to the WTO

- ❖ SA position formally based on ‘justice, equity and development’:
- ❖ Suggested focus of post-Bali Work Programme:
  - Prioritise the needs and interests of developing countries, especially the LDCs, Africa and SVEs
  - Recognise the need for policy space and Africa’s need to industrialise

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### Progress in industrial policy: 1

- ❖ The National Industrial Policy Framework (NIPF) was adopted in 2007 – and has been followed up with 7 subsequent successive iterations of the Industrial Policy Action Plan (IPAP)
- ❖ IPAP is a complex set of interlocking, mutually supportive transversal and sector-specific interventions requiring intra-governmental, DFI and SOE policy coherence, integration and co-ordination
- ❖ It is predicated on the need to bring about structural changes in the SA economy:
  - Productive sectors at the heart of the New Growth Path
  - Emphasis on a generalised move up the value chain
  - Developmental integration across the African continent

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### Progress in industrial policy: 2

- ❖ IPAP Interventions range from exchange rate policy to industrial financing; incentives; tariffs; customs; competition policy; procurement and so forth
- ❖ Evidence clearly demonstrates that *industrial policy interventions have worked* - where they have been well researched and designed, adequately resourced and the subject of robust stakeholder engagement and – e.g. autos, clothing and textiles, business process services and film
- ❖ Successful industrial policy can drive other sectors:
  - Agro-processing can create new opportunities in agriculture
  - Beneficiation can extract more value from mineral resources
  - Services become more viable in the context of diversification

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### Constraints on industrial policy: 1

- ❖ Notwithstanding examples of success and efforts to deploy the full 'toolbox' of industrial policy instruments - in unison and to maximum effect - very significant constraints continue to undermine the efficacy of industrial policy:
  - Macro-economic policy: the value (until recently) and volatility of the currency and the REER
  - Lack of policy coherence, co-ordination and integration across government departments, DFIs and SOEs
  - Very slow progress in key areas where an integrated, purposeful approach is essential – e.g. beneficiation, biofuels

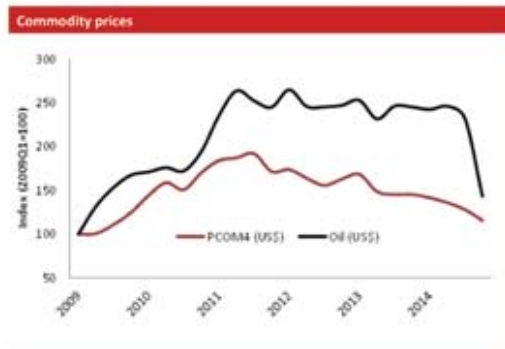
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## Constraints on industrial policy: 2

- ❖ Relative to peer developing countries – inadequately resourced industrial policy
  - e.g. Up to the inception of the Manufacturing Competitiveness Enhancement Programme (MCEP) incentives had fallen steadily (relative to GDP) in the post-apartheid period
- ❖ Significant, steeply rising manufacturing input costs, especially administered prices – electricity; port charges (highest in world); rail freight and logistics prices and inefficiencies – and monopolistic private sector pricing (steel and plastics)
- ❖ Sharply falling global commodity prices – exposing the vulnerability of unbeneficiated mineral exports and highlighting the importance of a re-balancing in favour of value-added, non-commodity manufactured exports (See next graph)

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## Commodity price have declined substantially



### Recent developments:

- Slower EM growth has led to softer commodity prices
- Oil price has tumbled on rising US shale production, weak global growth and strong production from OPEC.

Source: National Treasury

## Some conclusions: 1

Breaking the apartheid pattern of primary exports and value-added imports requires coordinated, purposeful interventions at a scale that can deliver 'critical mass'

- ❖ **Scale and focus:**
  - Government interventions are currently too small and uncoordinated to properly support industrial policy and catalyse manufacturing sector growth
  - Government-wide, purposeful support for industrial policy must include the following key components:
    - **Procurement:**
      - Greater emphasis and focus on effectively extracting value from government, SOE and resource sector strategic procurement programs
    - **Export competitiveness:**
      - Focus on partnering global OEMs to build intermediate export-orientated component manufacturing capabilities and support SA OEMs to achieve greater levels of export competitiveness
      - Unlocking mining growth through concerted alignment with a resource-driven industrialisation strategy: upstream (mining capital goods); focused downstream beneficiation; and enhanced R&D to support exports

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## Some conclusions: 2

### Key components of policy intervention (cont.)

- **Unburden manufacturing:**
  - A clear and systematic plan is required to unwind manufacturing sector subsidisation of mining, rail and port logistics through the pricing system - without putting Transnet at risk
  - Access to appropriately-priced energy, water, transport and ICT economic infrastructure
  - Interventions against monopoly pricing of steel and plastics
- **Reduce the cost of doing business:**
  - Decisive efforts to reduce regulatory barriers, red tape and rising costs of doing business, all of which erode local company competitiveness
- **Unplug constraints and bottlenecks:**
  - Appropriate alignment of policy instruments with the industrialisation imperative; plus a coherent, timely, solutions-based approach to critical bottlenecks and constraints - e.g. in areas such as beneficiation and biofuels
- **Support for agriculture:**
  - Purposeful strategy and clear Implementation Plan for the agricultural sector, with a strong emphasis on value-added agro-processing

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## Some conclusions: 3

### SUMMING UP:

- ❖ Concerted interventionist action is required – but there is no 'silver bullet' or quick fix
- ❖ If transformation and inclusive growth are the twin goals of national policy, there is no viable alternative to the state **actively pursuing and driving structural change in the SA economy**

In this regard, the NDP:

- Highlights the need for SA to develop a more competitive and diversified economy to meet growth and job creation needs and check further deindustrialisation
- Acknowledges that resources are either a curse or a blessing – which way this goes being critically dependent on the coherence of policy and the resoluteness of implementation
- Recognises the need for measures to manage the Rand and sharply reduce the growing deficit on the current account - by maximising value addition in the mining sector and catalysing competitive production for export in a diversified range of value-added manufactured products - both in traditional and new, dynamic non-traditional sectors
- ❖ All of the above emphases are captured in the MTSF as 'driving growth in the productive sectors of the economy including manufacturing, agriculture and mining'.

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## Some conclusions: 4

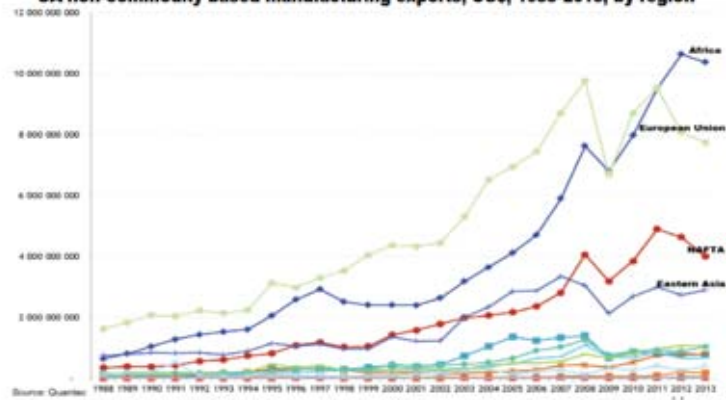
### FINALLY:

- ❖ In the light of continued global growth fragility - especially in the EU and Japan - it is of critical importance for South Africa to:
  - Urgently ramp up its African regional industrial integration strategy – focussing primarily on infrastructure (transport and energy) and enlarged trade (T-FTA)
  - Do everything in its power to create a **stronger domestic growth dynamic**

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**Africa is rapidly growing into South Africa's most important export market for manufactured goods**

**SA non-commodity based manufacturing exports, US\$, 1988-2013, by region**



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■ *Presentation by* **ANDRIES NEL**

# CRITICAL FOCUS AREAS IN LOCAL GOVERNMENT

## BACK TO BASICS - IMPACTFUL IMPLEMENTATION

### CONTENTS

#### INTRODUCTION

- Elections And Transformation Agenda
- 15 Years Of Developmental Local Government

#### BACK TO BASICS: ANALYSIS OF MUNICIPALITIES

#### CRITICAL FOCUS AREAS – ISSUES & ACTIONS

- Political Instability
- Institutional Weaknesses
- Services
- Community Engagement
- Corruption
- Demarcation
- ANC–Municipal Interface
- Elections
- Actions For Impactful Implementation

## POLITICS AND ELECTIONS

- Political Parties **ascend** to power through democratic **elections**;
- Parties **win** elections based on **public confidence** in their transformation agenda (social & economic);
- Public confidence is **informed** by principles, policies, values, conduct, culture, leadership, integrity and behaviour of the parties contesting elections;
- **Holding on** to political **power** is depended on **retaining** and sustaining the **majority support** in elections;

3

### LG ELECTION VOTER TURNOUT 2011

Province	Registered Voters	MEC7 Votes	Voter Turnout	% Voter Turnout
Eastern Cape	3,111,535	7,346	1,813,802	58.16%
Free State	1,386,521	3,060	767,321	55.22%
Gauteng	5,592,676	15,366	3,127,671	55.77%
KwaZulu-Natal	4,648,733	8,589	2,865,855	61.53%
Limpopo	2,340,799	2,764	1,172,855	50.05%
Mpumalanga	1,718,309	3,396	960,748	55.80%
North West	1,576,898	3,457	845,093	53.47%
Northern Cape	572,140	1,391	363,361	63.36%
Western Cape	2,706,736	9,286	1,748,208	64.37%
Total	23,654,347	54,655	13,664,914	57.64%

### NATIONAL ELECTION VOTER TURNOUT - 2014

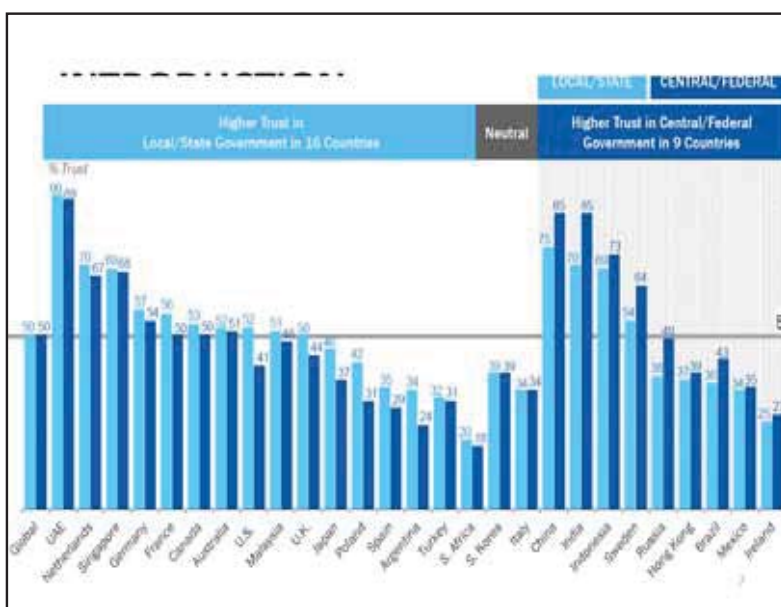
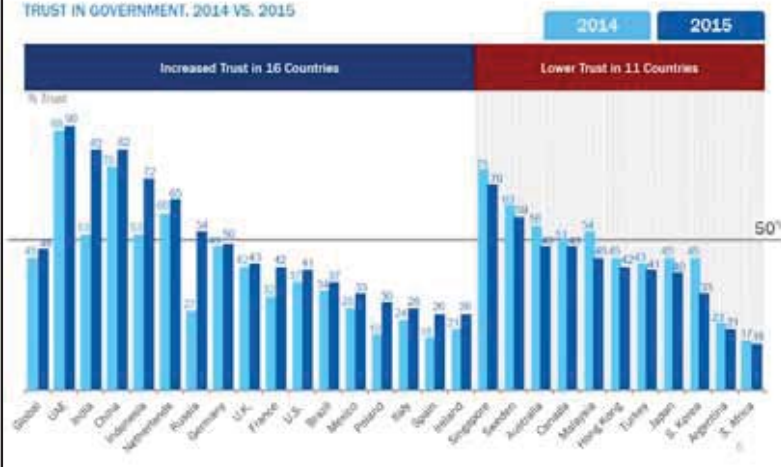
Province	Registered Population	Registered Voters in Completed VDs	Total Votes Cast in Completed VDs	% Voter Turnout
Eastern Cape	3,240,059	3,240,059	2,278,555	70.32 %
Free State	1,449,488	1,449,488	1,051,027	72.51 %
Gauteng	6,063,739	6,063,739	4,638,981	76.50 %
KwaZulu-Natal	5,117,131	5,117,131	3,935,771	76.91 %
Limpopo	2,438,280	2,438,280	1,543,986	63.32 %
Mpumalanga	1,860,834	1,860,834	1,408,269	75.68 %
North West	1,669,349	1,669,349	1,147,786	68.76 %
Northern Cape	601,080	601,080	443,714	73.82 %
Western Cape	2,941,333	2,941,333	2,188,236	74.40 %
Out of Country	6,789 **	6,789	18,446	N/A **
Total	25,388,082	25,388,082	18,654,771	73.48 %



## INTRODUCTION

### 2015 Edelman Trust Barometer Global Results

TRUST IN GOVERNMENT, 2014 VS. 2015



## INTRODUCTION

- 15 years of Developmental Local Government;
- Substantial progress made in the delivery of basic services (water, sanitation, electricity, etc)
- Today, challenge of State of the economy, fiscal constraints and declining household income and low municipal revenues;
- End of present LG term and 2016 LG elections;
- Uneven performance in municipalities; (dysfunctional, potential to do well, doing well)
- We know what the problems are;
- 2015 – Focus on impactful implementation;

## BACK TO BASICS ANALYSIS

- The assessment was conducted using the following criteria:
  - Political stability
  - Governance
  - Service delivery
  - Financial Management
  - Institutional management
  - Community satisfaction
- We know the State of Local Government and challenges, including what needs to be done;
- **Focus** - should be on impactful implementation <sup>9</sup>

Number of municipalities per category per Province

Province	Doing Well	Potential to do well	Not doing well	Total
Eastern Cape	18	13	14	45
Free State	8	7	9	24
Gauteng	10	2	0	12
KZN	35	18	8	61
Limpopo	6	8	16	30
Mpumalanga	7	7	7	21
Northern Cape	11	6	15	32
North West	4	4	15	23
Western Cape	20	8	2	30
Total	119	73	86	278

## PROGRAMME OF ACTION

“BACK TO BASICS IN ORDER TO SERVE OUR COMMUNITIES BETTER”

1. Putting people first and their concerns;
2. Create conditions for decent living by consistently delivering municipal services to the right quality and standard;
3. Good governance – transparency and accountability;
4. Ensure sound financial management; and
5. Build and maintain sound institutional and administrative capabilities.

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## WORK DONE THUS FAR

- Presidential LG Summit – Launch of B2B;
- ANC officials meeting with Troika's of Municipalities;
- Mobilisation of Provincial Government – PCC and MinMec and Provincial B2B Launches;
- Establishment of National - Provincial Task Teams;
- Development of performance indicators, monthly and quarterly performance tracking system;
- Finalising B2B Municipal Action Plans;
- Municipal Crisis intervention process;
- Inter-Ministerial Task Team on Basic Services;
- Consulted with houses of Traditional Leaders
- Municipal Demarcation Board review of boundaries of municipalities that are financially and economically non-viable; and
- Reorganisation of COGTA capabilities.

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## CRITICAL FOCUS AREAS

### POLITICAL INSTABILITY

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>• In-fighting and factionalism;</li> <li>• Political interference with supply chain management processes;</li> <li>• Poor conduct and discipline among councillors;</li> </ul>	<ul style="list-style-type: none"> <li>• Oversight and accountability of ANC Councillors deployed in municipalities;</li> <li>• SG and Provincial Secretaries to work with REC &amp; BEC to ensure functionality, effectiveness and stability of municipal Troika's;</li> </ul>
<ul style="list-style-type: none"> <li>• REC and BEC micro managing municipal governance;</li> </ul>	<ul style="list-style-type: none"> <li>• Implement protocol or code of conduct to manage relations between party and state</li> </ul>
<ul style="list-style-type: none"> <li>• Poor caliber of deployees to LG and high turnover of Councillors</li> </ul>	<ul style="list-style-type: none"> <li>• Vigorous training programmes and empowerment of new Clrs;</li> <li>• Vigorous candidate selection processes on the quality</li> </ul>

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### INSTITUTIONAL WEAKNESSES

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>• High vacancy rate</li> <li>• Appointment of unsuitable and unqualified personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Filling of vacancies with officials with requisite skills and qualifications;</li> </ul>
<ul style="list-style-type: none"> <li>• Politicised and disruptive Labour (co-management, illegal strikes)</li> </ul>	<ul style="list-style-type: none"> <li>• ANC to engage COSATU and municipal labour unions on their constructive role in municipalities;</li> </ul>
<ul style="list-style-type: none"> <li>• Weak capacity for planning and implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Mobilisation of technical expertise to support implementation;</li> </ul>
<ul style="list-style-type: none"> <li>• Weak administrative accountability and transparency, poor internal controls and consequence management</li> </ul>	<ul style="list-style-type: none"> <li>• All District Municipalities to establish Shared Services to support weak local municipalities</li> </ul>

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## SERVICES

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>Poor collaboration and integrated planning and delivery of basic services;</li> </ul>	<ul style="list-style-type: none"> <li>IMC on service delivery to introduce protocols for implementing integrated projects</li> </ul>
<ul style="list-style-type: none"> <li>Spatial transformation and integration remains a challenge;</li> </ul>	<ul style="list-style-type: none"> <li>Implement spatial transformation and integration projects in targeted metropolitan areas</li> </ul>
<ul style="list-style-type: none"> <li>Poor maintenance and budgeting for infrastructure;</li> </ul>	<ul style="list-style-type: none"> <li>Enforcing compliance with norms and standards regarding infrastructure management (maintenance of infrastructure)</li> <li>Refocus specific grants to focus on creating bulk water infrastructure,</li> </ul>

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## SERVICES

- ⊙ Unlock access to state-owned land in integration zones in pursuance of integrated human settlements;
- ⊙ Develop and implement guidelines and a support kit for IDPs for bigger cities and towns;
- ⊙ Review Equitable Share of municipalities
- ⊙ Finalise National Spatial Development Framework
- ⊙ Greater urgency in managing urban transformation and rapid urbanisation (IUDF);
- ⊙ Strengthen role of District Municipalities

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## COMMUNITY ENGAGEMENT

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>ANC Councillors, deployees and municipalities not reporting back to communities;</li> </ul>	<ul style="list-style-type: none"> <li>Monthly and Quarterly report back and accountability to communities by Clr's;</li> <li>Parliamentary and Provincial Legislatures constituency offices must be involved in community outreach programmes;</li> </ul>
<ul style="list-style-type: none"> <li>Poor or lack of mechanism for responding to petitions, queries and complaints;</li> </ul>	<ul style="list-style-type: none"> <li>Speakers office in municipalities to address petitions, queries and complaints;</li> <li>Establish M&amp;E units in Mayors office</li> </ul>
<ul style="list-style-type: none"> <li>Visible and impactful government programme</li> </ul>	<ul style="list-style-type: none"> <li>Intense and regular imbizo programmes across spheres of government;</li> </ul>

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### CORRUPTION

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>Lack of decisiveness in dealing with corruption, factionalism and patronage;</li> </ul>	<ul style="list-style-type: none"> <li>Enforcement of code of conduct on employees found guilty of corruption, fraud and factional tendencies;</li> </ul>
<ul style="list-style-type: none"> <li>Address supply chain processes and procurement challenges;</li> </ul>	<ul style="list-style-type: none"> <li>Establish Corruption Tribunal to address supply chain and procurement processes in municipalities;</li> </ul>
<ul style="list-style-type: none"> <li>Culture of non-payment for services and dependence on government</li> </ul>	<ul style="list-style-type: none"> <li>Councillors to combat culture of non-payment for service;</li> <li>Municipalities to implement programmes aimed encouraging communities to "Pay for Services";</li> </ul>

### DEMARCATIONS

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>Address financially and economically non-viable municipalities;</li> </ul>	<ul style="list-style-type: none"> <li>Finalise and speed up review of non-viable municipalities;</li> </ul>
<ul style="list-style-type: none"> <li>Additional models of municipal form needed for diverse areas</li> </ul>	<ul style="list-style-type: none"> <li>Review the institutional form of government in non-viable parts of the country;</li> </ul>
<ul style="list-style-type: none"> <li>Political management of outcomes of the Demarcation Board determinations;</li> </ul>	<ul style="list-style-type: none"> <li>ANC political management strategy for managing MDB boundary determinations;</li> </ul>
<ul style="list-style-type: none"> <li>Inability to confront complex problems of ethnicity, federalism, xenophobia and racism;</li> </ul>	<ul style="list-style-type: none"> <li>ANC to be vocal and act against ethnicity, racism and xenophobia, federalism;</li> <li>Develop innovative ways to accommodate diversity</li> </ul>

### ELECTIONS

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>Process of selection of Councillors not rigorous enough to find appropriately skilled councilors;</li> </ul>	<ul style="list-style-type: none"> <li>Review criteria and process for the selection of candidates for 2016;</li> </ul>
<ul style="list-style-type: none"> <li>High turnover of Councillors</li> </ul>	<ul style="list-style-type: none"> <li>Implement criteria for retention of certain number of Clrs based on proper assessment of performance during their tenure</li> </ul>
<ul style="list-style-type: none"> <li>Lack of intensive training and orientation programmes for Councillors</li> </ul>	<ul style="list-style-type: none"> <li>Introduce intensive training and induction programme for new Councillors</li> </ul>
<ul style="list-style-type: none"> <li>Inadequate understanding of the profile of youth, middle class and urban poverty;</li> </ul>	<ul style="list-style-type: none"> <li>Develop strategy for mobilization of metro voters;</li> </ul>

## ELECTIONS

### WARD DELIMITATIONS PROCESS

- Final list of seats per municipality was published in October and November 14;
- Deadline for consultation end of March 2015;
- A 14 day objection period will follow;
- MDB publishes revised boundaries in May 2015 for approval or objections;
- By end July 2015 MDB hands over all wards to the IEC to start delimitation of Voter Districts.

### ANC PROCESS

- ANC inputs should be driven by the provincial secretaries;
- Ensure that we take local organisations into account to avoid conflict and make sure we speak with one voice;
- ANC has to coordinate at sub-regional level between council and structures and then get approval for every submission at provincial level before submitting it.

## TRADITIONAL LEADERSHIP

- Continue to promote a harmonious relationship between Traditional Leadership and Local Government;
- Traditional leaders participation in IDP's and community consultation processes, such
- Traditional leaders to facilitate access to land for development;

## 2015 YEAR OF IMPACTFUL IMPLEMENTATION

- Increased **visibility** of government and ANC in communities;
- **Massification** of programmes directly impacting on communities;
- **Regular** imbizo programmes by all employees in National, Provincial and Municipalities; (*guided by content campaign, e.g pay for services*)
- **Intensify** communications to communities by all spheres of government;
- Collaborate on integrated planning and delivery within and across spheres of government;
- Improve frontline service in municipalities and those National and Provincial Department directly providing service to the public;
- Build, support planning and implementation capacity of municipalities;
- Municipal IDP's and budgets for the 2015/16 financial year must reflect concrete, realistic, achievable and impactful projects; <sup>24</sup>
- Roll out programme on "Know your Councillor" campaign;

## NORTH-WEST B2B APPROACH

### Profile: high priority municipalities

- Serious governance, service delivery and administration challenges since 2000
- Mostly due to lack of capacity in administration, poor leadership and oversight by councils and political infighting and conflicts
- Municipalities are not stable, do not provide quality services to their communities, and are not financially viable
- Disclaimers as audit outcomes for the past five financial years
- Frequent service delivery protests in the past three years in almost all the local municipalities
- Allegations of nepotism and corruption
- Communities demand changes in political leadership or that Province places the municipalities under administration

### Profile: medium priority municipalities

- Inability to provide sustainable basic services in particular water and sanitation services
- Characterised by inconsistent supply of quality water; sewer spillage and dysfunctional high mast / street lights
- There is poor governance and administration, in particular lack of council oversight and leadership
- The financial management of these municipalities is very poor and mostly characterized by negative audit outcomes

### Overall approach

- Political intervention led by the ANC in NW to address leadership issues in each municipality supported by capacity building targeting the leadership of the affected municipalities.
- Intervention in municipalities by NW COGTA in terms of Section 139 or Section 154:
  - appointed administrators leading the process of turning around municipality (under 139)
  - support provided to MM and municipal leadership to themselves lead turnaround process (154)
- Priority focus on water and sanitation issues, with DWS providing the lead in terms of water and sanitation interventions and support.
- Targeted capacity building and support from various national and provincial departments and agencies in order to address the identified capacity gaps and requirements in the four areas of service delivery, financial management, administration and governance.
- Cooperation between national and provincial Treasuries in assessing the financial management issues, and deployment of a team of financial experts to undertake on-site diagnosis and determine whether a financial recovery plan is necessary.

## Coordinating the interventions

- Departments & agencies involved directly in the interventions:
  - DLGTA
  - COGTA & MISA
  - Provincial Treasury
  - National Treasury
  - Department of Water and Sanitation
  - SALGA
  - ESKOM
  - DBSA
  - DPME
- Efforts to be coordinated through 4 district focused 'crack teams':
  - **NMMD District Crack Team:**
    - NgakaModiriMolema, Tswaing, Ditsobotla, Mahikeng, RamotshereMoiloa
  - **Bojanala Platinum District Crack Team:**
    - KgetlengRivier, Madibeng, Moretele
  - **Dr RSM District Crack Team:**
    - Kagisano-Molopo, Lekwa-Teemane, Mamusa
  - **Dr Kenneth Kaunda District Crack Team:**
    - Matlosana, Maquasi Hills, Ventersdorp

## TOR for 'crack teams'

- Engage with the administrator and / or the political leadership and management of the municipality
- Confirm diagnosis and develop an implementation plans per Key Performance Area
- Coordinate the efforts of the various departments and agencies involved
- Ensure implementation and monitoring of Municipal Support and Intervention Plans
- Aim to re-establish basic service delivery functions in the municipalities as rapidly as possible
- Submit monthly progress report to Technical Task Team
- Interact and provide leadership to all working groups in the District
- Provide technical advice to municipalities
- Attend to recommendations and or challenges raised by Municipal Resource Center/Municipal Anchors
- Recommend challenges and interventions to Steering Committee

## Reporting and accountability

STRUCTURE	ROLES AND RESPONSIBILITIES	MEMBERSHIP
NW Political Task Team	<ul style="list-style-type: none"> <li>• Political guidance and oversight of Technical Task Team</li> <li>• Report to both the Minister of COGTA and Premier of NW</li> <li>• Political leadership on implementation of B2B Programme</li> <li>• Liaise with Municipal Councils on implementation of programme</li> <li>• Political unblocking of key issues</li> </ul>	<ul style="list-style-type: none"> <li>• Chaired by DM of COGTA</li> <li>• Co-Chaired by MEC for LG &amp; and Human Settlements NW</li> <li>• Deputy Minister: NT</li> <li>• MEC: PT-NW</li> </ul>
NW Technical Task Team	<ul style="list-style-type: none"> <li>• Conduct a detailed municipal performance assessment</li> <li>• Develop an implementation model for B2B Programme</li> <li>• Advise on design, implementation and funding of PGA</li> <li>• Identify high level interventions for each category of municipalities</li> <li>• Mobilise resources for implementation of the support programme</li> <li>• Oversee the implementation of support programme</li> <li>• Recommend issues for political intervention</li> <li>• Monitor action plans on service delivery protests and imbizo</li> </ul>	<ul style="list-style-type: none"> <li>• Chaired by DCOG</li> <li>• Co-Chaired by dtgts-NW</li> <li>• RRT</li> <li>• MISA</li> <li>• DWS</li> <li>• NT</li> <li>• PT-NW</li> <li>• DBSA</li> </ul>



# REPORTS FROM THE COMMISSIONS

*This Section covers Reports to the Plenary Session by various NEC Sub-Committees and reflect on the outcomes of the Commissions.*

## 1. ECONOMIC TRANSFORMATION

### INTRODUCTION

1. At the core of the ANC's economic mandate is the transformation of the economy for inclusive growth. At the heart of radical economic transformation is the need for coordinated interventions in a number of sectors to fundamentally alter the structure of the South African economy. This requires an effective state that is decisive in its pursuit of structural change.
2. The core structural weakness of South Africa's economy is our continued incorporation into the global division of labour as a producer and exporter of primary commodities and importer of value added products. Where GDP has exceeded 5%, it was driven by the now-ended commodity boom and by debt-fuelled consumption, leading to unsustainable levels of household indebtedness. Structural transformation must accelerate industrialisation towards a growth path driven by productive sector investment.
3. These structural features of the economy have placed a fetter on inclusive growth and development, resulting in high levels of inequality and unemployment; poor skills and low quality basic education; inadequate infrastructure; markets dominated by monopolies; conflictual labour relations; and inequitable spatial patterns.
4. In recent months, several factors have begun to further undermine the prospects for accelerated inclusive growth. The global economy remains mired in a low growth trajectory, and there is little evidence of a strong recovery. This has led to a weakening of global demand in general and a decline in the price of South Africa's key commodity exports in particular. The fall in the oil price generates clear opportunities for oil importers like South Africa, but the combination of lower oil prices, weaker global demand and higher interest rates could lead to weaker growth outcomes on the African continent.
5. Domestically, the benefits of lower petrol prices and the resolution of protracted labour disputes in core export sectors has been offset by renewed shortages of electricity.
6. In the short term, as part of our overall economic transformation drive, our most urgent priority is to manage the energy shortfalls.
7. Radical economic transformation depends on the availability of energy through broadening South Africa's energy mix. Currently, energy is a binding constraint to growth and development.
8. There are three related challenges:
  - ❑ Generation capacity has become increasingly unreliable.
  - ❑ Transmission challenges – constrained network capacity, and need to address the wheeling regime.
  - ❑ Distribution infrastructure compromised due to maintenance and refurbishment backlogs, unreliable accounting systems, cable and electricity theft causing serious economic challenges to distributors and customers and outstanding payments to Eskom and municipalities.
9. We are confident that current interventions will stabilise the electricity industry position in the medium-term. However, it is clear that energy shortages will be with us for several years to come. In this context, the ANC appeals to all South Africans to work together to overcome challenges.
10. The global and domestic realities we face, underscore the need for South Africa to accelerate economic transformation, and execute a shift away

from consumption-led, debt fuelled growth on the basis of energy intensive production of raw commodities and semi-processed exports. A new economic trajectory that is rooted in industrial development and higher value-added sectors is in the making.

11. Key economic priorities for government in the short term include:

- ❑ Sustaining and expanding the public infrastructure programme, with particular emphasis on:
  - ◆ Ensuring that key infrastructure programmes are more effectively linked to industrial policy goals, including beneficiation, local manufacturing and regional integration.
  - ◆ Explore greater opportunities for co-financing with other stakeholders including DFIs, institutional investors, the retirement industry and catalyzing private sector resources behind infrastructure development.
- ❑ Resolving the governance challenges and fiduciary responsibilities at state owned companies by implementing the key recommendations of the Presidential Review Commission report.
- ❑ Ensure a regulatory regime that supports fast growing sectors and labour intensive sectors.
- ❑ Rebuilding co-operative labour relations, and taking steps to ensure greater entry of youth into employment.
- ❑ Expanding employment in the agriculture and agro processing sectors.

## ENERGY

The commission supported the Five Point Plan to respond to the energy emergency:

**Eskom Emergency Measures:** We will intervene to stabilize Eskom. Key priorities include a more effective maintenance programme, improving the coal supply, and doing all we can to speed up the completion of new plants under construction.

**Co-Generation:** We will extend and expand current arrangements for private and public institutions to co-generate electricity and fast-track procurement.

**Gas generation:** We will act to unblock access to sufficient supplies of gas, through both targeted imports

(including expediting government-to-government engagement with targeted source countries such as Mozambique, Angola, Algeria, Namibia,) and tapping local sources, and intensify the development of gas infrastructure.

**Coal IPPs:** We will accelerate the coal independent power producer programme, including the Requests For Proposals for 2400 MW Coal IPPs issued; procure coal fired power generation, including utilizing untapped Waterberg coal resource to contribute to future generation supply; secure logistics chain between Waterberg and Mpumalanga by upgrading the railway link and secure the supply of coal to existing and new plants; negotiations with coal mining companies to address lack of investment in new mines.

**Demand Side Management:** Given the reality of constrained supply, we will manage demand for electricity in a manner that limits the impact of load shedding on economic growth, employment creation and industrial development and core social services. Demand management will include measures such as shifting domestic cooking and heating electricity load to gas (LPG); expansion of current Demand Response programme being offered to Industrial Customers; more focused communication to build customers' awareness on energy efficiency measures.

Priority must be given to those projects that can bring energy into the grid within the next 18 to 30 months, bearing in mind the need for cost effective procurement.

Further interventions that the commission agreed:

- ❑ Generation – Explore and negotiate rehabilitation contracts with municipal and other potential power generators and urgently finalise a framework for own generation targeted at energy intensive industrial customers in distress such as mines and large manufacturers.
- ❑ Transmission – development of a pricing framework for wheeling of power
- ❑ Distribution sectors – assist municipalities in maintaining, refurbishing and upgrading their infrastructure to reduce power outages; and support debt payment/recovery by customers to Eskom and Municipalities as led by CoGTA.
- ❑ Pricing/Electricity tariffs – affordability for poor households; increase roll-out of Free Basic Electricity programme; better management of tariff regulations across all spheres of government.
- ❑ The creation of a regulatory and management framework which supports the above.

It was recommended that:

- ❑ Eskom will continue to have a leading and strategic role in the provision of energy, including in future new build programmes. Accordingly, the structure of the industry will remain at least 70/30 as provided for in the Energy White Paper.
- ❑ Transmission infrastructure must remain state-owned.
- ❑ Private sector participation in the expansion of generation and distribution capacity is necessary.
- ❑ We should improve and extend the capacity of power stations at local government level.
- ❑ Re-commission mothballed power stations where viable and sustainable.
- ❑ Grow gas to power industry.
- ❑ Nuclear build programme must be pursued in line with approved IRP.
- ❑ Fast-track the ratification of the Grand Inga Treaty to unlock the clean, affordable and reliable energy for South Africa and the region.
- ❑ Strengthen interventions by Dept of Water and Sanitation for fast tracking Waterberg pipeline and ensuring the optimal size to meet the medium and long-term water needs of communities, power plants, industrial development and the growth of Lephalale as the first major post-apartheid city.

## State-led Infrastructure Programme

1. The Commission considered the progress report on infrastructure and supported the fast-tracking of infrastructure rollouts.
2. The Commission agreed that state planning capacity must be strengthened. The state must build capacity that draws together experienced engineers, planners, finance managers, lawyers, development experts and procurement specialists that will review large new and existing infrastructure proposals and projects to ensure they meet the national requirements on project design, scoping, project plans, finance and costing, contract design, contract performance and proposed changes to project proposals.
3. The project pipeline must be strengthened. New major infrastructure projects identified in the National Infrastructure Plan must receive priority in planning, regulatory approvals, financing and monitoring.
4. The state must take a long-term planning view with design of infrastructure. The design size of water pipelines, rail and road networks and broadband must take account of social needs, population growth and economic development needs.
5. We must strengthen participation and partnerships. Infrastructure design and implementation must to a greater extent take account of the needs and involvement of local communities and better industrial relations partnerships, including a single labour compact on large construction sites and planning for the employment consequences towards the end of contracts and projects.
6. Funding must be expanded. The state should develop appropriate measures to expand the pool of infrastructure funding in local markets, including a larger role for DFIs and to access institutional investor and retirement funding, among others based on the commitments made at the Growth And Development Summit on allocating a portion of investible funds for developmental purposes.
7. The design of the IPP programmes should be reviewed to ensure cost effectiveness of energy procured, localisation of component manufacture, better design of the equity, debt and FDI components in the funding models to improve the developmental outcomes.
8. The state should use innovative building technologies in construction to a greater extent, including in housing-build and should use this greater market size to mandate the development of a supplier industry.
9. Tougher action should be taken to combat metal and cable theft from public infrastructure, including limits on the export of scrap metal, longer prison sentences for theft of public infrastructure and tighter regulatory control over scrap metal dealers placing the onus on them to verify the source of scrap metal and copper cable.
10. The rollout of solar-water heater units must be speeded up, the maintenance of existing units must be undertaken and poor installation examples must be identified and corrected.
11. The maintenance and refurbishment of water and sanitation infrastructure by the municipalities must be prioritized. A model for maintenance and refurbishment funding set asides must be considered.
12. Lessons learnt from the infrastructure programme

on all aspects, from design to developmental outcomes should be mainstreamed into new projects through guidelines, practice notes and regulations that apply to all new projects.

13. We require better developmental integration of social infrastructure build, (housing, public transport, urbanisation, etc) with overall infrastructure programme.
14. The Water-Food Security – The Energy and Re-industrialization nexus must be affirmed. Joint planning by custodian departments must be made compulsory to ensure that departments work in concert with each other to ensure effective delivery.

## INDUSTRIAL STRATEGY

1. The ANC reaffirms its view that transformation and inclusive growth are the central goals of national economic policy and this requires the state to actively pursue and drive structural change in the South African economy.
2. This must include actively pursuing industrialization and moving towards higher value added economic activities through placing the productive sectors at the heart of a new growth initiative.
3. This will require:
  - ❑ Re-alignment of policy and programme levers to increase the performance of productive sectors and support higher levels of value addition.
  - ❑ Stabilizing workplace relations and using measures like a national minimum wage to stimulate demand.
4. To this end the ANC mandates government
  - ❑ To give focused attention to growing employment in all productive sectors, with a specific focus on the Agriculture, agro-processing value chain
  - ❑ To ensure implementation of a higher impact Industrial Policy Action Plan with more effective co-ordination of contributions across government.
  - ❑ To advance SMME and Co-operative development through among other things developing set-asides for SMME's and Co-ops and implementing informal sector upliftment.
  - ❑ To focus BBBEE initiatives increasingly towards empowering historically disempowered people to become more effective participants in the

productive economy, with a special focus on creation of black industrialists

- ❑ To work expeditiously to advance the African Agenda of developmental intergration to create a regional market capable of supporting African industrialization
- ❑ To ensure that programmes to support transformation and development of productive sectors are adequately resourced within the context of available resources.
- ❑ To work towards supportive macro-economic framework, with an emphasis on ensuring a competitive and stable Real Effective Exchange Rate.

## TOURISM

1. The commission noted that the tourism sector, despite some adverse factors such as the impact of Ebola, continues to show growth. The direct and indirect contribution to GDP was 9.7%.
2. The tourism industry has significant job creation potential and with a high labour absorption rate. The goal of creating 225 000 additional jobs by 2020 remains achievable.
3. In light of the above, the Commission recommends that government must review the Visa regulations in order to strike a balance between the security of the country, key economic sectors, including the growth of tourism and other broader national interests.

## OCEAN ECONOMY

Our ocean is a national asset. We are determined to ensure that this asset becomes a key component of sustainable, inclusive growth, generating benefits for all our citizens.

The Commission noted that this is the first sector in which Operation Phakisa – adapted from the Big Fast Results methodology – has been applied.

1. Recognising the enormous potential of the ocean in contributing to economic growth, creating jobs and reducing poverty, key Government departments must cooperate in enhancing the ocean economy in four new growth focus areas, namely marine transport and manufacturing, offshore oil and gas exploration, aquaculture and marine protection services and ocean governance.



2. Government must promote and urgently develop a governance and a funding regime, in order to promote the implementation of ports infrastructure that will enable growth in support of marine manufacturing, offshore oil and gas industry in particular to take advantage of job opportunities for boat building, ship repairs and maintenance of oil rigs.
3. In order to accelerate the development of aquaculture, government must address the challenge of access to land and infrastructure, and establish an Inter-departmental authorisations committee to facilitate and streamline licensing processes and funding arrangements.
4. Special economic zones must be designated to provide support and direction in the protection of ocean resources and marine spatial resources.
5. It is important to finalise a security plan for continuous surveillance in order to secure marine resources and border integrity.

## MINING

1. The President led Framework Agreement for a Sustainable Mining Industry, which has led to significant stabilisation in the mining industry, should be supported to ensure enhanced stability in the mining industry.
2. The legislation to create a legislative framework for the State Owned Mining Company must be fast-tracked
3. Continued support should be given to research institutions across the entire value chain to stimulate investment in exploration and mining, and thereby improving performance of the industry.
4. The current restructuring in the mining industry creates an opportunity to increase the participation of Black industrialists in the mining sector.
5. Support should be given for increased state participation in mining and upstream petroleum sectors through appropriate legislative framework to advance the developmental objectives of the State.
6. Separate legislation for the oil and gas industry is supported.
7. Government must fast-track the publication of the shale gas regulations.

8. Beneficiation must be a principal driver of our mineral resources regime and industrialisation

## ICT TRANSFORMATION AND MODERNISING THE ECONOMY AND GOVERNMENT SERVICES

ICT services, in particular broadband have the potential to propel our economy to higher levels of growth, through productivity gains, opening opportunities for new industries, creating employment opportunities and modernising the delivery of social and economic services.

South Africa has a large infrastructure (fibre optic) network for broadband. The challenge is that there is duplication of these networks as different entities have built their own networks, mostly concentrated in urban areas. Broadband Infraco has 13 483km of fibre optic network, Sanral has a network along major roads, Telkom 147 000km, Fibre Co 992km, and Dark Fibre Africa is a metropolitan area network.

This intensive network does not benefit the country to the full extent possible and broadband penetration remains very low. The reasons are numerous, they include: the inefficient market structure which duplicates infrastructure in urban areas; misalignment of regulatory frameworks and funding. Though falling, the cost of communication services remains high resulting in low level of internet and broadband penetration of approximately 48% and 17% respectively.

1. The Commission noted the repeated delays in the implementation of the digital migration process (with South Africa lagging behind all other SADC countries) and the risks this imposes. It emphasized the importance of the gazetting of the Cabinet Policy decision to enable implementation of migration to commence. The forthcoming Cabinet Lekgotla must consider and finalise all policy related issues in order to guide the digital migration matter.
2. Finalizing the migration process to release spectrum to support broadband roll-out. Digital migration must be aligned to the re- industrialization drive focusing on the manufacturing of electronic goods and components including the set top boxes, TVs, laptops and tablets.
3. The Commission noted the inefficiencies and high costs of the deployment and use of the broadband infrastructure in South Africa. These have kept the costs to communicate prohibitively high and have played a significant role in raising obstacles to the mass utilization of the information communications

technologies to solve societal problems and provide critical services like e-government, e-education, and enhanced health services, etc. Government must develop a strategy to drive down the cost to communicate.

4. We support the proposed Open Access Policy Regime to change the market structure and barriers to entry, and government must institute necessary policy and other measures to do away with infrastructure duplication and to facilitate access to network infrastructure for SMMEs and new services.
5. A viable wholesale tariff to facilitate fair wholesale infrastructure access must be implemented.
6. Government must institute measures to remove administrative bottlenecks for approval of rights of way and the standardization of application processes across all government spheres to facilitate rapid infrastructure deployment.
7. There must be effective management of the scarce spectrum resources to support the developmental agenda of using the ICTs to modernize the economy and the provision of services. The allocation of spectrum should be on the basis of Strategic set asides for socio-economic development. The remaining spectrum should be allocated to the private sector on market principles and the proceeds used to support the diffusion of broadband services in rural and underserved areas.
8. Telkom must be designated as the lead entity for the roll-out of broadband infrastructure and services. The rationalization of the SOEs playing a role in the ICT deployment must be undertaken as a matter of urgency; and that an integrated approach to the role of the state entities in the roll-out of infrastructure (including the infrastructure of non ICT role players like SANRAL, PRASA, Eskom, Transnet etc) should be decided and agreed.
9. The Commission noted the need for additional funding to achieve the national broadband objectives over and above the usual allocations from the fiscus and mandated Government to explore and develop funding strategies which should include a hybrid approach of debt and equity as well as using proceeds from the disposal of some of the non-strategic state assets in the ICT sector as well as contributions from other sectors.
10. Government must give priority to the restructuring of the State Information Agency (SITA) in order to streamline its services and provide secure

government network to all of government. There should be a closer working relationship between SITA and Telkom in rolling out e-government services and stimulating demand for broadband services.

11. The Post Office continues to play an important role in providing services to the rural areas and remains the only means of communications for many people and government must support the turn-around of the Post Office by directing some of government business towards it. The distribution of social grants that have been tendered to the private sector entities could go a long way in ensuring the viability of the Post Office.
12. The extensive infrastructure and network of the Post Office presents a big potential for the roll-out of government services to reach more South Africans in rural and underserved areas. As the modernisation process of the post office advances and as a contribution to that process, the public sector must use the Post-Office for courier services.
13. Government must ensure a speedy finalization of the banking license for the Post Bank. Post Bank using the extensive Post Office network will be in a position to reach the unbanked and people in rural areas and thus contributing to rural development.
14. The state of transformation of the ICT sector in terms of gender, ownership and participation in management structures has not significantly improved and the ANC and Government must drive the transformation agenda and job creation in this sector.
15. Noting, the critical role of the regulator in the realization of the developmental objectives and the desired impacts on the economy; and noting further that the sector is still dominated by larger companies that command significant market power, the regulator must be adequately capacitated in order to fulfill its role.

## Transport

1. Funding of appropriate and adequate transport infrastructure remains a major challenge. The ANC government must consider the various funding models and options available so we can develop and maintain our transport infrastructure. In supporting economic development, funding for secondary airport infrastructure and associated operations must be considered in the immediate term.

2. Appropriate pricing structures and mechanisms must be reviewed in line with meeting both economic and social objectives. Pricing for transport services and infrastructure cost must be managed such that it doesn't become an impediment to sustainable growth and development. Pricing for services must, where possible, be cost reflective and be transparent to avoid unintended consequences.
3. In putting up a transport vision for the country, the Department of Transport is finalizing the development of a National Transport Master Plan (NATMAP). This plan will be the basis for infrastructure delivery and integrate its development across the three spheres of Government.
4. In fostering regional and continental integration, Government must implement the Yamoussoukro Agreement to ensure the integration of the African skies, to promote intra-Africa trade, improve intra-Africa travel and improve tourism within Africa.
5. The provision of safe, affordable, accessible and reliable public transport remains a challenge. Integrated public transport networks including the minibus sector must be developed particularly at the local government level. These must increasingly complement integrated urbanisation and LED plans.
6. Transport infrastructure and services must not solely focus in urban and peri-urban areas but must also address rural transport challenges. Access to markets and economic opportunities for our rural people must not be undermined because of absence of services. At the heart of sustainable rural development is access to transport services including provision of all weather access roads and services.
7. The importance of maintenance of transport infrastructure is emphasised.

### PHASE 3 of the Expanded Public Works Programme

Government must ensure that:

- ❑ There is improved coordination and integration across the spheres of government.
- ❑ Greater monitoring and evaluation of the developmental impact of public employment programmes on both the participants and communities
- ❑ The massification of the Community Works Programme.

### On Property and Construction Sectors

ANC supports the Department of Public Works strategy to:

- ❑ Strengthen the State's capacity to manage its vast property portfolio through the capacitation and professionalization of the Property Management Trading Entity as a Government Component.
- ❑ The development of the State's capacity in the construction environment through skills development and insourcing of the built environment skills, and
- ❑ The refocusing of the Independent Development Trust to be the State's arm in Programme Management of the Social Infrastructure construction.
- ❑ There is a need for the comprehensive analysis and review of the current policy instruments to help ensure access and inclusive participation of all in the Property and Construction Sectors.

### On the Expropriation Bill

The ANC must:

- ❑ ensure that parliament fast tracks the processing of the Bill.

### SMMEs

#### PROBLEM STATEMENT

1. Most SMMEs and Co-operatives in South Africa fail as a result of the lack of business opportunities in both the public and private sectors; SMMEs and Co-operatives are overlooked in both sectors as they are viewed as lacking experience and expertise;
2. SMMEs and Co-operatives do not access private sector procurement opportunities because of perceived poor quality of products, lack of capacity to produce big volumes and turnaround time in the delivery of goods and services;
3. Policy and regulatory constraints hinder the development, growth and competitiveness of small businesses;
4. Lack of finance is a major obstacle to the development and growth of small businesses and co-operatives. There is a need to align the mandates of DFIs, especially SEFA, to that of the DSBD.
5. Small businesses and co-operatives find it difficult

to flourish in underdeveloped areas such as townships and rural communities due to lack of adequate investments in infrastructure and lack of appropriate policies to protect informal businesses.

Therefore recommend the following key decisions

1. Issuing of Practice Notes by the National Treasury for effective implementation of set- asides across all spheres of government.
2. Government needs to move progressively towards 30 percent target for public sector procurement from SMMEs and co-operatives.
3. Reconfiguration of DFIs to be developmental in their approach (consideration of a developmental funding model).
4. More financial resources to be earmarked to develop infrastructure in neglected areas for the benefit of community enterprises.
5. Develop a policy to designate informal businesses for local enterprises (retail, saloons and services).
6. Migration of all functions from the dti and EDD on SMMES and cooperatives should be transferred to the DSBD. In addition, operational responsibility for SEFA should be with the DSBD.
7. Allocation of requisite resources in support of the political will to advance SMMES and Cooperatives.
8. Resuscitate and develop township and rural economies.



## 2. EDUCATION, HEALTH AND SCIENCE AND TECHNOLOGY

### INTRODUCTION

- ❑ The two commissions, namely Education, Science & Technology and Health, reported to plenary. This is their consolidated report.
- ❑ The Commissions noted the input made by the President, the Secretary General and other National Executive Committee members at start of Lekgotla. It also noted the commitments made at the 2014 June NEC Lekgotla.
- ❑ The commissions received a consolidated assessment report of the work of the ANC in the Basic Education, Higher Education and Training, Health as well as Science and Technology sectors.
- ❑ The report captured what has been achieved, what needs to be done and the challenges encountered.
- ❑ The commission adopted the report and made further recommendations on what needs to be done as per the 2014 mandate and the ANC manifesto.
- ❑ A report detailing the work of the subcommittee was availed to delegates at Lekgotla for perusal.

### CONTEXT

The Commissions were referred to the report of the Subcommittee on Education and Health and contextualised debates by indicating that the goals and programs of the ANC are anchored on resolutions of the 52nd and the 53rd ANC National Conferences of Polokwane and Mangaung, the 2009-2014 10 Point Plan for Health, the National Development Plan (NDP) 2030, the Negotiated Service Delivery Agreement (NSDA) and the 2014 ANC Election Manifesto. It was emphasised that the NDP (Vision 2030) is the departure point of all sectors; and that we must align all the plans of the sectors with the NDP.

### SCIENCE AND TECHNOLOGY

- ❑ Continue to ensure that funding for Science and Technology reaches 1.5% GDP and at least reaches the investment equivalent to African Peers. This must also be linked with the commitment to improve the funding of Higher Education and Training.

- ❑ The role of Science Technology and Innovation should be incorporated into the strategies of the ETC to support attempts to diversify and transform the South African economy because of its cross cutting nature.
- ❑ Fast-track the finalization of a Research and Innovation Vote to ensure that Science councils across government are properly and consistently funded whilst exploring a coordinated and harmonized reporting mechanism.
- ❑ Draw on the work and experiences of the Departments of Science and Technology and Basic Education in providing connectivity to schools across the country.
- ❑ Ensure there is research on education issues to inform policy.
- ❑ Accelerate the process of evaluating the remuneration of academics to attract younger people into academia.

### BASIC EDUCATION

- ❑ Provide psycho-social support to schools.
- ❑ Ensure that education is regarded as a continuum.
- ❑ Allow for a discussion with stakeholders to reflect on the frequency and scope of the ANA test, notwithstanding its positive reception.
- ❑ Ensure that we sustain the momentum of the infrastructure programme, with particular reference to the provision of water and electricity.
- ❑ Ensure that the Ministry of Telecommunications and Postal Services works closely and collaboratively with the Departments of Science and Technology and Basic Education to provide rapid universal connectivity for ICT as an enabler for quality education.
- ❑ Ensure that the Departments of Higher Education and Training and Science and Technology work collaboratively, cohesively and in an integrated manner in the promotion of Science, Maths and Technology to support the Department of Basic

Education's newly established Maths, Science and Technology unit.

- ❑ Explore ways in which schools with amenities share their resources with historically disadvantaged schools, given the disparities in resources because of the legacy of apartheid.
- ❑ That we swiftly move to a quality management system to enable the DBE to assess the competencies of educators for development purposes and to encourage self-assessment by educators.
- ❑ To discourage curriculum changes in order to avoid change fatigue.
- ❑ Fast track the implementation of the LURITS system to enable the education sector to track learners from basic to higher education.
- ❑ Intervene in the intermediate and senior phase of school especially in the area of mathematics.
- ❑ Provide support to Learner Representative Councils (LRCs) to better understand their roles in the governance of school.
- ❑ Mobilise communities to oppose tendencies to target schools as part of civil disobedience.
- ❑ Improve the efficiency of scholar transport provision
- ❑ To embed our constitutional values and principles as well as those of the Freedom Charter in the Curriculum.
- ❑ Improve efficiency in the roll out of the National School Nutrition Programme (NSNP).
- ❑ Commitment by all parties to maintain labour peace during the period of salary negotiations.

## HIGHER EDUCATION AND TRAINING

- ❑ Back to school campaign must be extended to include Higher Education Institutions.
- ❑ Finalise the policy for free higher education for poor students at undergraduate level as a matter of urgency.
- ❑ Finalise a policy on Community Service for all students by July 2016 and implementation by December 2017.
- ❑ Disagreements at HEIs must be dealt with in a disciplined manner without resorting to vandalism and destruction of property or acts of intimidation.

- ❑ Conclude work of the various committees and structures on shifting Nursing and Agricultural Colleges to a national competency by March 2017.
- ❑ Finalise Higher Education and Training funding model and framework by March 2015 and implement approved framework by March 2016.
- ❑ Fast track Central Application Service (CAS) for implementation by March 2018.
- ❑ Engage all relevant structures of the ANC and government to avail resources.
- ❑ Finalise Policy and Procedures for Measurement of Research Output of public HEIs by March 2015.
- ❑ Implementation of forensic audit of NSFAS at institutions by March 2015 linking this up with the Gap funding.
- ❑ Implementation of first phase of Staffing South African Universities Framework by 01 July 2015.
- ❑ Education Alliance must have a programme to support PSET system.
- ❑ Monitor HEIs to ensure they are not using the national benchmark test as a hindrance to the transformation agenda.

## HEALTH

### CHALLENGES IDENTIFIED

The NDP demands that the health system has to be efficient, effective, equitable and of good quality. The Commission noted that over the last five years the following cross-cutting issues are the stumbling blocks why the health care system cannot achieve the above desired outcomes:

- ❑ Human resources planning, development and management:
  - ◆ Greatest challenges are patronage, the appointment of people without appropriate skills, the challenge of Compensation of Employees, nepotism, wrong appointments, the "Revolving door Syndrome" where staff is dismissed from one department or province and are then hired by another department or province; shortage of technical and professional personnel. The DoH must vet and verify health professionals, especially foreign-trained doctors.

- ❑ Financial management:
  - ◆ Inappropriately appointed Chief Financial Officers.
  - ◆ Lack of financial management skills.
- ❑ Procurement or supply chain management:
  - ◆ Inappropriately appointed Procurement Officers and personnel.
- ❑ Infrastructure, especially maintenance thereof:
  - ◆ Poor maintenance of facilities that lead to depreciation of value of fixed property or buildings
  - ◆ Delays in construction of infrastructure.

If these four stumbling blocks are not resolved, they will go on into the future and will even prevent the realisation of Universal Coverage through the National Health Insurance (NHI) and even the implementation of the Ideal Clinic Model as implemented through Operation Phakisa launched by the President. These four are regarded as of political origin within our midst and need political solution at the highest level of the organisation.

## PROGRESS OF THE HEALTH SECTOR

The Commission also focused on the following main programs as identified in the 2014 Election Manifesto:

### *HIV and Maternal and Child Health:*

- ❑ Progress:
  - ◆ The health sector has performed well in the implementation of programs on HIV and Maternal, Child and Women's Health.
- ❑ Challenges:
  - ◆ There is complacency that is creeping into our programs on HIV prevention.
  - ◆ Advertisements by fake health professionals.
- ❑ Proposals going forward:
  - ◆ Innovative programs, e.g. bringing mothers and fathers of board on issues such as exclusive breastfeeding, must be embarked upon to keep the momentum of the HIV campaign.
  - ◆ Our communities must work together with others on campaigns against advertisements such as those that promote illegal abortions and other unethical practices that endanger lives of our people.

### *Tuberculosis (TB)*

- ❑ Progress:
  - ◆ TB was identified as a national priority that should be considered as a major challenge for the country.
- ❑ Challenges:
  - ◆ Whilst HIV and AIDS have caught the imagination and attention of the nation, TB seems to remain below the radar screen even though it is a serious challenge.
  - ◆ TB is not regarded by most people as a serious health challenge.
- ❑ Proposals going forward:
  - ◆ Intensify the fight against Tuberculosis at Primary Care level, starting with intensive screening of high-risk communities and correct management of identified cases. Great focus will be on 150 000 inmates in correctional facilities; 500 000 mineworkers; and the population of at least six (6) worst affected districts of intense mining communities. Those include the West Rand (Carletonville), Lejweleputsoa (Welkom); Rustenburg (Marikana) plus the Klerksdorp-Potchefstroom area; plus Waterberg and Tubatse (Burgersfort)
  - ◆ Foster greater collaboration with relevant government departments and research institutions to pursue programs of research and development of new drugs against priority illnesses and diseases.
  - ◆ ANC Branches must have health portfolio to deal with TB and other health issues.

### *Healthy life style*

- ❑ Progress:
  - ◆ This is work in progress in the health sector, where people are encouraged to exercise, eat healthy food and live a healthy life style.
  - ◆ Regulatory interventions such as the reduction of salt in processed food by industry are in progress.
- ❑ Challenges:
  - ◆ The non-availability of Environmental Health Officers makes it possible for business to sell food that is a danger to our people e.g. expired food and re-use of cooking oil.

- ◆ Alcohol and drug abuse remain our greatest challenges.
- ❑ Proposals going forward:
  - ◆ ANC Branches must have health portfolios to promote programs that promote at no costs healthy lifestyle of members, their families and communities in wards where the ANC operates.
  - ◆ It is proposed that a day, e.g. Wednesday afternoon, be adopted in communities and schools as a common day for health promotion, including health education and healthy lifestyle.
  - ◆ There should be strict regulation of the establishment and operations of alcohol outlets, bottle stores and shebeens.
  - ◆ Health needs to work closely with the security cluster to deal with the issue of illicit drug importation and abuse.
  - ◆ The NDoH must resolve urgently the challenge of a dysfunctional National Forensic Chemistry Laboratory that compromise the state's ability to provide the Justice System with blood alcohol results needed as evidence of drunken driving.
  - ◆ The Commission identified the need for the Subcommittee to advice the ANC about socially-acceptable use of alcohol.
  - ◆ The ANC Youth League must play a leadership role in the fight against drug and alcohol abuse and gangsterism by organising youth camps involving affected youth.

### **Expansion of free Primary Health Care**

- ❑ Progress:
  - ◆ The ANC has done a sterling job in the expansion of free PHC, e.g. free health care at clinics, free health care for children under six (6) and pregnant women.
  - ◆ Access has been improved drastically.
  - ◆ Ward Based Primary Health care teams and District Specialist Teams have been established.
- ❑ Challenges:
  - ◆ The issues of quality of health care remains a challenge, e.g. shortage of staff leading to long queues; infrastructure challenges, especially poor maintenance; and low stocks of commodities.

- ❑ Proposals going forward:
  - ◆ Prioritise and intensify the roll out the program of the Ideal Clinic Model using the Operation Phakisa Delivery Model.
  - ◆ Adopt the model of *Operation Sukuma Sakhe* and the War Room Implementation Program (WRIP) in all provinces to be the method of delivery of community programs and creative use of auxiliary workers, such as Community Health Workers, Lay Counsellors, AIDS Councillors, Community Liaison Officers and Community Development workers.
  - ◆ Reactivate programs to ensure that the District Health System (DHS) is functional in all provinces, as a practical step of strengthening Primary Health Care (PHC).
  - ◆ The Commission proposes that Community Health Workers (CHW) must be absorbed into formal government employ.

### **The implementation of the National Health Insurance (NHI)**

- ❑ Progress:
  - ◆ The White Paper on the NHI is ready for submission to Cabinet.
  - ◆ Work in NHI pilot sites is proceeding well.
- ❑ Challenges:
  - ◆ The challenges mentioned above, namely human resources planning, development and management; financial management; procurement or supply chain management; and infrastructure, especially maintenance thereof.
  - ◆ The needs for the ANC to understand all phases of the NHI and the relationships between the said phases and the bigger picture.
- ❑ Proposals going forward:
  - ◆ It is proposed that implementation of the NHI starts at PHC level, as that would be affordable.
  - ◆ Actively engage all relevant structures of the ANC and Alliance in the movement and in Parliament to fast-track the finalization of the White Paper on the NHI and the necessary legislative framework to ensure that the NHI Fund and legislation are in place by the date of the next national conference.



- ◆ There is a need for the matter to be discussed comprehensively at a broad meeting of the Subcommittee on Education and Health.

### ***The establishment of the NHI fund***

- Progress:
  - ◆ As mentioned above, the White Paper is ready for submission to the Cabinet.
- Challenges:
  - ◆ The issue of private and public interface, training needed to address human resource challenges, the certificate of need, over-servicing, the capitation method of health care funding and the issue of service package must be addressed.
- Proposals going forward:
  - ◆ This matter must be finalised by health and Treasury.

### ***Improving the Quality of Public Health Care services***

- Progress:
  - ◆ Several interventions have been made in issues raised above; but there have been reversals of gains as a result of lack of sustainability.
- Challenges:
  - ◆ The four cross-cutting issues mentioned above affect the quality of health care adversely.
  - ◆ Reversals have been experienced as a result of change in management and the lack of political will.
- Proposals going forward:
  - ◆ There must be consequences if managers are not doing their work.
  - ◆ Improve conditions of work and support staff and systems.
  - ◆ A proposal was made that we do lifestyle audits of staff in procurement. It was also proposed that staff in procurement at all levels of government must be rotated regularly to minimise corruption.
  - ◆ Attention must be given to boilers in health facilities, as the company that delivers services such as maintenance of boilers is a monopoly.

- ◆ The health sector must design its own program of “Back-to-Basics”. We must discuss programs which allow us to return to basics of management and leadership.

### ***The cost of private health care***

- Progress:
  - ◆ The Competition Commission has established a Health Market Enquiry into the high cost of private health care.
  - ◆ The final report of the commission is due in November 2015.
- Challenges:
  - ◆ The DoH awaits the rulings of the Competition Commission before it sets up its prices and takes decisions about pricing and the Pricing Commission.
  - ◆ Whilst the Competition Commission is in process, the pressure of application for private hospitals and training institutions is immense; and if granted would push the cost of health care up.
- Proposals going forward:
  - ◆ The Subcommittee must further discuss this matter and submissions made.
  - ◆ The Alliance must publicly support the proposal on the reduction of the cost of the private health care.

### ***Other proposals:***

- Deal decisively with the main and important causes of failure, mainly human resources planning, development and management; finance, procurement and infrastructure.
- Urgently convene a meeting of the Subcommittee on Education and Health to deal with a number of issues, especially the NHI and programs to address challenges facing the health sector.
- Urgently convene through the Office of the SG a summit of all role players at the level of political leadership, especially the ANC Provincial Chairpersons/Premiers, ANC Provincial Secretaries, Minister, Deputy Minister, PEC Chairpersons of Education and Health, MECs of Health, Chairpersons of the Portfolio and Select Committees on Health to

attend to these issues. The focus must be mainly on the four issues that need political intervention identified above.

### Conclusion and Remarks

- ❑ The ANC must communicate its achievements in these sectors to the masses of our people on an ongoing basis.

- ❑ Local Government must play a critical role in supporting Education, Health and Science & Technology.
- ❑ The structures of the movement are encouraged to actively participate in the activities of the Subcommittee. This entails attending meetings of the subcommittee.

## 3. RURAL DEVELOPMENT, LAND AND AGRARIAN REFORM

*“There can be no breakthrough without breakdown. If you are not willing to do this don’t ever talk about radical socio economic change”.* (Minister in the PM Office of Malaysia)

*This is the country that successfully applied the big fast results methodology to turn around its economy. This methodology informs **Operation Pakisa**.*

### 1. INTRODUCTION

We emerged out of the Commission with an understanding that words without action do not have a place in this term of office. Every cadre of our movement, in the NEC subcommittees or the different spheres of the ANC Government, would give content and provide a programme to our commitment of a radical socio-economic transformation as resolved by the 53rd National Conference and the elections Manifesto 2014-2019 and further set out in our Medium Term Strategic Framework.

The Commission took into account progress made since our last NEC Lekgotla in June 2014, the challenges and constraints experienced by government with particular focus to commitments made by the ANC in 2014. The Commission robustly engaged presentations and made several proposals some of which are new as well as addressing implementation mechanisms informed by ANC policy directives.

The Commission also took into account the sector specific inputs of day one in plenary.

### 2. THE MANDATE

The mandate and subsequent priorities arise, mainly, from the 53rd National Conference Resolutions, the

2014 Elections Manifesto, the ANC June 2014 Lekgotla, the National Development Plan and the January 8th NEC statement.

The strategic question the Commission was tasked to confront were:

- ❑ Has the ANC government adequately dealt with these priorities, by implementing action plans with the required urgency and by allocating the necessary resources?
- ❑ Further can we assess, from an impact analysis, what is working and should continue; what needs to be strengthened and what changes should be presented at the 2015 National General Council?

The Commission was further guided by the President’s Political overview and the Secretary General’s report to the Lekgotla, which drew into sharp focus the need to accelerate land reform as set out in the January 8th NEC statement.

The Secretary General’s report, and the sectoral analysis on day one, noted that agriculture only contributes about 2% to the GDP when it has the potential to contribute up to about 12%. The Commission was tasked to look concretely at what could be done in this regard.

### 3. APPROACH OF THE COMMISSION

- i. Focus on implementation or lack thereof
- ii. Highlight progress reports and plans for each sector that contribute towards achieving growth and development of 5% by 2019
- iii. Be specific and bold in dealing with challenges
- iv. Be concrete, with clear timeframes in response to current challenges

### 4. POLITICAL POSTURE OF THE COMMISSION AND ITS VIEW OF THE TASK'S AHEAD

The Commission noted that Agriculture remains one of the sectors that offers the real possibility for massive job creation and the revival of the rural economy. The ANC has identified this as one of the strategic productive sectors of the economy that in this term of office government should focus on. In order to ensure the realisation of this priority, the ANC has correctly identified increased investment in rural infrastructure that supports production and market opportunities as key. Financing of Agriculture and Rural development consistent with the commitments of the Heads of State and Governments as reflected in the 2003 Maputo Declaration remains critical. The implementation of the recommendations of the Presidential Review Commission (PRC) and positioning of state development financial institutions in particular the Land and Agricultural Bank must be expedited by government. The location of the Bank must be reviewed and must be returned to its original mandate as a development finance institution. Provincial Governments also need to allocate funding to agriculture from their equitable share.

The Commission noted that during this term of office the speedy delivery of land is an important focus in particular given that 2015 is the year of the Freedom Charter. The Mangaung Conference resolved that mechanisms must be found to ensure that those who work the land must visibly benefit from the land reform programme. The Commission noted that progress has been made in ensuring that a Legislative arrangement and policy framework for the implementation of this resolution is in place, including the policy framework on relative rights for people working and living on the land (the 50/50 policy framework). The move from the willing buyer willing seller policy has been addressed through the promulgation of the Property Valuation Act, 2014, which will codify the “*just and equitable*” principle as reflected in section 25 of the Constitution.

The Commission noted that land availability remains critical for agrarian transformation. The Commission therefore proposed that land availability and access through the land reform programmes must be fast tracked and better coordination between the Rural Development and Land Reform department and the department of Agriculture Forestry and Fisheries. in particular at provincial levels.

The incoming Special Economic Zones (SEZ's) legislation which replaces the IDZ's will help to focus on agriculture and agro industries and will complement the manufacturing sector.

The Commission noted that the ANC needs to revitalise agricultural production in communal areas and give support to production including implements, seeds, fertiliser, dip tanks and fencing to name just a few.

Informed by both the Polokwane and Mangaung resolutions on addressing progress and challenges in Economic Transformation, the Commission proposed that government must comprehensively address transformation of the agricultural sector, reviewing policy levers at its disposal, to break the current structure and ownership patterns of the agricultural sector which has led to distortions. For example, the state must review the current legislative regime regulating the feed and fertilizer industry. Government must review the role played by Foskor as a state owned company and reposition it to play a strategic and developmental role in support on the radical socio-economic agenda of government in the agricultural sector. These are critical inputs for the viability agricultural sector currently dominated by a few monopolies.

The Commission noted that the deregulation of the agriculture in the 1990's had a very negative impact effect on and left the agricultural industry vulnerable to, global economic turbulences. A review of our tariff regime and the implementation of import substitution together with the re-establishment of marketing boards must be considered.

The importance of human resource development in support of agriculture remains essential. The revival of agricultural colleges must be expedited. A strategy for the absorption of unemployed agricultural graduates must be developed.

Further, attracting increased investment into agricultural research remains critical in the overall development of the sector and as a means to strengthen the country's market share.

## 5. PROGRESS REPORT SINCE THE JUNE 2014 NEC LEKGOTLA

Progress since our last Lekgotla can be summarised as follows:

- ❑ In the six months under review, ANC government appointed lead ministers in each of the Outcomes and identified participating departments.
- ❑ The ANC input to the Cabinet Lekgotla led to the approved Medium Term Strategic Framework 2014-2019 and work has continued in the implementation of the thrust of this.
- ❑ Necessary institutional arrangements, such as the implementation fora for Outcome 7, were established.

On progress in the implementation of the 53rd National Conference Mangaung Resolutions, the 2014 Elections Manifesto, Medium Term Strategic Framework and the June 2014 NEC Lekgotla resolutions, with regards to Rural Development, Land and Agrarian Reform, are captured in the excel annexure to this report and gives a sound overview of progress on each resolution.

Progress on priorities not covered in the annexure are as follows:

### 5.1 Improved food security

The ANC 2012 policy conference agreed that Food Security as a priority area would require strategic and integrated intervention to address access to and control over the physical, social and economic means to ensure sufficient, safe and nutritious food at all times, and to meet the dietary requirements for a healthy life.

The challenge the commission faced was the ability to ensure the availability, accessibility and affordability of food to all citizens at all times.

The programme that emerged from ANC policy guidance in response to food security is the FetsaTlala Integrated Food Production which aims to place one million hectares under production. Since 2012, the ANC Government has increased the number of hectares of productive communal land under production with initial focus on the production of food staples such as maize, beans, potatoes, sunflower and vegetables. The latest production figures for the third and fourth quarters of 2014/15 indicate a positive outlook even before the planting season is concluded.

On a national scale the current field crops production conditions are favorable. Good rains, dams at 80% full, irrigation agriculture which contributes 25% of the value of agricultural production, low and stable food

price inflation at 6.5%, low producer price index for agriculture forestry and fisheries at 2.3%, and decline in the price of fuel, augers well for food security prospects for the country.

At household level, programmes were introduced to reduce the number of people that are vulnerable to hunger. A total of 1915 food insecure households have been supported with starter packs for establishing food gardens and 7997 food gardens were established across the provinces.

In order to improve land use in communal areas, 119 projects have been implemented under the Animal and Veld Management Programme. The programme is aimed at soil rehabilitation, re-greening the environment and spatial decongestion. Projects implemented include the Msinga Auction facility that contributes to livestock improvement and promoting local economic development.

### 5.2 Smallholder farmer development and support for agrarian transformation.

DAFF's draft irrigation strategy, aimed at increasing the number of hectares under irrigation by smallholder producers, as proposed in the NDP, has been developed and awaits approval.

The Departments of Rural Development and Land Reform (DRDLR) and of Water and Sanitation (DWS) are in the process of finalising a MOU on water for land reform projects, water set asides, water use licenses authorisation and access to water by resource poor farmers.

- ❑ 13 of the 78 authorised water use licenses were allocated to historically disadvantaged individuals amounting to 258 323m<sup>3</sup>/a volume of water.
- ❑ A total of 105.68 hectares of land will be irrigated through the authorised licenses.
- ❑ 641 resource poor farmers were assisted with access to water.
- ❑ Further, 783 rain water harvesting tanks were distributed and installed in order to ensure access to water for production and household use.

16 808 smallholder producers were supported through various initiatives including the Comprehensive Agricultural Support Programme and Ilima-Letsema, while 44 land reform farms are supported through the Recapitalisation and Development Programme.

There is a need to define what is meant by support to avoid double counting and ensure that key activities



that have been left out in the plans are included, implemented, monitored and reported on. DRDLR and DAFF are collaborating to develop an Integrated Farmer Support Initiative, which includes norms and standards for producer support.

Several sessions were conducted between DRDLR, DAFF, National Treasury, Land Bank and other key stakeholders to define areas of overlap and cooperation and to define the funding model towards the implementation of the Agricultural Policy Action Plan (APAP). The objective is to ensure production and work towards the creation of 1million jobs.

APAP has been tabled and it is expected to be approved by Cabinet before 31 March 2015.

### **5.3 Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas.**

**5.3.1 Education Infrastructure:** 150 schools are at construction phase across all provinces. Additional projects being implemented include the provision of basic services in schools.

**5.3.2 Access to ICT:** Twenty ICT projects were completed. These projects include the launch of the iSchool Africa Rural Development Programme in Kwazulu-Natal that aims to provide 61 rural schools with teaching devices like iPads.

**5.3.3 Infrastructure:** Five bulk water scheme projects are at the construction phase in four provinces and will be completed in the current financial year. Three of the infrastructure projects that were planned to be implemented in the 100 days have been completed. Examples include proposed Tugela Bridge aimed at improving access for communities and the Tugela Ferry Irrigation Scheme that benefits approximately 1716 smallholder farmers in the area. Construction will commence during 2015. Two additional projects are 75% complete. These projects include a youth hub in Beaufort West consisting of a renovated community hall, amphitheatre, learning centre, gymnasium, and a swimming pool and the Masia Multi-purpose Centre comprising a library, amphitheatre, administration block and a computer centre.

**5.3.4 Access to Services:** 7290 households gained access to water and 64 107 households gained access to sanitation. 62 179 households were connected to electricity on grid and 3786 households were connected to non-grid electricity/solar home systems. The construction of two Integrated Energy Centres (IECs) is in progress.

**5.3.5 Transport:** The draft Memorandum of Agreement (MOA) between the Department of Transport (DoT), North West, Limpopo and the two district municipalities is being finalised towards the implementation of the Integrated Public Transport Network Strategy. In order to facilitate alternative transport by rural school children 100 bicycles were distributed in North West. This programme will be rolled out in other provinces. DoT continues to maintain provincial roads through its *S'hambaSonke* programme. The spinoff of this programme is the creation of labour intensive employment opportunities for rural people.

### **5.4 Growth of sustainable rural enterprises and industries**

**5.4.1** 246 enterprises and industries were supported through rural development and agriculture initiatives. 140 rural tourism enterprises were supported by the Department of Tourism.

**5.4.2** A study on the feasibility of developing the national rural investment incentive scheme aimed to accelerate agro processing has been concluded and is awaiting approval.

**5.4.3** 5335 youth including those registered under the National Rural Youth Service Corps (NARYSEC) were enrolled in skill development programmes, of which 1072 are women and 5 are people with disabilities. In addition 1562 graduates and students are receiving structured workplace training and 6097 artisans are registered for 2014.

**5.4.4** A total of 318089 work opportunities and 43 746 full time equivalent jobs were created through the Expanded Public Works Programme. In addition 4318 jobs opportunities were created through the rural development and land reform initiatives.

## 6. RECOMMENDATIONS FROM THE COMMISSION ON RADICAL SOCIO-ECONOMIC TRANSFORMATION:

The Commission received two detailed reports on Rural Development, Land & Agrarian Reform and the Revitalisation of the Agriculture and Agro-processing Value Chain. Following robust engagement on the reports, shaped by the recognition of the 60th Anniversary of the Freedom Charter and further acknowledging the slow progress in the implementation of land and agrarian transformation, the Commission recommends as follows:-

### 6.1 The Problem Statement

Commission concurred with the problem statement on the key challenges facing the sector in realizing an inclusive rural economy in the midst of jobless growth namely:

- ❑ market dominance and concentration across the value chain which lends itself to job loss;
- ❑ rising input costs and an increasing dependency on capital intensive models of production;
- ❑ a vulnerable and largely unprotected sector, to uneven international trade environment e.g. subsidies;
- ❑ ineffective developmental of infrastructure (rail, harbour, electricity);
- ❑ unintended consequences of policy decisions and counter-productive service delivery models (abolishing agricultural commodity boards which provided much needed support to farmers); and
- ❑ the integrity of and access to water resources in designated areas.

On the Agriculture Policy Action Plan (APAP) the Commission recommends to the Lekgotla, the endorsement of APAP and further recommends that the ANC government develop the necessary detailed plans for APAP's implementation especially in this year of the Freedom Charter.

### 6.2 Speeding up land reform

The January 8th ANC NEC Statement calls upon government to speed up the pace of land reform, quote *"We commit that the land will be returned to the people and the ANC calls on its government to act with the necessary speed to put legislation in place to ensure that this happens"*. Therefore the commission recommends as follows:

### 6.2.1 Policy and programme implementation

Government will implement the relative rights for people working and living on the land policy framework, more commonly but not accurately referred to as the 50/50 policy framework, starting with 50 properties as a pilot across the country. The ANC is encouraged by the positive response from some sections of organised agriculture in the Free State, North West, Western Cape and other Provinces who have expressed an interest to participate in this pilot. Even more encouraging is the fact that the members of organised agriculture have come up with various innovative funding models which do not necessarily exerting additional pressure on the fiscus.

### 6.2.2 Four-tier land tenure system

In line with 53rd National Conference Mangaung resolution linked to the Four-tier land tenure system, the Commission urges government to expedite the processing of legislation that will give effect to this significant resolution in particular the imposition of land ceilings on the extent of land that can be owned by individuals or natural persons.

The Commission recommends that government must put legal mechanisms in place to impose a maximum of 12 000 hectares of land to be owned by an individual or juristic persons. Any land owner who owns more than the stipulated maximum of 12 000 hectares must dispose the excess to the state or previously disadvantaged individuals.

### 6.2.3 District Land Reform Committees

In line with Chapter 6 of the NDP, the Commission calls for the establishment of District Land Reform Committees to facilitate land redistribution and private sector participation. The District Land Committees will be the vehicles for public private partnerships, implementation of agriculture value chains, identification of strategically located land for acquisition by the state, the selection of farmers for land reform purposes and coordinate the roll out of Agri-parks in each of the 27 poorest District Municipalities.

### 6.2.4 One District, One Agri-Park/Every Municipality a CRDP site

The Commission endorsed the concept *"One District, One Agri-park making every municipality a Comprehensive Rural Development Site"*. The Commission recommends that government establishes a mega Agri-Park in each of

the 27 poorest District municipalities in the country by September 2015.

The Agri-Parks will be at the heart of transforming the rural economy. They will be the vehicles for driving sustainable rural enterprises and industry, agro-processing, trade development, production hubs for food security, local markets and financial services. Each Agri-Park will be owned by local farmers and Agri-businesses. The state will assist Agri-parks to secure funding for the acquisition of equity in businesses controlling major inputs such as feed and fertilizer, seeds and cultivars, parent stock and mechanisation including logistics. The Agri-Parks will be supported by the state for a period of 10 years. The Department of Rural Development will provide an initial funding of R2Billion in the new financial year which will be supplemented by other Departments and State Entities.

### 6.3 Legislation

The 53rd National Conference in Mangaung adopted a number of resolutions aimed at speeding up Land Reform through policy, legislation and institutional reform. Among these resolutions was a four tier land tenure system which proposed a new regime on land ownership in South Africa. The four tier land tenure system as proposed is as follows:

1. State and public land – Leasehold rights only.
2. No ownership of land by Foreign Nationals except through limited leasehold of 30 years.
3. Freehold with limited extend and leasehold
4. Communal land tenure with institutionalized land rights.

The 53rd National Conference further proposed the establishment of the following institutions to drive agrarian change:

- (i) A Land Commission
- (ii) A Valuer General
- (iii) A Land Rights Management Board.
- (iv) A Rural Investments and Development Financing Facility

The Commission, having noted progress with the implementation of these resolutions by the ANC Government, recommends that Parliament expedite the processing of the Regulation of Land Holdings Bill which will amongst other things:

- ❑ Administer land holdings and ensure compulsory disclosures by land owners to determine who actually owns land in the Republic in terms of demographics and nationality.
- ❑ Prohibit land ownership by foreign nationals except through long term lease hold for a minimum renewable 30 years. Further keeps a register of land owned by Foreign Nationals. Places a ceiling on the ownership size of farms to 12,000 hectares for both natural and all forms of legal persons (trusts/cooperatives/corporates/banks).
- ❑ Establishes a Land Commission to oversee the implementation of this legislation.

The Commission called on the ANC government to establish the Office of the Valuer General (OVG) no later than June 2015, following the promulgation of the Property Valuation Act, 2014. The OVG is a critical lever at the disposal of government that must ensure that the state no longer continues to rely on the market value for acquisition of land for land reform purposes, by codifying the principle of *'just and equitable'* compensation as provided for in section 25 of the Constitution.

In line with the resolutions of the Mangaung Conference and the line of march provided by the ANC January 8th 2015 NEC Statement, the Commission urges government and Parliament to do everything in its power to ensure that the New Land Expropriation Bill be passed by Parliament in 2015, the year of the Freedom Charter.

The Commission further noted progress with regard to the development of policy aimed at improving the living and working conditions of farm workers and farm dwellers.

The Commission recommends that Parliament, once the Bill is tabled, expedite the processing of the Extension of Security of Tenure Amendments Bill. This Bill provides for amongst others, provision of state legal and mediation services to victims of illegal evictions and the establishment of a land rights management board. These legal interventions are aimed at alleviating the plight of the long suffering farm workers and farm dwellers, many of who continue to live under inhuman conditions.

The Commission further recommends that Parliament, once tabled, expedite the processing of the Communal Property Associations (CPA's) Amendment Bill whose objective is to strengthen the administration of CPA's, establish the Office of CPAs which will ensure compliance by CPA's, and ensure compliance by any natural or juristic

person to the legislation, CPA's being the custodian of the peoples land. The Bill once promulgated will also provide for adjudication of disputes among members of a CPA.

The Commission noted with concern that the Spatial Planning and Land Use Management Act of 2013 is yet to come into operation. This law is crucial to transform not only land use but to begin to fundamentally alter the colonial and apartheid settlement patterns in our country. Therefore the Commission recommends that government must address the reasons for the delay in the commencement of implementation of this Act and put necessary measures in place to ensure that this Act comes into operation by July 2015.

#### **6.4 Role of State Owned Enterprises/Development Finance Institutions**

The implementation of a radical socio-economic transformation programme requires the developmental state to take a lead in determining and driving this agenda. To do so successfully, the State requires champions to be deployed at the strategic sectors of the economy with a view to drive this change agenda.

The Commission noted with concern that while the state is in control of certain strategic state owned institutions, many of them were either not aligned to government policy or were simply not geared to play a meaningful developmental role. For example, Foskor is one of a number of major state owned enterprises well positioned in the fertilizer industry which could have strategic role in shaping the sector but has been allowed by the government to focus singularly on its commercial side of the business. Fertilizer is one of the major cost drivers in agriculture. With the necessary interventions and trade-offs, this company can play a meaningful role in rekindling a new class of black farmers who will guarantee food security for the future. The Commission therefore recommends that government must urgently implement the Presidential Review Commission Report (PRC) and reposition Foskor so that it plays a developmental role in helping the state to achieve its goals.

Another example is the Land and Agricultural Development Bank which played a strong developmental role in building the current commercial farmers and agribusinesses since its inception in 1912. Since 1994 the Bank's mandate drifted away from its development mandate and focused on its commercial loan book and as a result has had to rely on state guarantees to stay afloat. The Commission recommends that whilst Treasury has restored governance at the Bank and

overseen its turnaround, it is time for the Bank to be refocused and play its development role and original mandate. As such it should be relocated back to Agriculture Forestry and Fisheries.

#### **6.5 Rural Infrastructure and a dedicated Strategic Integrated Project**

In addition to economic infrastructure rural areas face a huge backlog in basic services and infrastructure such as clean water, sanitation, roads and electricity. Small holder farmers lack basic infrastructure such as dipping tanks, bore holes, stock handling facilities, drinking troughs, fencing etc. The Commission recommends that government must identify rural infrastructure as a Strategic Integrated Project (SIP) so as to provide dedicated government planning, coordination and implementation and to rectify the current fragmented approach.

#### **6.6 State land utilisation**

The utilisation and disposal of state land must target land reform. State farms must be rehabilitated for job creation, skills training and internship. Land will be disposed of in terms of leasehold only and not sold.

#### **6.7 State farms**

Concrete decisions are needed on the use of state farms. The Commission therefore recommends as follows:-

- ❑ That the state must prioritise the disposal of state land for the land reform programme. This would be undertaken through leasehold agreements to beneficiaries.
- ❑ That the state revitalises defunct irrigation schemes in the former homelands and land reform farms for the objectives of food security and job creation.
- ❑ That these farms should be used for training purposes for prospective farmers and the state must play the role as a developer of skills and capacity through TVET's and other relevant institutions.

#### **6.8 Financing of Agriculture**

The Maputo Declaration (2003) on investment in Agriculture, called for investment levels by governments of 10% of GDP. At present we stand at a very low level of 1,7% of GDP. The Commission called for re-commitment to the Maputo Declaration by government and to begin to effect real change in the Agricultural sector through the budget allocation.



Furthermore there must be alignment between ANC policy and the allocation of resources and the application thereof. Budgets should reflect rural development land & agrarian transformation as a priority of government.

The Commission calls for an urgent review on the current design and location of the incentive schemes such as such as agro processing and aquaculture to determine whether they are still best located with DTI or should be moved to DAFF. This review must be completed by the end of the current financial year.

Government must review the current structure, governance and mandate of agricultural trusts (formally agriculture marketing boards) and report in six months. The new formulation must ensure alignment to ANC government policy.

### **6.9 Procurement and marketing**

Commission agreed that all state departments must procure from small-holder farmers and cooperatives. The implementation of the decision on 75% local procurement and the provision of set-asides in strategic agricultural commodities must be implemented by government (DTI, DAFF and National Treasury) by the end of the financial year. This must apply across the productive sectors of the economy.

### **6.10 Enhancement of Extension Support Services**

Well-trained and well-equipped extension support cadres are critical to the support and success of smallholder farmers, development of rural villages and implementation of government policy. Extension officers must be at the coal face of service delivery in every village. Therefore the Commission calls on the ANC government to relook the current system in its entirety, retrain existing extension officers, find mechanisms to integrate unemployed agricultural graduates into the system and offer the youth training in agriculture so as to become beneficiaries of the land reform programme.

### **6.11 Import substitution**

As resolved at the Mangaung National Conference, APAP further seeks to decrease South Africa's dependence on increasing imports, through a robust import substitution strategy. Included in APAP's strategy is investment in the Red Meat; Poultry, Fruit and Vegetables, Forestry, Bio-fuels, Wine and Wheat industries. These are the winners identified in the NDP to ensure growth in the sector and creation of jobs.

The strategy of APAP is to increase production outputs through investment in farmer support and land acquisition in strategically located areas.

At the same time specific products should be identified for import substitution and there should be an increase in tariffs to deal with dumping of cheap imports, which kills the competitiveness of our sectors. This must be done primarily to protect local producers.

The liberalization of agricultural and food markets in the late 1990s and respective trade agreements, have resulted in farmers currently receiving less support from the state than their counterparts in every industrialised country in the world, with which they have to compete.

State support to commercial farmers has to be linked to clearly defined trade-offs for the transformation of the structure and ownership of production in the agriculture sector. It is critical for the agricultural sector to be supported by the state. The state must be in a position to leverage the trade-offs in any given sector leading to transformation of the sector.

Therefore a review of the tariff regime for strategic commodities should be undertaken with speed. Further we need reduce input costs through our own manufacturing.

Government must pay deliberate attention to the industrialisation of the sector by taking control of key inputs such as mechanisation, feeds and fertilisers, parent stock and research and development for the development of new cultivars and vaccines.

### **6.12 Alignment between spheres and co-ordination across government**

The Commission acknowledged that there are severe constraints in the coordination of government efforts in various sectors across the state. Further the constant changing of programmes creates instability in sectors.

Key is alignment, cohesion and cogency in implementation of programmes across the economic sectors and the spheres of government.

The Commission recommended that there must be consequences for failure to implement its decisions by its deployees. Political deployees must take primary responsibility for driving programmes in government.

### **6.13 Research & Development**

The Commission is of the opinion that the current institutional arrangements on the location of research institutions and their spread across government

departments, does not lead to the optimal deployment of resources. More specifically the current location of the Ondestepoort Vaccine Institute, the Ondestepoort Biological Products and the Agricultural Research Council needs to be reviewed.

The Commission re-emphasized the importance of investing in R&D in general and specifically in the agricultural sector. The ownership of knowledge generated by state research institutions must remain in the hands of the state to advance its development objectives and therefore the state's intellectual property must be consciously protected.

#### **6.14 Agriculture and mining**

Currently Agriculture and Mining are competing for land and water resources. In Mpumalanga, which for years produced the highest yields of grain in the country through high value agricultural land, has since been alienated for mining.

The Commission calls for better planning and coordination in managing applications in the change of land use, water rights and mining licences by the relevant policy departments to prevent unintended consequences.

Mining houses in possession of vast tracts of agricultural land should release such land through leasehold for food production purposes to small-holder farmers. Mining houses should be encouraged to provide financial support and corporate social investment to communities.

#### **6.15 Role of SOE/DFI's**

The Commission recommended that the recommendations of the Presidential Review Commission be implemented without any further delay. Foskor as a state fertilizer company must be an instrument of development in support of developmental objectives by playing a direct role in support of small scale farmers. The Land Bank should be refocused, repositioned and relocated back to its original developmental mandate of a land and agriculture bank.

The state should re-establish a National Agricultural Development Cooperative

#### **6.16 Rural infrastructure**

The ANC government is the only vehicle for the poor, especially those in rural areas and it must therefore continue to increase access to quality infrastructure, investment in agro logistics, access to local markets, access to financial services and public transport in rural areas as reflected in the MTEF 2014- 2019.

### **7. CONCLUSION**

ANC must stay the course in what has already been agreed and be consistent in the implementation of its priorities.

## 4. PEACE AND STABILITY

### 1. Brief of the Commission

The brief of the commission was to consider progress made, challenges, and experiences to date in respect of the ANC government, focusing on commitments made by the ANC in its June 2014 NEC Lekgotla. Having taken into consideration experiences, challenges, and progress made the commission identified tasks for the organization and government in order to advance implementation and fulfill the commitments made in the June 2014 Lekgotla.

The commission is informed by the mandate to ensure that people living in South Africa:

- ❑ are and feel safe and have no fear of crime;
- ❑ are safe at home, at school, at work and enjoy an active community life free of fear; and
- ❑ women can walk freely in the streets and children play safely outside.

Overarchingly the commission envisages the National Democratic Society in which there is a zero tolerance for corruption, the people are capacitated and empowered to enhance social stability in communities, there is protection of the vulnerable and the national interest is secured; and leaders in the public and private sector hold themselves to high ethical standard and act with integrity.

The following were the areas of focus emanating from the June 2014 NEC Lekgotla commitments:

### 2. Prohibition of public servants and public representatives from doing business with the State

#### 2.1. Progress

- 2.1.1. The Public Service Management Act which prohibits public servants from doing business with the State has been signed into law by the President.

#### 2.2. Challenges

- 2.2.1. The implementation of the Act prohibiting public servants from doing business with the state lies outside the Peace and Stability Cluster, thus rendering the enforcement thereof to fall within the remit of the Legislature and Governance Cluster.

#### 2.3. Resolves

- 2.3.1. The responsibility to implement and monitor the implementation of the Act should rest with the Legislature and Governance Subcommittee.

### 3. Improving the State's corruption investigation, prosecuting, and conviction capacity

#### 3.1. Progress

- 3.1.1. Major strides have been made towards establishing a resilient Anti-Corruption System. More than 800 persons are currently under criminal financial and forensic investigation, with pre-trial proceedings initiated against 298 persons.
- 3.1.2. Since 2010 a total of freezing orders to the amount of R1, 811 million were obtained; assets to the amount of R1, 039 million were seized and criminal assets to the amount of R105 million were forfeited on the Anti-Corruption Task Team (ACTT) cases.
- 3.1.3. Anti-Corruption Inter-Ministerial Committee (ACIMC) was established by the President to coordinate and oversee the work of state organs aimed at combating corruption in the public and private sectors.

#### 3.2. Challenges

- 3.2.1. The prevalent public perception is that the ANC is not committed to fighting corruption and that the ANC is itself corrupt.
- 3.2.2. The numerous convictions for corruption are not given sufficient media coverage.
- 3.2.3. ANC members alleged to be involved in corruption have not fully been dealt with according to the provisions of the ANC Constitution.
- 3.2.4. The Anti-Corruption legislation is not adequately applied to combat corruption.
- 3.2.5. The ANC relies on comrades' inner integrity to impel them to step temporarily down from public and organizational offices when

charged with corruption related offences subject to finalization of the case. However some comrades rely on the presumption of innocence to continue in such positions regardless of charges being preferred against them.

- 3.2.6. Some comrades react negatively to being investigated as they deem such investigations not to be initiated and conducted in good faith.
- 3.2.7. Corruption is becoming systemic and endemic in the organization and in society; it affects even the lowest levels of the organization and society, the Criminal Justice System (CJS) not excluded.
- 3.2.8. Comrades who stand firm on principle and combat corruption are often vulnerable and unprotected.

### **3.3. Resolves**

- 3.3.1. The departments in the cluster should work together in the fight against corruption; and should publicise the number of convictions on corruption in a similar manner as crime statistics are made public.
- 3.3.2. The ANC Integrity Committee should advise structures when an ANC member or deployed cadre is charged with the commission of a crime as to whether the comrade should temporarily step down, pending finalization of the case. In considering the matter, the Integrity Committee should consider the impact of the charges on the ANC as a whole, the nature of the charges and any representations by the comrade concerned.
- 3.3.3. The ANC should work with communities to uproot the culture of corruption from society.
- 3.3.4. There should be means of protecting comrades who stand firm on principle against corruption.

## **4. Strengthening of Anti-corruption legislation and protection of whistle-blowers**

### **4.1. Progress**

- 4.1.1. Anti-corruption legislation is in place and investigations, prosecutions and convictions

have been executed and realized under the legislation.

- 4.1.2. A Bill strengthening the protection of whistle-blowers will soon be introduced to Cabinet.

### **4.2. Challenges**

- 4.2.1. The anti-corruption legislation does not cover some aspects of private sector corruption like price-fixing; collusion; and transfer pricing amongst others.

### **4.3. Resolves**

- 4.3.1. Private sector corruption like price-fixing and collusion should be criminal offences as opposed to competition related offences whose most severe penalties are in the form of fines.
- 4.3.2. The private sector corruption offences should be punishable by stiffer penalties.

## **5. Ensuring that all the People of South Africa are and feel safe**

### **5.1. Progress**

- 5.1.1. The annual crime statistics released by the police for the period of 2008/9 to 2013/14 indicate a continued general decrease in serious crime. This can be attributed to:
  - ❑ Huge investment in policing and the Criminal Justice System (CJS) since 2009;
  - ❑ The SAPS total personnel strength now stand at approximately 194 852 which has risen from 155 116 with a comparative police ratio of one police person is to 346 citizens;
  - ❑ Closer interaction with communities through strengthened implementation of Community Policing Forums (CPF) and Community Safety Forums (CSF);
  - ❑ Improving the forensic capabilities at crime scenes and laboratories;
  - ❑ Improvement in detective services capacity skills; and
  - ❑ Improvement to the Automated Fingerprint Identification System (AFIS)

### **5.2. Challenges**

- 5.2.1. There are challenges delaying the full implementation of CSFs.



- 5.2.2. CSFs have been established in all provinces save the Free State.
- 5.2.3. The forensic laboratories still have huge backlogs when it comes to blood and toxicology analysis thus reducing the potential number of convictions.
- 5.2.4. There is to a significant extent a negative perception in the broader society regarding personal safety, citing instances of violence against women, children and the elderly.

### 5.3. Resolves

- 5.3.1. The ANC branches should lead society in anti-crime campaigns and community safety programs;
- 5.3.2. There should be intensive public education and public awareness programs through amongst others branches of the ANC, Parliamentary Constituency Offices (PCOs), and advice centres on the operations of the CJS, in particular on how communities may participate in bail proceedings.
- 5.3.3. The JCPS cluster needs to define the CSF and ensure that its work is synchronized with that of the CPF; in this regard CSF implementation should be expedited uniformly across provinces.
- 5.3.4. Legislation on paralegals must be introduced as paralegals can play a crucial role in empowering members of communities.

## 6. Private Security Industry

The commission remains concerned with gaps in the regulation of the private security industry. It notes that the Private Security Industry Regulation Bill has been passed by Parliament and urges that matters relating to the Bill be resolved with the necessary urgency.

## 7. Enhancing the capacity of the courts to eliminate the backlogs and increase the conviction rates

### 7.1. Progress

- 7.1.1. Case flow management now resorts under the office of the Chief Justice. To improve the efficiency in the courts, the Chief Justice has developed Norms and Standards for courts that have been Gazetted and apply to all judicial officers.
- 7.1.2. The lower and high courts have maintained a positive clearance ratio during 2013/14.

A total of 931 799 new cases were enrolled and 962 632 cases disposed of, representing a positive clearance rate of 3.3%.

- 7.1.3. More cases are also dealt with through Alternative Dispute Resolution Mechanisms (ADRM) and Diversion in particular. In settling matters through ADMR before they reach courts, the NPA is freeing up much needed resources – both financial and human – to be used in the fight against crime.
- 7.1.4. Compared to 2012/13, the courts during 2013/14 increased the number of criminal court cases finalized with verdict with 1.8% as 5 763 more cases were finalized than in the previous year.
- 7.1.5. High conviction rates were maintained by all courts and the set targets were significantly extended.

### 7.2. Challenges

- 7.2.1. The people broadly perceive access to justice as depending on financial strength.
- 7.2.2. Some court decisions have negative socioeconomic impact and weaken the confidence of the people in the CJS.
- 7.2.3. Court rolls continue to be backlogged because of courts having to adjudicate over petty crimes.

### 7.3. Resolves

- 7.3.1. There should be inclusive public education on the CJS, and transformation of the Civil Justice System to protect the vulnerable; there should also be enhanced quality of legal representation of those who can't afford private legal representation.
- 7.3.2. The appointment process to the bench and that of magistrates should be strengthened to ensure progressive and transformative judgments.
- 7.3.3. The evaluation of the socioeconomic impact of judgments should include the views and experiences of ordinary South Africans.
- 7.3.4. Traditional Courts and Community Courts should be strengthened and rolled out in order to resolve petty offences and free the courts to adjudicate over reasonably serious offences.
- 7.3.5. The ADRM processes of the NPA should be regulated and monitored.

## 8. Intensification of the fight against the abuse of women, children and the elderly

### 8.1. Progress

- 8.1.1. There is legislation and specialized units in place aimed at fighting against the abuse of the vulnerable in society.

### 8.2. Challenge

- 8.2.1. Most of the crimes affecting women, children and the elderly are committed in the home and these crimes as well as crimes against the LGBTI community need to be addressed by active community participation.

### 8.3. Resolves

- 8.3.1. ANC branches, organs of people's power, Community Based Organisations (CBOs), and nurses and social workers should collectively be at the forefront of protecting the vulnerable of society.
- 8.3.2. Police should partner with communities in the fight against contact crime as the violent nature of some of the contact crimes signals the violent attitude of some of the members of the society.

## 9. Creating the border management agency by 2016, and concluding the International Migration Review

### 9.1. Progress

- 9.1.1. A series of public engagements on immigration policy have been started;
- 9.1.2. The amendments to the 2011 Immigration Act were implemented and a critical skills list Gazetted
- 9.1.3. A special 10-year visa was approved for frequent business visitors from BRICS countries
- 9.1.4. Significant progress has been made towards establishing a Border Management Agency.
- 9.1.5. The Commission also received a report on the review of the immigration policy and noted progress.
- 9.1.6. The capture of biometrics at all ports of entry will be implemented in the next financial year and will greatly improve control of all migration processes.

### 9.2. Challenges

- 9.2.1. There is a perception that the ANC is not adequately regulating the influx of foreign nationals into the country.
- 9.2.2. Many township and village business activities are dominated by foreign nationals as a result there are tensions between business people who are citizens and those who foreign nationals.
- 9.2.3. Asylum seekers awaiting determination of their status are in law allowed to work and do business in the country, resulting in most not being traceable.
- 9.2.4. The State's capacity to track and deport illegal migrants is lacking.
- 9.2.5. The lower airspace and some air-strips remain unregulated as ports of entry thus exposing the country to potential trafficking of illegal substances.
- 9.2.6. Coastline security and control is not sufficiently tight.

### 9.3. Resolves

- 9.3.1. Immigration and Refugee legislation should be strengthened to balance security, economic and human rights interests with national interest being paramount.
- 9.3.2. Legislation should be passed to regulate small businesses ownership and control in line with the immigration and refugee laws of the country.
- 9.3.3. More capacity should be built to track and deport illegal immigrants.
- 9.3.4. The implementation of the BMA should be accelerated to ensure comprehensive border management and control of all ports of entry and tight security of the borderline including land, air and coastline.

## 10. Finalising the White Papers on Safety and Security, and on Police

### 10.1. Progress

- 10.1.1. The White Paper on Safety and Security and the White Paper on Police have been prepared and will serve before Cabinet in February.
- 10.1.2. After being approved by Cabinet they will be tabled in Parliament.

## 10.2. Challenge

- 10.2.1. The current legislation has left a gap for Provincial governments to if they elect to, deviate from the National government's strategy to policing.
- 10.2.2. In the Western Cape an Ombudsman has been appointed instead of a Civilian Secretariat as national legislation provides.
- 10.2.3. The composition of the CPF and eligibility for membership therein is currently not regulated.

## 10.3. Resolves

- 10.3.1. Expedite the processing of the White Papers and passing of subsequent legislation so as to address the above challenges.

## 11. Finalising and implementing the single police service

### 11.1. Progress

- 11.1.1. A technical legal team is being established to implement the resolution.
- 11.1.2. The commission proposes that Municipal Police function as a division within SAPS with a Deputy National Commissioner responsible for this division. This will require that the Municipal Police chiefs be appointed by municipalities in consultation with the Deputy National Commissioner responsible for municipal policing.
- 11.1.3. There are certain readily implementable measures such as the National Standards which look at:
  - ☐ Uniform training;
  - ☐ Disciplinary framework;
  - ☐ Inter-sphere police service cooperation, assessment and review of performance; and
  - ☐ Assessment and review of the performance of municipal police in national police efforts.

## 12. Finalisation of the Defence Review Strategic Policy

### 12.1. Progress

- 12.1.1. The Defence Review Strategic Policy

has been tabled in Parliament and advertisements for public hearings have been published.

- 12.1.2. The Defence Review Strategic Policy is envisaged to be adopted by Parliament before the end of the financial year.

### 12.2. Challenges

- 12.2.1. The resourcing of the SANDF remains inadequate pending finalization of the Defence Review Strategic Policy.

### 12.3. Resolve

- 12.3.1. The Defence Review Strategic Policy should be finalized as scheduled to expedite adequate resourcing of the SANDF.

## 13. Non-statutory Forces integration

### 13.1. Progress

- 13.1.1. A project office has been established in the Ministry of Police to address the challenges faced by non-statutory forces who were integrated into the SAPS.
- 13.1.2. The project office is mandated to address conditions of employment such as:
  - ☐ Promotions;
  - ☐ Rankings;
  - ☐ Pensions; and
  - ☐ Possible re-enlistment.

### 13.2. Challenges

- 13.2.1. The SAPS has not recognized the service of comrades who were trained by non-statutory forces and thus their rankings, promotions, and pensions have been negatively affected by the lack of recognition.
- 13.2.2. Members of the non-statutory forces integrated into the SAPS did not receive police training before being integrated into the SAPS and conditions of employment became unbearable for some who then opted to quit.
- 13.2.3. Some of the members of non-statutory forces are now deceased and their families left destitute.
- 13.2.4. The problems experienced by NSF

members are not just in the SAPS but also in the SANDF and State Security Agencies.

address the problems experienced by other NSF members.

### 13.3. Resolve

13.3.1. The ANC should support the work of the project office by assisting in identifying comrades who have either left the SAPS because of intolerable conditions or are deceased without having received due recognition and benefits.

13.3.2. There should be regular feed-back to the Peace and Stability Sub-committee in respect of the progress made by the project office as well as steps taken to

## 14. Cyber Security

### 14.1. Progress

14.1.1. The JCPS cluster has developed a legal framework and policies governing our cyberspace.

14.1.2. The draft Bill on cyber security has been prepared and will serve before Cabinet later this year.

# 5. INTERNATIONAL RELATIONS

## 1. INTRODUCTION

1.1 The commission's report to the Lekgotla incorporates

- ❑ the report of the Department of International Relations and Co-operation (DIRCO) on the commitments made by the ANC in both the ANC's 53rd National Conference Resolutions as well as under the rubric of Peace and Stability in the June 2014 ANC NEC Lekgotla; and
- ❑ The outcomes of the discussions in the commission on these issues.

1.2 Since this is the ***Year of the Freedom Charter and Unity in Action to Advance Economic Freedom***, the commission considered:

- ❑ The fact that clause 10 of the Freedom Charter – ***There Shall Be Peace and Friendship*** – is indeed mostly achieved and we continue to advance on new issues in the ever-changing world.
- ❑ Advances on this could be consolidated, and what should be done to overcome some of the obstacles to realising our strategic objectives in the world that is constantly in a flux.

1.3 The commission notes DIRCO's strategic objectives with regard to:

- ❑ Creating a better South Africa and contributing to a better and safer Africa and the world
- ❑ The imperative for South Africa to play a leading

role in championing the values of human rights, democracy, reconciliation and the eradication of poverty and underdevelopment.

- ❑ The principle of humanity that is a value and philosophy embedded in our national consciousness.
- ❑ Our national interest of economic diplomacy which aims at opening up new trade opportunities and enhancing it where it already exists.
- ❑ The urgent need to address our triple challenges of poverty, unemployment and inequality.

1.4 The report further recognises the various presentations made in the opening plenary session of the Lekgotla. In this regard, the commission proposed that the IR subcommittee should assist the movement to develop a deeper analysis on global developments, their impact on South Africa and how we need to respond to them.

1.5 Among some of these developments are:

- ❑ Statistics on growth in South Africa and the world, particularly growth forecasts in the Eurozone;
- ❑ Potential implications of the elections in Greece;
- ❑ Developments as a result of terrorist attacks in Nigeria, the Sahel Region, Middle-East, France and Australia, amongst others;



- ❑ The Ukraine/Russia conflict and its impact on energy, linked to the tough stance by the USA; and
  - ❑ Low growth figures among our BRICS partners – the slowdown in China, India and Russia; and similarly, our response and relations with India since the change of government.
- 1.6 The implementation of Outcome 11 of the MTSF focuses on what the NDP envisages to achieve on the set targets considering that foreign policy is executed in an ever-changing global environment. Thus we will continuously review, evaluate and assess our progress to ensure that we are on course and where challenges exist adapt our strategies.

## 2. CONTRIBUTE TO CONFLICT PREVENTION, PEACE-KEEPING AND POST-CONFLICT RECONSTRUCTION AND DEVELOPMENT

### *Conflict resolution and peacekeeping*

- 2.1 In line with our resolve to ensure the achievement of lasting peace in Africa, on 1 April 2014, South Africa began its two year term in the African Union Peace and Security Council (AUPSC).
- 2.2 The operationalisation of the African Peace and Security Architecture remains a critical element in providing the African Union with the necessary capacity to respond to our challenges of peace and security. The establishment of the African Capacity for Immediate Response to Crises (ACIRC), championed by South Africa, is an interim mechanism to enable the African Union to respond to emerging security situations while the African Stand-By Force is being operationalised.
- ❑ The commission, however, felt that the ANC needs to develop a better understanding of the capability and capacity of the ACIRC.
- 2.3 In terms of South Africa's commitment to regional stability, we assumed a role in resolving the constitutional crisis in Lesotho, by hosting and attending a number of emergency meetings which, amongst others, resulted in the rejection of unconstitutional change of Government; a call for the immediate restoration of constitutional normalcy; the safe repatriation of the leadership; the appointment of the Deputy President, Cyril Ramaphosa, as the Southern African Development Community (SADC) Facilitator to the Lesotho Conflict; and the deployment of a SADC Politics, Defence and Security Observer Mission.

2.4 South Africa also led a SADC Organ mission to the Republic of Madagascar, in an effort to encourage role players to make space for political healing and reconciliation, following the unexpected arrival in that country of former President Marc Ravalomanana.

2.5 South Africa participated in SADC-ICGLR (International Conference on the Great Lakes Region) efforts aimed at reviewing the mid-term progress of the FDLR Demobilisation, Disarmament, Repatriation and Reintegration process.

2.6 As part of efforts to enhance peace, security and stability in the sub-continent, South Africa also led SADC Electoral Observer Missions to Mozambique, Botswana, Namibia, Mauritius and Zambia.

2.7 The commission further noted the need for:

- ❑ Intelligence gathering so as to have knowledge and understanding of the motive forces behind conflicts, particularly in the mineral rich parts of the continent
- ❑ Civil society and particularly alliance partners – such as COSATU and its affiliates, with fraternal relations in the continent, to take keen interest in assisting Government towards responding to peacekeeping and conflict resolution.
- ❑ South Africa, and the ANC, to develop appropriate responses to instances that may lead to conflict and tension where:
  - ◆ The right freedom of speech is advanced as cause or reason to insult religious beliefs or faith of others
  - ◆ Certain international formations and blocs – such as NATO – engage in subtle means of aggression, as in the situation of the Ukraine/Russia conflict.
- ❑ Both the ANC and Government to have a discussion on gender based violence in conflict situations and how this is being addressed, including towards a post conflict dispensation.

### *Post conflict reconstruction and development*

- 2.8 The commission noted with concern that South Africa continues to invest heavily in peacekeeping and conflict resolution efforts, yet fails to benefit from this investment and is continuously overtaken by other countries that did not engage in such efforts. The commission, therefore, proposes that:
- ❑ There should be an integrated, inter-ministerial team to develop a strategy of South Africa's

intervention post conflict for purpose of reconstruction and ensuring there are benefits accrued to the country with regards to our national agenda.

- ❑ Our economic agenda should be given a political content and underpinned by our political objectives
- ❑ We should create capacity in the ANC and in Government to ensure follow up on decisions made and develop synergy between the investments made in peacekeeping and post conflict outcomes.
- ❑ We should assess progress on operationalization South Africa Development and Partnership Agency (SADPA), noting that there is legislation is at a advance stage to repeal the African Renaissance Fund and establish the Development Partnership Fund (DPF) to be administered by SADPA.

### 3. ADVANCE SOUTH AFRICA'S TRADE AND INVESTMENT THROUGH BILATERAL ENGAGEMENTS

#### *Bilateral engagements*

3.1 South Africa continues to strengthen bilateral relations through high-level visits. The Department conducted a number of formal bilateral meetings with a priority given to countries from the SADC Region, and the African continent.

- ❑ In the period from April to December 2014, DIRCO has facilitated more than 24 structured bilateral engagements.
- ❑ Between 20th and 23rd January 2015, South Africa received Ambassadors of Middle East/ Asia and other countries accredited to South Africa with a view to removing obstacles to the enhancement of, and the resuscitation of, bilaterals as well as with a view to pursuing and securing national interests. These countries include Syria, Oman and DPRK as well as Cuba. A similar meeting will take place with Iran next week.

#### *Trade and investment*

3.2 South Africa will continue its efforts to consolidate SADC economic integration, the Tripartite Free Trade Area (TFTA) and the Continental Free Trade Area (CFTA). There must also be concerted efforts to increase regional trade through industrialization and infrastructure development.

3.3 The commission further noted the need to:

- ❑ Develop means to empower those in our diplomatic service with skills and expertise on economic diplomacy matters.
- ❑ Review the bilateral relations we have, consolidate them on a country by country basis, so we can ensure the trade and investment in the region and continent.
- ❑ Engage South African businesses, and ensure that they are protected when they invest in the region.
- ❑ Develop strategies on encouraging South African companies to invest in other countries.
- ❑ Develop and implement the Charter of Good Practice and the adherence to ILO Conventions wherever South African companies invest
- ❑ Convene an Africa conference to assist in addressing these questions of the needs and the structures of our economies in order to inform trade and investment, since trade goes together with industrial production.
- ❑ Develop a bilateral on trade and investment – link various institutions in DTI and DIRCO – TISA and economic diplomacy, with the latter in an embassy. Possible trade and industry in South African missions abroad
- ❑ There should be greater coordination at the cluster level, in government, with more focus given to trade and investment issues instead of an overemphasis on peace and security matters.
- ❑ We need to develop means of using the regional and strategic blocs in order to impact on trade and investment
- ❑ Broaden integration across regions with less emphasis on paper than substance
- ❑ Need to prepare adequately for the SADC's Special Summit in April 2015 where trade protocols in the region will be debated, look at issues such as the value of SACU and its impact on South Africa's economy, monetary and fiscal matters, etc.
- ❑ We need to look at the potential values-add of the establishment of the BRICS Bank in South Africa and its role in infrastructure development, etc.
- ❑ Prepare to engage with the USA – considering the recent change in the Congress – on the Africa Growth and Opportunity Act, which is

to be soon reviewed. We should also consider what compromises will need to be made on our part.

- ❑ Noting that some countries affected by embargo's and sanctions makes it difficult for South Africa to trade with them, due to the current International and clearance systems South Africa subscribes to, case in point, Cuba. Therefore, it is imperative for South African government to explore alternative transaction mechanisms available, to align legislation where necessary to legal global acceptable systems, such the Bolivarian Alliance for People of our America- People's Trade Treaty (ALBA-TCP), to advance our trade and investment potential in the globe.

## 4. CONTINENTAL AND INTERNATIONAL SOLIDARITY

### 4.1 On Western Sahara

South Africa continues to:

- ❑ Support the inalienable right of the Saharawi people to decolonization and self-determination.
- ❑ Support the efforts of the AU and the UN that seeks to resolve the protracted Western Sahara conflict in accordance with international legality.
- ❑ Be steadfast in calling for the protection of human rights in the Saharawi occupied territories.
- ❑ Render political support and humanitarian assistance to the Saharawi Democratic Republic (SADR) through the African Renaissance Fund (ARF). DIRCO has provided financial assistance to the SADR Embassy in Pretoria for its operational needs.

#### The commission further proposes

- ❑ The need to be more forceful on engagement with the Moroccan Government, with a consideration of embargoes where possible

### 4.2 On Cuba

- ❑ South Africa's solidarity with the people and government of Cuba continues and we recognise the recent positive outcomes of these efforts. We strongly called on the United States to lift its economic embargo during the UNGA (United Nation General Assembly) 68 meetings of September 2013.
- ❑ We continue to call on the international community

to remove the unfair economic embargo against Cuba.

#### The commission further proposed that

- ❑ Government, and the ANC, should send senior delegations to Cuba in order to enter into specific agreements with the Cuban Government. This should be done in view of the relaxation of relations between Cuba and the USA, with consideration to benefits for our party and our country.
- ❑ Provincial governments owing the Cuban Government for their continued assistance should facilitate payments.

### 4.3 On Palestine:

- ❑ South Africa supports the Palestinian cause both bilaterally and in various multilateral forums. South Africa is proud to be among the co-sponsors of an UNGA Resolution that granted Palestine the status of an observer state.
- ❑ Maintained its solidarity with the Palestinian people as well as participated in the NAASP initiative of the Second Conference among East Asian Countries for Palestinian Development (CEAPAD II), held in Indonesia, March 2014.
- ❑ As part of her contribution to international diplomatic efforts towards the resolution of the Palestinian-Israeli conflict, President Zuma appointed former Minister Dr Zola Skweyiya and former Deputy Minister Mr Aziz Pahad as Special Envoys to convey his grave concern over the then escalating violence, the civilian displacement and the deterioration of the humanitarian situation in the Gaza Strip. Ambassador M Dangor has also been made an Envoy for North Africa and the Middle East.

#### The commission proposed that:

- ❑ Both Government and the ANC should be appraised on the new developments in Palestine with regard to: the two nation state proposal; support among Arab nations that were close to the cause of the Palestinians and the global support for Palestine vis-à-vis Israeli aggression in varying forms. Based on these, both the ANC and Government should develop new and appropriate approaches to interacting with the various role players, towards attainment of the freedom of Palestine.

- 4.4 The commission also proposed the need for a careful balance to be struck between the role of Government and that of the ANC in situations

such as Palestine, Western Sahara, Swaziland, etc. This is necessary considering the ANC's principled relationship with specific organisations in these countries and the specific policy positions it has taken regarding their situations, respectively.

## 5. ENSURE AN EQUITABLE AND JUST SYSTEM OF GLOBAL GOVERNANCE

5.1 South Africa continued to build on its proud record of achievement in global multilateral organisations through:

- ❑ South Africa continues to campaign for the reform of the UN, especially the Security Council and the Bretton Wood Institutions.
- ❑ 2015 marks the 70th Anniversary of the formation of the United Nations. South Africa will play a leading role within the G77 and China to ensure that the celebrations are used as a platform to highlight the need for reform of the UNSC and other global governance structures.
- ❑ South Africa commenced with its Chairship of the G77 & China in January 2015 and will lead the negotiations on behalf of Developing Countries regarding the Post 2015 Development Agenda.
- ❑ South Africa has served as Co-Chair of the G20 Development Working Group (DWG) since its establishment in 2010. As a member of the G20, South Africa will continue to participate in its processes to promote global economic stability and long-term sustainable and equitable growth.
- ❑ Since assuming its position on the UN Human Rights Council on 1 January 2014, South Africa continues to focus on the realization of the right to development, the attainment of the MDGs and the configuration of the priorities for the Post-2015 Global Development Agenda.
- ❑ Negotiations on the Post-2015 Development Agenda will be concluded by the end of this year. We will continue to call for the acceleration of efforts and resources to ensure the achievement of the Millennium Development Goals (MDGs) 2015 and beyond.

### Human Rights

- ❑ South Africa participated in the 29th Special Session of UNGA on 22 September 2014 in New York on Population and Development and promoted

comprehensive Sexual and Reproductive Health and Rights for all women and girls. South Africa reaffirmed its national commitments to providing universal access to sexual and reproductive health services, especially for vulnerable groups, including adolescents.

- ❑ The South African Government, through DIRCO, continues to play a leading role in the context of the UN resolutions addressing issue of empowerment of women and gender equality. In this regard South Africa has been a strong advocate for the implementation of the Beijing Platform for Action as well as the need to place women's issues at the center of the Post-2015 Global Development agenda including a standalone goal on Gender Equality.
- ❑ The South African Government serves as the Vice-Chair of the Bureau of the CCPCJ charged with responsibility of revising the United Nations standard Minimum Rules (SMRs) for the treatment of offenders, both in the context of custodial and non-custodial. The objective of the process is to revise the moribund and defunct prison terminology and align these to contemporary global practices based on human rights norms and standards.
- ❑ One of the major achievements by South Africa in the UN Human Rights system has been advocacy and the clarion call for the treatment of the two core Human Rights Covenants on an equal footing and with the same emphasis. As a result, South Africa has been charged with the responsibility of spearheading resolutions on the Right to Development (RtD) and the Rectification of the legal status of the Committee on Economic, Social and Cultural Rights (a treaty Monitoring body).
- ❑ South Africa succeeded, after a 12 year pain staking process, to finally launch the aforementioned Decade which seeks to promote the dignity of people of African Descent in the Diaspora. Both the UNHRC and the UNGA adopted several SA-authored resolutions on this matter in the course of 2014, which culminated in the official launch of the Decade on the International Human Rights Day, namely, 10 December 2014 in New York.

5.2 The commission further proposed that

- ❑ The ANC should have a thorough debate/workshop on the Ezulwini Consensus, taking into account
  - ◆ That the historical moment ten years ago when the consensus was reached does not pertain today.



- ◆ Whether there is any momentum for such a consensus today
  - ◆ Whether there are sufficient alliances among us in the continent, the G77 and China bloc, etc,
  - ◆ A criteria of which African countries should be considered for inclusion in the UN Security Council
- There should be a paper commissioned by the International Relations subcommittee, dealing with the transformation of all multilateral institutions, for example, the UN, IMF, WB, etc. Among other things, such a paper should seek to pose the question, whether the agreement that led to the formation of the UN post WW2 is relevant in today's global context – such as veto power, responding to the needs of all global players, etc. The paper should be developed for discussion and direction in the 2015 NGC.
- Develop a list of anchor countries that South Africa needs to work with based on historical relations of the ANC, political influence and trade, where we should
- ◆ Deploy our best cadres; and
  - ◆ Create alliances for engagement at international level.

## 6. STRENGTHENING INSTITUTIONS OF THE AFRICAN UNION

### *Africa Rising and Agenda 2063*

- 6.1 In response to South Africa's commitment to continue promoting and supporting the building of a better Africa, a national consultative process was undertaken on Agenda 2063. The consultation process culminated in a Joint Session of Parliament on 31 October 2014, to get inputs from civil society on *"The Africa We Want"*.
- 6.2 The commission recommended that
- There should be coordination at AU level to monitor and evaluate action and programmes undertaken under the 2063 agenda.
  - There should be a deliberate inclusion of young people in programmes of Agenda 2063 and the concept of *'Africa Rising'*. This is critical considering that young people comprise about 60% of our continent's population, and they are adversely affected by illiteracy, unemployment, etc. Therefore, their direct participation in

global exchanges, etc., and their consultation in efforts intended to uplift them is essential.

### ***Xenophobia***

#### 6.3 The commission recommended that

- Both Government and the ANC should develop a coherent message on the issue of xenophobia and how we can manage the issue. Such a message should assist South African society to distinguish between xenophobic attitudes/behaviour and criminality that seek to conceal itself by taking advantage of such attitudes.
- Governments should recognise and appropriately respond to the economic conditions of South Africans, particularly the black majority in the townships and rural communities, which sometimes give rise to conflict between nationals and foreign nationals. In addition, there should be recognition of the fact that some South Africans who owned businesses in these communities have leased these to foreign nationals because they stand to benefit more, financially. Therefore, Government should explore appropriate legislation at national and provincial levels to regulate this aspect, neither disadvantaging South African nationals nor discriminating against foreign nationals.
- Government should develop an understanding of how the establishment of schools and institutions by foreign nationals with extremist views, have a potential negative impact on stability in our country and how this could possibly create tensions between different religious formations.

### ***Institutional infrastructure***

- 6.4 Continued support for the Pan African Parliament (PAP) as a legislative body of the AU that exercises oversight and affect its advisory and consultative powers. South Africa will continue to provide logistical and substance support to PAP sessions. These were held in Midrand, South Africa, in May 2013 and March 2014 respectively.
- 6.5 The commission further recommended that
- Government officials and Alliance cadres with knowledge and expertise on Africa and international matters should be seconded to African and other international institutions. To ensure that this is realised, Government

should review the remuneration policy and commensurate benefits that accompanying such secondments, so they match those offered in South Africa.

- ❑ Government should also review and change its present stance to decline South African officials representing our country in various African and international institutions, especially those where we even invest financially. We should also, in this regard, resist the persistent attempt to blackmail us as “big brother” in the continent.
- ❑ We should develop greater clarity on the role of South Africa in PAP and what our MPs in this institution speak about and focus on. For example,
  - ◆ Ensuring a collective African voice on the Palestinian question
  - ◆ Ensuring the advancement of a common perspective on global governance
  - ◆ Championing the protection of the rights of women, children, and broadly
  - ◆ Being vocal on issues of social justice
  - ◆ Being outspoken on the question of Swaziland.

- ❑ Revisit our reason to have motivated for the establishment of an African Court, notwithstanding that some African countries are signatories to the ICC. We should, in that vein, recognise that this is not to suggest that the ICC is an inappropriate institution, albeit its challenges. SADC must start investigating a new model for a deadlock breaking mechanism which in the future can assist, should there be any situation that confront the region.
- ❑ We note that the African Court on Human and people’s right is in existence and we have ratified and served on it until 2014. However, there are new developments about one principal judicial organ of the AU called the African Court of Justice, Human and People’s Right that the AU Summit has endorsed.

## Conclusion

- ❑ South Africa and the ANC must assert itself and up the ante in the International space.
- ❑ We must be consistent with message and content as well as demonstrate bold and decisive leadership.

## 6. LOCAL GOVERNMENT

### FOCUS AREAS

- ❑ Progress, challenges and actions required to speed up progress on four key services within local government: water and sanitation, electricity access to roads and human settlements
- ❑ Implementation of Back-to-Basics
- ❑ Most important and immediate actions that need to be taken by government and the ANC to make local government effective and prepare for local government elections.

### GOVERNMENT DELIVERY ON FOUR BASIC SERVICES

- ❑ Water and sanitation
- ❑ Electricity
- ❑ Human settlements
- ❑ Roads

Water and sanitation	PROGRESS/CHALLENGES	KEY TASK
Water security; need to augment access to surface and ground water	152 local water authorities, water distribution 1887 supply systems 35 000 km pipes for bulk and 200 000 km for local distribution Supply side challenges lead to managing demand and this impacts on municipal finance	Need to possibly manage water nationally and make it more of a national priority and improve strategic management. Demand management to save as much as possible, improve collection of revenue Improve bulk services: capture (dams and reservoirs) , distribution (bulk and local pipe and reticulation systems) and maintenance
Improve and ensure safe water quality	Increase in contaminated water supplies. Lack of qualified staff	Get sufficiently qualified engineers and artisans in place supported by MISA and ??

Water and sanitation	PROGRESS/CHALLENGES	KEY TASK
Improve management and access to reliable services	Delivery systems fragmented and hierarchy of WSA, water boards, municipalities not working well. Lack of trained staff 65% only access to reliable services, 4.5m out of 14.45m households inadequate sanitation – 40% need to be brought up to water borne solution. Backyarders and new households poor access	Need radical new approach as municipalities lack capacity to manage and often money or will to pay for bulk services WSA must be able to monitor water use more effectively.
Old and vandalised infrastructure	No maintenance plans at many municipalities – infrastructure or badly maintained .Sabotage by business and others to get contracts for emergency service provision repair Labour disputes – vandalism to infrastructure	740bn needed to invest in and maintain infrastructure – need coordinated approach

WATER	PROGRESS/CHALLENGES	KEY TASK
Business and industry needs	When water supply insecure or interrupted, business moves to secure area	
Water resource security and Bulk infrastructure	Fractured and badly managed approach Municipal capacity to manage, deliver and maintain very low, money flowing there	<b>Need review of water service delivery mechanisms and laws</b> <b>Need to combine areas where no capacity with bigger local or districts</b> Ensure that maintenance funds are planned, budgeted and used effectively by municipalities
Skills and capacity	Inadequate technically qualified people to plan, manage, maintain and fix problems	<b>Employ only people with requisite skills</b> <b>engineers, waste water treatment operators, plumbers, electricians. Funding model should include assessment of capacity support needed. More support for students in process control for water and sanitation as skills are scarce</b>
36% of water revenue not collected – R7bn	Growing culture of non payment.	<b>Need clearer national approach to tariffs</b>

WATER	PROGRESS/CHALLENGES	KEY TASK
30% of towns have deficits	95% access provided but only 64% actually have reliable access.	Reach 90% reliable by 2019 Plan in place for refurbishment, recover, upgrade, new infrastructure, water security protection, leak repair
Water use efficiency and value change management	85% no water efficiency plans, Poor planning along whole value chain: rivers, capture, distribution, purification. 39% in poor state and high risk	Assist municipalities to set effective tariffs and budget for maintenance Review tariffs with SALGA
Water use by farmers	Use and rights wide and unmonitored Use of scarce water for inappropriate crops	Strengthen DWA capacity to measure water use by farmers

ELECTRICITY	PROGRESS/CHALLENGES	KEY TASK
174 out of 278 distribute directly to people	No qualified staff, safety only in 5%, revenue ring fenced in only 50%, only 50% budget for maintenance, maintenance plan 31% and critical stocks 25%. In areas where Eskom distributes encourages culture of non-payment as services cannot be cut	
Licence condition compliance	Only 3 municipalities achieved around 70%	Shared services
Energy generation	Many big municipalities have possibility of generating renewable energy through waste etc	<b>Make proper regulatory provision to make this easier</b>
Electricity Theft and cable theft	Gaps in delivery, lack of revenue to pay for bulk electricity	<b>Declare war on theft reduce muni debt to eskom and fix community and street lighting</b> <b>Campaign on payment</b>
Eskom messaging	Need more coherent ANC messaging around energy and blackouts. Try to hurt economy less even if households must take more pain	Strategy and communication plan Loadshedding schedules as rational as possible



ROADS	PROGRESS/CHALLENGES	KEY TASK
State of roads	SANRAL poor , province poor? , local govt poor?	<b>Fix inadequate bridges. Fix potholes, ensure all muni have access to equipment, implement shared services with district</b>
Acts and funding models fractured and impacts on municipal revenue	Implementing financial acts on road traffic financing impacts on revenues and credit rating	<b>Need to look at implications on municipal finances of any acts that impact</b>

HUMAN SETTLEMENTS	PROGRESS/CHALLENGES	KEY TASK
Lack of spatial integration	Poor still outlying areas far from work – need to acknowledge and address address legacy of apartheid Availability of infrastructure and basic services Land invasions	<b>Spatial targeting framework to ensure right solutions in right area, incl informal settlements Norms and standards Need more aggressive legal framework to avoid sitting in court for years Estate Residential Industrial Commercial development approach</b>
Fractured market – finance for gap housing	Shortage of housing and support for people above RDP threshold Continuous provision of housing and social services to meet affordability needs	

HUMAN SETTLEMENTS	PROGRESS/CHALLENGES	KEY TASK
Densely settled dislocated former homeland areas		Direct housing development to strategic areas
Use of state land to move poorer people closer to work		Unlock access to state owned land
Informal settlements and poor living conditions	Making too little progress and not clear that we still intend to eliminate informal settlements	<b>Need clear plans for improving informal settlements Demonstrate action in implementing site and service, upgrades and service delivery</b>

- **Densely settled dislocated former homeland areas**
- **Direct housing development to strategic areas**
- Use of state land to move poorer people closer to work
- Unlock access to state owned land
- Informal settlements and poor living conditions
- Making too little progress and not clear that we still intend to eliminate informal settlements
- **Need clear plans for improving informal settlements**
- **Demonstrate action in implementing site and service, upgrades and service delivery**

### GENERAL ACTION NEEDED FOR ALL SERVICES

CHALLENGES	ACTIONS
• Financial resources not aligned to needy communities	• Consolidate MTEF grant funding to fix municipal bulk infrastructure that causes service interruptions and mobilise additional resources
• Communities having access to reticulation infrastructure but no services due to lack of bulk infrastructure/ source infrastructure	• Accelerate the implementation of funded bulk infrastructure projects across all services
• Lack or inadequate capability and competence to run the operations and maintenance	• Employ skilled personnel to improve reliability and quality of services speedily (e.g. water and waste water treatment operators, artisan plumbers, artisan electricians and related skills)
• Municipal tariffs not structured to reflect the cost of services	• Assist municipalities to implement cost-reflective tariff and effective by-laws
• Inadequate budgeting and prioritisation for maintenance and operations	• Ensure that municipal budgets for 2015 MTEF makes enough provision for repairs and maintenance

### GENERAL ACTIONS TO ALL SERVICES

CHALLENGES	ACTIONS
• Inadequate budgeting and prioritisation for maintenance and operations	• Ensure that municipal budgets for 2015 MTEF makes enough provision for repairs and maintenance
• Culture of non-payment for services	• Implement campaigns that encourage citizens to pay for services
• Non-existence and non-adherence to norms and standards regarding infrastructure management	• Ensure through the IMC that Sector departments are monitoring and enforcing compliance with norms and standards regarding infrastructure management (maintenance of infrastructure)
• Uncoordinated support programmes and initiatives in local government	• Streamline support programmes to avoid duplication of efforts, coordinate provincial and national department interventions with local IDP planning

### Municipal services and Infrastructure: Key focus areas up to 2019

- The National Development Plan (NDP) identifies many reasons for inadequate service delivery, and these should be main focus areas for IMC on Service Delivery:
  - a) Planning phase
    - Disjuncture between Spatial / Land Use Planning and Sector Master Planning
    - Lack of proper project planning and preparation
    - A narrow local v/s regional focus
    - Fragmentation of projects rather than integration into larger projects.
  - c) Implementation phase
    - Lack of adequate funding
    - Approval of different subsidy schemes mitigate against integration
    - Poor project management and contract administration
  - e) Operation and maintenance phase
    - Lack of municipal capacity to operate and maintain infrastructure
    - Misalignment between cost of service delivery and cost recovery
    - Inappropriate levels of service
    - Lack of capacity to comply with asset management regulations.

## IMC on Basic Services:

### Towards Integrated planning and impactful implementation in delivery (national, provinces, and municipalities)

- ❑ Provides **leadership and oversight** on activities and matters concerning accelerated development of sustainable human settlements and universal access to basic services as provided in MTSF for outcome 7, 8, 9 and 10 delivery agreements.
- ❑ **Lead discussions** on key **strategic policy decisions** regarding sustainable human settlements and universal access to basic services.
- ❑ Promoting a **coordinated and cooperative approach** in the accelerated delivery of services to communities in the republic. Promoting effective spatial planning principles for integrated and sustainable community infrastructure
- ❑ **Unblocking challenges** that may emerge or encountered by any of the spheres of government in the delivery of sustainable human settlements and access to basic services as contained in outcomes 7, 8, 9 and 10.
- ❑ **Drive and monitor** the delivery of services to meet government outcomes as contained in various outcomes for the next five years.

## INTEGRATED SUPPORT TO AVOID DUPLICATION

- ❑ Re-focus Municipal Infrastructure Support Agent (MISA) to consolidate fragmented support initiatives
- ❑ Re-focus MISA to perform more of consulting engineering role to improve the sustainability and quality of infrastructure and services being provided
- ❑ Streamline and channel support activities into a single mechanism around the integrated back to basics support plans
- ❑ Strengthen the monitoring and reporting through Municipal Infrastructure Performance Monitoring Information System (MIPMIS)
  - ◆ Encourage community inputs regarding service failures through the MIPMIS mechanism.

## APPROACH FOR IMMEDIATE IMPACT

- ❑ Implement **Back-to-Basics** by ensuring implementation of performance benchmarks for delivery of basic basket of services
- ❑ Ensure capacity to implement by appointing right staff in right positions as well as support through shared services, training and upgrading programmes
- ❑ Improve planning, funding and contract management for infrastructure projects and support implementation, and maintenance and long term management
- ❑ Refocus MISA to perform consulting engineering role
- ❑ Improve performance monitoring through infrastructure monitoring MIPMIS.

## Political Support: Commitment to re-build local government

- ❑ The above approach require all role players to change attitudes. It is normal that the approach could face some resistance
- ❑ Buy-in by ANC structures at all levels to address their respective issues with those deployed in local government
- ❑ ANC structures should intervene where resistance impedes the success of the approach to rebuild local government at all levels
- ❑ Ownership and activism in the implementation of the approach by political leaders at all levels (national, provincial, and local)
- ❑ Conflict of interest and management thereof
- ❑ Relevant ANC structures to improve oversight, monitoring and evaluation of implementing the approach at all levels
- ❑ ANC structures to develop mechanisms of dealing with underperformance and unwillingness to participate in the approach as well as consequence management.



# ELECTION TIMETABLE

## ELECTION BETWEEN MID-MAY AND MID-AUGUST 2016

### DEMARICATION BOARD AND ELECTORAL COMMISSION PROCESSES:

- ❑ May: MDB: Draft ward delimitation
- ❑ July: MDB: Final ward delimitation – hand over to IEC
- ❑ September: IEC: delimitation of voting districts
- ❑ October: IEC targeted registration in amended VDs
- ❑ November and February: public registration
- ❑ Proclamation of elections (minimum 65 days before election date)
- ❑ New demarcations of outer boundaries in non-viable municipalities could delay process by 2–3 months in affected areas

### ANC

- ❑ March/April: Phase 1: **National strategy workshop**
- ❑ April/May: **Provincial strategy workshops**
- ❑ **Training** LETs: May, BETs in July, August, PLC and Communications: Sept
- ❑ August/February: Phase 2: **Voter registration and community mobilisation**
- ❑ September/November: **List process starts**
- ❑ December/January: **Training candidates**
- ❑ January 2016: **Campaign launch**

### KEY ISSUES

- ❑ POLITICAL INSTABILITY
- ❑ INSTITUTIONAL WEAKNESSES
- ❑ ANC- GOVERNMENT INTERFACE
- ❑ SERVICES
- ❑ COMMUNITY ENGAGEMENT
- ❑ COMBATTING CORRUPTION
- ❑ DEMARICATION
- ❑ ELECTIONS
- ❑ OTHER ISSUES RAISED IN COMMISSION ANC AND GOVERNMENT
- ❑ IMMEDIATE IMPACTFUL ACTIONS

ANC TASKS: POLITICAL INSTABILITY VS ACCOUNTABILITY AND EFFECTIVE	
ISSUES	ACTIONS
Political instability resulting from in-fighting and factionalism caused by contestation over access to state resources; Political interference with supply chain management processes; Micro-management of governance structures by organisational structures	<ul style="list-style-type: none"> <li>• Implement protocol to manage relations between party and state;</li> <li>• SG, Provincial Secretaries and RECs to ensure functionality, effectiveness and stability of municipal troika's and caucuses</li> <li>• Publicly and decisively deal with corruption</li> <li>• Oversight and accountability not to be confused with interference with management and procurement functions – HANDS ON, NOT HANDS IN.</li> </ul>
<ul style="list-style-type: none"> <li>• Unaccountability, ill-discipline among councillors</li> </ul>	<ul style="list-style-type: none"> <li>• Implement 53<sup>rd</sup> NC resolutions on M&amp;E capacity at HQ.</li> <li>• Implement 2002 NEC document on REC, Sub-Reg structure, Accountability forum and ward councillors on BEC as well as Local government coordinating structure at national and provincial level</li> <li>- Local ward councillor accountability forum involving all BECs</li> <li>• Amend Municipal Structures Act to enable easier removal of ill-disciplined / non-performing councillors</li> </ul>

INSTITUTIONAL WEAKNESSES	
ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>• High vacancy rate and turnover of senior officials in local gov</li> <li>• Appointment of unsuitable / unqualified personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Expedite filling of vacancies and enforce minimum standards regulations;</li> <li>• Remove unsuitable / unqualified officials</li> <li>• Implement protocol on party / state relations</li> </ul>
<ul style="list-style-type: none"> <li>• Cases of negative role of labour movement in local gov (co-management, destruction of infrastructure, etc)</li> </ul>	<ul style="list-style-type: none"> <li>• ANC to engage COSATU and municipal labour unions on their constructive role in municipalities;</li> </ul>
<ul style="list-style-type: none"> <li>• Weak capacity for planning and implementation</li> </ul>	<ul style="list-style-type: none"> <li>• National / provincial gov to actively monitor, support and intervene where necessary</li> <li>• IMTT on Basic Service Delivery to develop and implement protocol for collaborative service delivery</li> <li>• Integrated deployment of technical capacity</li> <li>• District mun to provide shared services</li> </ul>
<ul style="list-style-type: none"> <li>• Weak administrative accountability and transparency, poor internal controls and consequence management</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen oversight model at local government level – implement separation of powers</li> <li>• Publicly and decisively deal with corruption and non-performance</li> </ul>



### COMMUNITY ENGAGEMENT

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>ANC Councillors, employees and municipalities not reporting back to communities;</li> <li>Inadequate engagement around IDP and plans and delivery with community</li> <li>Engagement and involvement with traditional leaders</li> </ul>	<ul style="list-style-type: none"> <li>Monthly and Quarterly report back and accountability to communities by Clr's;</li> <li>Parliamentary constituency offices must be involved in community outreach programmes;</li> <li>More active interaction with traditional leaders, CONTRALESA in particular.</li> </ul>
<ul style="list-style-type: none"> <li>Responsiveness to petitions, queries and complaints;</li> </ul>	<ul style="list-style-type: none"> <li>Speakers office in municipalities to address petitions, queries and complaints, set up clearing house function under MM office</li> <li>Establish M&amp;E units in Mayors office</li> </ul>
<ul style="list-style-type: none"> <li>Visible and impactful government communication programme</li> </ul>	<ul style="list-style-type: none"> <li>Intense and regular imbizo programmes across spheres of government;</li> <li>Engage youth in working on developmental issues and working to address service problems</li> </ul>
<ul style="list-style-type: none"> <li>Culture of non-payment for services and dependence on government</li> </ul>	<ul style="list-style-type: none"> <li>Intensify community engagement to combat culture of non-payment for service;</li> </ul>

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### CORRUPTION

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>Lack of decisiveness in dealing with corruption, factionalism and patronage;</li> </ul>	<ul style="list-style-type: none"> <li>Enforcement of code of conduct on employees found guilty of corruption, fraud and factional tendencies;</li> <li>Publicly and decisively deal with corruption</li> </ul>
<ul style="list-style-type: none"> <li>Address supply chain processes and procurement challenges;</li> </ul>	<ul style="list-style-type: none"> <li>Establish Corruption Tribunal to address supply chain and procurement processes in municipalities;</li> </ul>

### DEMARICATION ISSUES

ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>Financially and economically un-viable municipalities cause instability and delay delivery;</li> </ul>	<ul style="list-style-type: none"> <li>Finalise and speed up review of non-viable municipalities;</li> </ul>
<ul style="list-style-type: none"> <li>Develop additional models of municipal structures to deal challenges of diverse areas</li> </ul>	<ul style="list-style-type: none"> <li>Speed up review of provincial and local government agreed to at 52<sup>nd</sup> Nat Conf</li> </ul>
<ul style="list-style-type: none"> <li>Instability resulting from Demarcation Board determinations</li> </ul>	<ul style="list-style-type: none"> <li>Ensure hands on political management of demarcation issues</li> </ul>
<ul style="list-style-type: none"> <li>Inability to confront complex problems of ethnicity, federalism, xenophobia and racism;</li> </ul>	<ul style="list-style-type: none"> <li>Hands on political management by ANC</li> <li>Vocal and visible action against ethnicity, racism and xenophobia, federalism;</li> <li>Develop innovative ways to manage diversity</li> </ul>

ELECTIONS	
ISSUES	ACTIONS
<ul style="list-style-type: none"> <li>Weakness and uncertainty in candidate selection leads political instability and unsuitable councillors</li> </ul>	<ul style="list-style-type: none"> <li>Review criteria and process for the selection of candidates for 2016 - clarify role of community participation</li> <li>NEC to determine certain percentage of candidates</li> <li>Deploy senior ANC leaders to local government</li> <li>Link candidate selection to performance assessment</li> </ul>
<ul style="list-style-type: none"> <li>High turnover of councillors</li> </ul>	<ul style="list-style-type: none"> <li>Implement percentage and criteria for retention and continuity based on performance assessment</li> </ul>
<ul style="list-style-type: none"> <li>Lack of intensive training and orientation for councillors</li> </ul>	<ul style="list-style-type: none"> <li>Implement induction programme for new councillors</li> <li>Implement ongoing training for councillors</li> </ul>
<ul style="list-style-type: none"> <li>Strategy key constituencies in metros: youth, middle class and urban poverty</li> <li>Consolidate support in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Develop metro specific election strategies</li> <li>Strategy to consolidate support in rural areas, including engagement with traditional leaders</li> </ul>
<ul style="list-style-type: none"> <li>Unresolved issues and commitments made during previous campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Follow up on street sheets and hold report back meetings, EPWP / CWP volunteers and others to help address the problems and get teams out to address</li> </ul>

ISSUES RAISED IN COMMISSION		
ISSUE	CHALLENGE	ACTIONS NEEDED
Selection of candidates	Brand and reputation of ANC undermined by candidates who lack of ANC qualities - continuous decline in standard – not just issues of education, more about character and ethics and ANC values. Building cadres very important but if no quality at branch, no councillor quality	Need to find the balance between democracy and qualities and skills – improve screening and application of criteria. Maybe have quota for provincial and national intervention
Demarcation and delimiting creating local disputes	ANC not participating in public hearings, often contribute to local demarcation disputes	ANC needs to be more active in consultation and communication
In Western Cape DA claims credit for all delivery	We are not projecting delivery by ANC national government or claiming credit for programmes initiated by national and implemented by provincial or local	Need to be more assertive about claiming credit for national policies and programmes that are being implemented by all spheres of government
Use of training space provided by government	Lots of training offered for NCOP, MPs MPLs and councillors, Anc has little input to ensure coherent and enhances the capacity of our public reps to implement our mandate.	ANC must work with all legislatures and SALGA to look at what our needs are

ISSUE	CHALLENGE	ACTIONS NEEDED
Legislation very strict but ANC process very loose and may contradict law	Interference and decision-making should take place within legal structures and not ANC structures DSG monitoring and evaluation complements provincial assessment process, needs follow up.	Clear structures and powers that differentiates party and state structures Need dedicated NEC member to monitor and support provincial and local government and follow up on problems identified with government service delivery, and political issues. Until then the DSG should prioritise this work
Short-termism vs sustainable approach in B2B	Because of elections we often take short term decisions that cost us in long term. Back to basics should be our focus	Need clearer space for discussion and taking decisions Focus on proper implementation of B2B
Managing messaging and actions between Cogta approach and ANC process	Need clearer interventions and actions arising from MandE and	Cogta minister must also strategise with ANC in W Cape Better messaging around clean audit vs performance
Provincial and local government review	Honest look needed at all spheres of government and what works and what can be strengthened to be more viable	Finalise proposals by NGC Do proper longer term review of what exactly will serve country best in terms of structures – consider role of wards and PR

### ANC ISSUES RAISED IN COMMISSION

ISSUE	CHALLENGE	ACTIONS NEEDED
MANGAUNG: National and provincial government should support local government in ways that support not erode their capacity.	Where are we going in terms of local if we keep eroding functions and powers – we gave water ten years ago now we want to take it away again because we cannot deal with corruption and capacity	View expressed that Need to capacitate municipalities and address issues of corruption
Disestablishing and merging dysfunctional municipalities	Only hear about rumours of this and MDB and IEC are discussing but not ANC. Meant to have been completed before national elections. Need honest assessment of local govt structures and what will work better	Need to really look at disestablishing municipalities and following a proper process within ANC and with communities Need overall review to be done
Capacity lack must be coherently addressed	We all throw stones but none does anything to deal with it Anc only does one day training and salga minimal training	National and provincial must support and also capacitate councillors

### GOVERNMENT ISSUES RAISED IN COMMISSION

OTHER ISSUES RAISED	CHALLENGE/PROGRESS	ACTIONS NEEDED
Non-core tasks of municipalities take money away from core functions – eg libraries?	DORA does not allocate other than Equitable share and MIG to municipalities and many blame councillors for not delivering. Poor municipalities can only get road maintenance funds not road build funds	Amend regs that guide MIG to empower municipalities to also build roads
Lack of service delivery in rural areas	Many people move to mining areas or towns just to get services	Plan to correct this?
Rush to clean audit leads to less implementation and lower standards	Leads to people setting lower standards so that they can reach clean audit	<b>Need to relate audit more closely to delivery and standardise standards so apples are measured against apples. Maybe do away with clean audit category as compliance often comes at cost of delivery and unqualified is international standard</b>

### GOVERNMENT ISSUES RAISED IN COMMISSION

OTHER ISSUES RAISED LAND	CHALLENGE/PROGRESS	ACTIONS NEEDED
Land , environment and food security	Often declare land for townships that should be farmland or wetland	Better planning skills and support needed
Councillors pay	Work hard but paid less than public reps at other spheres	
WORKING SYSTEM most important	We keep shifting functions as personnel changes – active minister leads to centralising power.	Strengthen systems and regulatory environment and capacity of staff and political oversight – don't keep shifting functions



## GOVERNMENT ISSUES RAISED IN COMMISSION

Youth unemployment	Youth majority of unemployed, losing hope, not enough support for education	Local government internships, local community work programmes, bursaries where possible
Local government over regulated, most complex to deal with	Leads to hundreds of reports that all duplicate, confusion and gaps –	One reporting system simplified with all stakeholders able to access relevant sections
Traditional leaders	Local government does not have harmonious (or any) relationship.	Traditional leaders must be consulted on IDP and included as much as possible
Standing rules and orders	need review in light of parliamentary ungovernability. Expect to increase at local level after elections, cannot be reactive	Review standing rules and orders at all levels

## IMMEDIATE TASKS: IMPACTFUL IMPLEMENTATION

1. IMPLEMENT BACK TO BASICS AND PUT PEOPLE FIRST IN TERMS OF SERVICES (ESPECIALLY IN TARGET 27 MUNICIPALITIES), WAR ROOM APPROACH, NATIONAL AND PROVINCIAL SUPPORT AND INTERVENTION WHERE NECESSARY
2. STRENGTHEN LOCAL GOVERNMENT, ANC ACCOUNTABILITY AND POLITICAL MANAGEMENT OF LOCAL GOVERNMENT AND SERVICE DELIVERY, SET UP ANC LOCAL ACCOUNTABILITY FORUM WITH BRANCHES, NATIONAL AND PROVINCIAL LOC GOVT FORUMS TO SUPPORT AND DISCUSS POLICY
3. REPORT BACK AFTER SONA/SOPA AT EVERY MUNICIPAL LEVEL AND AT WARD LEVEL – WARD SERVICE DELIVERY PROGRESS, CHALLENGES AND PLANS: PROV SECS DRIVE WITH MAYCO MEMBERS AND WARD COUNCILLORS
4. DEPLOY SKILLED STAFF INTO KEY MUNICIPAL POSTS especially MM, CFO, Engineering, Planning and other technical staff
5. ENSURE SELECTION OF BEST ANC CANDIDATES AND TRAIN THEM AND SUPPORT PROPERLY
6. FINALISE REVIEW OF NON-VIABLE MUNICIPALITIES (and commence review of provincial and local government)
7. PUBLICLY AND DECISIVELY DEAL WITH POOR PERFORMANCE AND CORRUPTION
8. HANDS ON MANAGEMENT OF WARD DELIMITATION PROCESS



# 7. Social Transformation and Public Service

## ■ Social Development

The Social Development Presentation had 2 components to it:

- ❑ The first dealt with the manner in which the ANC engages with its constitutional and political mandates to ensure that those South Africans unable to care for themselves, access appropriate social security.
- ❑ The second report focused more on progress in relation to the Manifesto and priorities identified at the January 2014 Lekgotla.
- ❑ This report will only deal with the key issues discussed in the commission. The more detailed presentations will be attached to the final report.

## ■ Solidarity Based Policies and interpretations of the development state

The presentation outlined the historical stance of the ANC in relation to the promotion of progressive social policies and social security.

- ❑ This included details from the African Claims Document of 1943 .
- ❑ At the 44th Annual Meeting of the ANC in December 1955, Albert Luthuli, arguing that the Freedom Charter should be ratified by the ANC Annual Meeting, stated the following:

*“What is the implication of the charter? The charter definitely and unequivocally visualises the establishment of a socialistic state. It therefore brings up sharply the ideological question of the kind of state the African National Congress would like to see established in the Union of South Africa.*

*“My own personal leanings are towards the modified socialistic state, patterned on the present-day Great Britain, a middle-of-the-road state between the extreme ultra-capitalistic state as we see it in the United States, and the ultra-socialistic state as we see it in Communist Russia which was championed by ANC leaders AB Xuma and ZK Mathews.”*

This was followed by a detailed discussion on the

promotion of progressive social policy and social security in the Freedom Charter.

- ❑ The Charter contained a series of ‘*demands*’ framed by the primary citizenship demand that the **‘People Shall Govern’**. In addition to civil and political rights, it contained demands for social rights, including rights related to income maintenance, state-provided free and universal education, rights to housing and rights to free, state-provided medical care.
- ❑ The Freedom Charter, therefore, represented a programme for a future post-apartheid society. Substantively the goals of the Freedom Charter could not be achieved without an interventionist state which could redistribute wealth and resources between the white minority and the black majority.

The Post-Apartheid ANC government, guided by the constitution, its strategy and tactics documents and policy documents have progressively implemented an extensive social wage inclusive of cash transfers.

Domestic and International Research evidence have indicated that the social wage and cash transfers have played an extremely significant and positive social and economic impacts.

These impacts were recognised in the NDP with the Social Protection Chapter laying the basis expansion of the social wage through the implementation of a social protection floor.

There is a concern that key policies and strategies related to social security are often blocked or delayed, not only because of financial constraints, but also due to ideological stances or approaches resistant to such solidarity based policies within the ANC and government.

**The Commission recommended that a joint ETC/STC hold a detailed workshop wherein these issues are explored in detail. Such a workshop must look at the nature of unemployment in South Africa (Voluntary or Involuntary. It must look at the role that macro-economic policy and micro-economic strategies must play in dealing with unemployment. The role of social security measures to deal with the consequences of unemployment and poverty should also be discussed.**

## ■ Social development progress

The 2014 January Lekgotla and the Manifesto processes identified the following as priorities for Social Development for 2014 and Beyond:

- ❑ Design and Implementation of the Social Protection Floor (essential transfers and services: water, food and nutrition, health, education, housing, land) – livelihood security
- ❑ The Universalisation of the Child Support Grant
- ❑ The Universalisation of the State Old Age Pensions
- ❑ The Development of Special Package for Military Veteran
- ❑ Social Insurance and equitable retirement reform
- ❑ Developmental Social Welfare Services
- ❑ Household Food and Nutrition Security.

These priorities were included in the 2014 MTEF for Social Development and Outcome 13 on Social Protection.

## ■ Challenges

A detailed progress report was given and the following challenges were identified:

- ❑ Despite agreements made at the policy conference, the Mangaung Conference, we have not been able to move as speedily on the universalisation of the CSG and SOAP as planned.
  - ◆ Implementation was to commence in 2015/2016
  - ◆ This is due to financial constraints
- ❑ Similarly the agreed to Job-Seekers Grant that was approved at the Policy Conference and Mangaung Conference was included in what is termed the Youth Employment Schemes and Programmes:
  - ◆ Work on the Job-Seekers Grant has been halted due to lack of consensus politically.
  - ◆ The Youth Employment Tax Incentive Scheme (Youth Wage Subsidy) was prioritised and implemented.
- ❑ There is limited funding for the absorption of social work graduates in all nine provinces which is a significant barrier to achieving the NDP target of 55000 social workers by 2030. This continues to weaken much needed prevention and care work in communities.

- ❑ The lack of funding also means that existing social service professionals do not have the required tools of trade to work effectively. This too, slows down the NDP's goal of a capable state rendering quality public services.
- ❑ The Consolidated Government Document on Comprehensive Social Security has still not been released for public comment and that some policy elements of the document are being dealt with in a piece-meal fashion by government, often causing confusion amongst members of the public.

## ■ Recommendations by the Commission Arising from the Challenges and Discussions

- ❑ The Consolidated Government Document on Comprehensive Social Security should be released for consultations at NEDLAC.
- ❑ The resources for the implementation for this should be allocated to DSD.
- ❑ Work to develop the Social Protection Floor as envisaged in the NDP needs to be speeded up. This will include provisions that would serve to make services like education free and/or significantly cheaper.
- ❑ In line with NDP the absorption of social workers should be funded and the Tools of Trade for Social Workers need to be funded.
- ❑ That the STC and ETC convene a meeting to assess progress with the measures identified within the Youth Employment Incentives and Programmes. This will ascertain progress with the Youth Incentives Tax Scheme and discuss what needs to be done in relation to the Job-Seekers Grant proposal as was agreed to at the Policy and Elective Conferences.
- ❑ That government should consider absorbing Home Based Care Workers into the public service, either through the Department of Social Development or the Department of Health.
- ❑ The work on secondary economic activities aimed at ensuring that the funds invested in communities through the social grants contribute to local economic development in a manner that benefits local communities and thereby lessens the risk of anger, resentment and xenophobic violence associated with small enterprises being owned by and run by foreign nationals.

- ❑ Urgent action is required to deal with the delayed implementation of measures aimed at reducing the harmful impact of alcohol as agreed by the IMC and cabinet. This includes the Prohibition of Advertising Bill and the restrictions on time and places of sale
- ❑ Special Social Security Package for Military Veterans should be speeded up. This should include a partnership agreement or MOU with the Department of Military Veterans.

## ■ New Policy Initiative

- ❑ The proposal that there must be alignment between the Child Support Grant and the Foster Care Grant to ensure that both child benefits continue to support children in **education and training up to the age of 21**.
- ❑ The Commission supported this proposal and directed the Department of Social Development to develop effective criteria to prevent potential abuse.
- ❑ This initiative was discussed in the light of some media reports erroneously referring the the CSG being extended to the Age of 23 for all children.

## Public Service and Administration

The Public Services and Administration presentation focused on the following areas identified as priorities in the 2014 Manifesto:

- ❑ A disciplined people centered and professional public service
- ❑ Promoting education and training of public servants
- ❑ Intensifying the Fight Against Corruption:
  - ◆ appropriate training programmes developed for delivery through National School of Government.

## ■ Progress

- ❑ A disciplined people centered and professional public service:
  - ◆ A public service charter implementation steering committee was established to implement the public service charter.
  - ◆ Almost all public servants, especially front line staff have already been engaged re: the public service charter.

- ❑ Promoting education and training of public servants:
  - ◆ Driven through the implementation of the Public Service Human Resource Strategic Framework.
- ❑ Intensifying the Fight Against Corruption:
  - ◆ The Public Admin and Management Act (PAMA) has now been signed into law. This act prohibits public servants from doing business with the state.
  - ◆ All public servants will need to disclose financial interests
  - ◆ Public servants seeking permission to do paid work outside their jobs, will exclude business with the state
  - ◆ We are reviewing Public Service Regulations to assist in the strengthening of human resource capacities across government.
  - ◆ We need mechanisms to prevent bid committees from being manipulating specifications, adverts to pre-determine the awarding of tenders.

## ■ Issues Emerging from the Discussions

### *Managing the Interface between Politicians and Public Administration*

- ❑ We need to ensure that the micro-management of administrations by politicians are minimised. This will improve service delivery and eliminate the possibility of corruption.
- ❑ The NDP makes an explicit call for better interface between political leaders and the administration to reduce interference and corruption.

### *Intensifying the Fight Against Corruption*

#### **Implications for the ANC as an Organisation:**

- ❑ The ANC structures have been identified as means to self-enrichment for some. Urgent Action is needed to ensure that only capable cadres are deployed, especially at local government levels.
- ❑ Factions must not dictate how the ANC deploy cadres.
- ❑ The 1998 white paper on local government envisaged a citizen driven governance.
- ❑ The alignment of ANC branches to wards have driven the interference between politics and local administrations.

- ❑ Branches become spaces for positioning in relation to access to power as opposed to mobilising communities for transformation
- ❑ This structural Impediment needs to be discussed and reviewed.
- ❑ The PFMA and MFMA make it clear that politicians may not interfere with and engage in tenders and procurement.
- ❑ The ANC must ensure that this rule is complied with. The law and guidance will also serve to protect public servants and politicians.
- ❑ The ANC must be at the fore-front of fighting corruption and act to demonstrate this.
- ❑ The ANC funding strategies should not be over-reliant on business people who may then expect government business as a means of pay-back.

### ***A disciplined people centered and professional public service***

#### **Interfaces Between Politicians and the Public Service and State and Society**

- ❑ The goal of building a decisive and capable state requires a proper interface between politicians and the administration that is rule based.
- ❑ Building a decisive developmental state requires clear specification of the roles and responsibilities of Executive Authorities and Public Servants as well as the implementation of existing delegation frameworks.
- ❑ A more accountable and interactive interface between the state and society is also required.
  - ◆ The legislatures will be critical in fostering participatory democracy.
- ❑ This includes better linkages between national policy and how services are implemented at local level. Currently, the structures for holding officials and politicians accountable are not in place which frustrates the public.
- ❑ A centralised collective bargaining system should also be put in place for the nine provincial legislatures.

#### **Performance Management**

- ❑ The Performance Management System should be implemented in a manner that builds confidence and morale in the public service. It needs to be implemented in an unbiased and professional

manner to ensure that those who work hard are rewarded as opposed to those who wield power in public institutions.

- ❑ The low rate of evaluations of HOD and DGs is a concern. This means that the performance of institutions is not being evaluated.
- ❑ Insistence of regular and unbiased evaluations of HODs/DGs will improve performance management systems.

#### **Collective Bargaining**

- ❑ The collective bargaining system needs to be strengthened and its protocols and processes respected. This will require regular engagement between the ANC, government and organised labour.

#### **An Interventionist state is also a capable state:**

- ❑ The Jan 8 statement again stated that key public services such as in the health environment will not be outsourced.
- ❑ We need to ensure that the pronouncements made by the ANC are followed through by government. The outsourcing of key public service functions weakens the state because skills are rarely transferred, increases the cost of public services and breeds corruption.
- ❑ DPSA is in the process of reviewing the general rendering of public services to determine which services must be in-sourced and where they may be outsourced. The Auditor General and the Public Service Commission have also expressed their concerns on this matter.
- ❑ This will also require a policy framework that will make it clear which services cannot be outsourced in the future.

#### **Education and training of Public Servants**

- ❑ Compulsory induction programmes are being implemented to address the problems at middle management and lower ranking staff.
- ❑ Significant focus needs to be placed on training and skilling front-line staff as these are the people that interface with the public in terms of public service.
- ❑ The public service need to embed the constitutional values and principles of public service to facilitate ethical service delivery.



- ❑ The Induction process/curriculum of the National School of Government must also focus on building the values and principles of public servants. This includes emotional intelligence training. The focus should be on what it means to serve people and not expect to be served by the public. Batho Pele should be seen as shaping the hearts and minds of those who serve the public.
- ❑ The Public Service Charter should also be included in the training programmes of public servants.

## Actions over the next 8 months

The ANC government is ultimately judged by the performance of government, especially, local government.

There must be a strong focus on building the capability of front line staff in all spheres because they shape perceptions of government performance.

Provinces must assist municipalities to get some of the basic services right over the next 8 months:

- ❑ Includes the cleaning, cutting of grass and greening of townships

## Department of Women

### ■ Current priorities

- ❑ The Department is working towards finalising its structure and budget.
- ❑ Key focus areas will include the following:
  - ◆ in partnership with other departments and stakeholders reducing violence against women
  - ◆ women's rights and social and economic empowerment.
  - ◆ making the 16 days of activism a 365 days of consciousness and action.

### ■ Social and Economic Empowerment

- ❑ A robust women's empowerment programme to improve economic standing must be developed and championed throughout society.
- ❑ Economic empowerment and independence contributes significantly to social empowerment and safety.

- ❑ Economically unstable communities impact directly on social relations and impact negatively on women, equality and safety.
- ❑ The Women's Development Fund needs to be restructured to ensure that it can adequately fund key women's empowerment initiatives.
- ❑ The Gender Budget should be revitalised so that it can influence the manner in which the budget meets the needs of women.
- ❑ Work needs to be done to ensure that the ownership/control of land in rural areas, in particular, Trust Land does not serve to marginalise women.
- ❑ Appropriate social policies should be developed to ensure state support for child-care so that it liberates parents and especially women to enter the world of work, study and business. This could include ECD policies, work-place places of care, appropriate parental leave policies for parents.

### ■ Reducing Violence and Discrimination

- ❑ Accountability and Coordinating measures should be put in place to ensure that all government departments work towards the empowerment and safety of women.
- ❑ The ANC, as a progressive organisation must be more vocal about the vulnerabilities of the LGBTI community and ensure that it works to protect the rights of all people.
  - ◆ There is real discrimination including murders and economic marginalisation of the LGBTI community.
- ❑ The ANC must strengthen its gender desk so that it's able to build consciousness within the ANC of the broad women's rights agenda, including adolescents and young women, and the struggles for the rights of all people irrespective of their Sexual Orientation and Gendered Identities.
- ❑ The ANC must engage with all progressive structures including the Progressive Women's Movement which the ANC helped establish.
- ❑ Government review sentencing with respect to violence against women.
- ❑ Government needs to accelerate social context training for key public servants and officials involved in securing the rights of women to ensure optimal implementation of key policies and laws.

- ◆ This includes the police, magistrates, judges, health workers and social services professionals.
- The ANC needs to ensure that policies that have been part of women's struggles for women's health and rights are implemented properly. This is particularly important with respect to access to reproductive health and rights where, due to reported stigmatisation by health workers, there is an increase in recourse to unsafe abortion with its attendant risks. This is despite progressive laws and policies being in place.

## ■ Institutional Strengthening

- We need to consider renaming the Ministry of Women to ensure that we allocate specific state responsibility to ensure the safety of all all people, including those targeting for their actual or perceived sexual orientation or gendered identities.
- We urge that the necessary resources be given to this department in order to succeed. (Human Resources and Finances).

## Human Settlements

The report covers the progress on the commitments made in the ANC Manifesto, 2014 State of the Nation Address (SONA) and the Minister of Human Settlements' Budget Speech.

ITEMS	DESCRIPTIONS	PROGRESS
1. Human Settlements Social Contract	Human Settlements convened a summit to review progress in the implementation of BNG as well as commit stakeholders to a social contract towards the 1.5 million housing opportunities by 2019.  Contract with Banking Association of SA (BASA) to recommit to social contract.	<ul style="list-style-type: none"> <li>• Human Settlements Indaba was held on 16/17 October 2014.</li> <li>• A new pledge was signed by BASA, Chamber of Mines and other social partners.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
2. Youth in Construction	Youth Brigade	<ul style="list-style-type: none"> <li>• Human Settlements (HS) Youth Summit was launched with the Presidency, Higher Education and Small Business.</li> <li>• A significant number of stakeholders are signatories to the HS Youth Accord.</li> <li>• Human Settlements has entered into partnership with the Estate Agency Affairs Board to create Learnerships and Internship Opportunities for 10,000 youth across the real estate sector.</li> <li>• In this current financial year, Human Settlements has put the budget aside to employ young people who have completed technical training by the NHBRC in Bricklaying, Plastering and Plumbing.</li> <li>• Human Settlements is developing financial proposals to the SETA's to acquire additional funding to implement the Youth Brigade.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
3. Human Settlements - Mining Towns	Meeting Human Settlements challenges in the Mining Towns.	<ul style="list-style-type: none"> <li>Minister has met with the Chamber of Mines.</li> <li>IMC on mining towns, chaired by the Presidency, meet monthly to oversee progress on implementation of the Mining Charter and human settlements in mining towns.</li> <li>R1.2 billion allocated for human settlements in the Mining Towns in 2015/16 financial year.</li> <li>In line with the ANC Manifesto, Informal Settlements Upgrading for 82 informal settlements in mining towns are at various stages of implementation.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
4. Military Veterans	Establish a program headed by a DDG to ensure that 5 854 indigent military veterans receive housing in less than 3 years.	<ul style="list-style-type: none"> <li>The Human Settlements Military Veterans Programme was established in 2008.</li> <li>In 2012, an MoA was signed with the Department of Military Veterans.</li> <li>In 2014, a DDG in Human Settlements was appointed to drive the implementation.</li> <li>The Military Veterans Indaba took place on 30 October 2014 in Durban and was presided over by the two Deputy Ministers (Human Settlements and Military Veterans).</li> <li>Eight Provinces have submitted their plans for the implementation of the Military Veterans Programme. The remaining province's (Western Cape) plan is currently being assessed.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
5. Women Empowerment	Ensure Women Empowerment in Human Settlements	<ul style="list-style-type: none"> <li>To ensure Women Empowerment, Human Settlements have set aside 30% of the budget for women in construction.</li> <li>An instruction note has been issued to the Provinces to prioritise the 1956 housing initiative and the 30% budget requirement for woman.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
6. Master Spatial Plan ensure integration	Master Spatial Plan to promote spatial / economic / social integration and the provision of basic services.	<ul style="list-style-type: none"> <li>In 2004, the Breaking New Ground (BNG) Policy was introduced to reverse apartheid spatial planning.</li> <li>The Chapter 8 of the National Development Plan has reinforced the BNG principles.</li> <li>Human Settlements Master Spatial Plan will inform the approval of all human settlement projects in municipalities.</li> <li>Spatial mapping of human settlements is required to reduce economic inefficiencies.</li> <li>The final Master Spatial Plan will be presented to Cabinet.</li> </ul>



ITEMS	DESCRIPTIONS	PROGRESS
7. Achieving Economies of Scale in Human Settlements developments	Deliver 50 integrated and sustainable human settlements mega / catalytic projects in partnership with the Private Sector.	<ul style="list-style-type: none"> <li>Provinces, municipalities and private developers have been invited to partner with Human Settlements to deliver 1.5 million housing opportunities.</li> <li>To date, Human Settlements has received approximately 156 potential projects from our partners.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
8. Human Settlements Credible Housing Database	Restore credibility of the Human Settlements Housing Needs Database	<ul style="list-style-type: none"> <li>Human Settlements has entered into partnerships with SITA and Stats SA to improve the Housing Needs Register in municipalities.</li> <li>This will enable Human Settlements to target the indigent and vulnerable as per government policy requirements.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
9. Title Deeds Backlog	In line with the ANC Manifesto, the elimination of the Title Deeds backlog is a top priority	<ul style="list-style-type: none"> <li>A partnership agreement has been entered into with Estate Agency Affairs Board (EAAB) and the Black Conveyances Association.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
10. Western Cape N2 Gateway	Revert N2 Gateway Project to a National Priority Project	<ul style="list-style-type: none"> <li>The N2 Gateway was re-instated as a national project.</li> <li>Revised N2 Gateway Project will yield more than 36,000 units.</li> <li>The re-launch of the N2 Gateway project will take place before the end of the current financial year.</li> <li>Human Settlements appeals to the state land owners to release land for informal settlements upgrading and integration of communities in the Western Cape.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
11. Human Settlements Green Paper	Review of all Human Settlements' legislation and policies	<ul style="list-style-type: none"> <li>An Inter-Departmental Task Team has been established.</li> <li>Conceptual framework was presented to the Portfolio Committee in Parliament.</li> </ul>

ITEMS	DESCRIPTIONS	PROGRESS
12. Human Settlements Plan Nelson Mandela Bay Metro (NMBM)	Upscale the implementation of Human Settlements programmes in the NMBM	<ul style="list-style-type: none"> <li>NMBM Council requested that Human Settlements should provide support for the implementation of Human Settlements programmes in the NMBM.</li> <li>The NMBM Operational Plan has been developed by the Human Settlements team.</li> </ul>



## 8. Arts and Culture



### CONTENTS:

1. Commitments made by the ANC in 2014
2. Progress made
3. New proposals and implementation mechanisms
4. Conclusion

ANC Manifesto Commitments	Responsibility
1. Investment in the cultural and creative industries	DAC
2. Honouring and celebrating collective heritage	DAC
3. Promoting and preserving old and new museums and monuments	DAC
4. Liberation Heritage Route	DAC
5. Schools: Struggle History, Constitutional Values, Anthem & Flags	DAC and DBE
6. Deeds of social solidarity as individuals, organisations and communities	DAC
7. Community Art Centre and Library in every ward	DAC
8. Promoting Constitutional Values (20 <sup>th</sup> Anniversary in 2016)	DAC
9. Participatory democracy in workplace, schools, hospitals, clinics and communities	DAC, COGTA & Others
10. Investing in the SA economy – "Proudly South African"	DAC, DTI

## PROGRESS TO DATE: **Sport and Recreation**

### Progress to Date: Sports

- Promotional campaigns have been hosted jointly by Sport & Recreation and Arts & Culture as part campaign called UNITE.
- A very successful Nelson Mandela Sport & Culture Day 2014 was held on 21 November 2014 in Tshwane.
- 289 People participated in a Move for Health event hosted in Hammanskraal.
- 793 People were reached in Ministerial Outreach Programmes that were conducted in De Doorn, Gugulethu, and New Eersterus.
- Various schools provided with apparel and sports equipment country-wide.

### Progress to Date: Sports

- The National Sport and Recreation Plan has now been fully costed and the engagements with the National Treasury are currently underway on the funding model for the plan.
- The first Transformation Barometer has been finalised and issued focusing on the Big Five sporting codes (Football, Rugby, Cricket, Netball and Athletics). The 2nd Barometer on Sports Transformation will be released to the public before May 2015. 11 priority sporting codes have been added into the programme from the initial 5 codes. Sport Transformation targets Agreements will be signed with the Big 5 codes before April 2015.

### Progress to Date: Sports

- The Rural Sport Improvement Programme was implemented working with the various Royal Households. 18 rural tournaments were held in Football and Netball.
- A new pilot system for Club development is currently under implementation in Kwa Zulu Natal, eThekweni Metro (urban node) in Football, Netball and Athletics with 1 445 active clubs and Limpopo, Mopani District (rural node) in football and Netball with 126 active clubs.
- The Netball Premier League and Basketball Premier leagues have been implemented in 2014.

#### Progress to Date: Sports

- The National School Sport programme has been rolled out.
- The 3rd National School Sport Championship has been held in December 2014.
- The number of participants increased from 7 318 in 2013 to 11 691 in 2014.
- The number of codes being played also increased from 11 to 14 of the Priority Codes for School Sport.
- The number of schools registered to participate in the league system have increased from 5 480 in 2012 to 18 372 in 2014.

#### Progress to Date: Sports

- A number of new programmes have been put in place and implemented in recreation. The programmes put emphasis on activities that do not require facilities. Walking has been identified as one of the key activities citizens has been encouraged to partake in.
- The Big Walk has been held with the national event in Tshwane attracting more than 10 000 participants.
- The 9<sup>th</sup> Edition of the National Indigenous Games Festival was held in 2014 and will going forward be implemented with the Department of Traditional Affairs.

#### Progress to Date: Sports

- The Youth Camps have been held nationally.
- The refurbishments of Community Recreation Centres has commenced with 18 of these done in 2014.
- Cabinet has now declared the 1st Friday of October each year as National Recreation Day.
- Recreational Facilities including Outdoor Gyms and Children Play Parks have been rolled out. 11 Outdoor Gyms and 6 Children Play Parks were delivered in 2014.

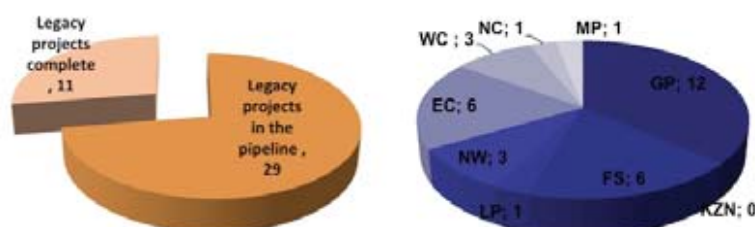
## PROGRESS TO DATE: **Arts and Culture**

### Repatriation Program

- Nat Nakasa Repatriation
  - Negotiations in New York
  - Repatriation in August 2014
  - Reburial in Chesterville in September 2014
- Moses Kotane and JB Marks Repatriation from Russia
  - Preparatory work in Moscow done in November 2014
  - Repatriation in March 2015
  - Reburial in March 2015
- The process involves the provinces taking a lead by taking resolutions for repatriation and approaching national for support. There is a need for better synergies between the various national departments involved in repatriation.

### Legacy Projects

- Through legacy projects we seek to transform our heritage landscape
- 40 legacy projects have been conceptualised in the past 5 years, of which 11 have been completed and 29 are still in the pipeline
- Gauteng has the lion's share of the projects



### Legacy Projects

- There is progress in the implementation of the Liberation heritage Route. An active participation of the ANC leadership is needed to fast-track the pilot projects with provinces.
- Of the total 11 legacy projects completed in the past 5 years, 6 were completed during the 2013/14 financial period
- Projects in the pipeline are in different phases of implementation

#### LIST OF COMPLETED PROJECTS IN 2013/14

- Nelson Mandela statue
- Ncome Phase 2
- Graves upgrade for Beyers Naude, Rahima Moosa, Nokutela Dube
- Freedom Park Exhibition
- Matola Monument and Interpretation Center
- War Museum Wall of Remembrance



## Progress to Date: Arts and Culture

- The last 5 years saw a total of 60 new libraries built throughout the country as depicted graphically below
- 244 libraries were upgraded in the past 5 years throughout the country
- As at 31 December 2014, a total of 8941 flags were installed and the National Anthem CDs and the National Symbols booklet were distributed to schools throughout the country.
- A total of 72 cultural events were supported in the past 5 years throughout the country
- 14 public art programmes supported over the past 5 years throughout the country

## CULTURAL DIPLOMACY

- Timbuktu Manuscripts preservation programme:- There is a civil war raging in Mali and as a result of this conflict, the programme has been stalled. There needs to be a solution to this matter urgently as the manuscripts run the risk of being destroyed.
- Seasons Programme
  - French Seasons
    - Concluded in 2013
  - UK-SA Seasons
    - SA Programme in the UK – 2014
    - UK Programme in SA – 2015
  - China Seasons
    - SA Programme in China – 2014
    - Chinese Programme in SA – 2015
- The seasons programme will have a clear focus on BRICS and Africa going forward.
- An inaugural Africa Month Celebrations has been planned to be implemented in 2015 as an annual programme to enhance the AU Vision 2063.

## Policy And Industry Development

- A draft white paper on the Arts, Culture and Heritage sector has been developed
  - but further consultation needs to take place
- The Cultural and Creative Industries Federation of South Africa (CCIFSA)
  - Interim Committee has been set up in 2014
  - Provincial roadshows took place in 2014
  - Elective conference of the leadership will be held in March 2015

## NEW PROPOSALS AND IMPLEMENTATION MECHANISMS

### Proposals: Sports, Recreation, Arts and Culture

- The Lekgotla needs to consider strongly the issue of addressing the additional funding for the two portfolios of Arts & Culture and Sports & Recreation.
- There is a need to review the National Lottery funding mechanisms and on other areas. The review should include the currently employed funding model and ensure that there are prescribed allocations towards policy objectives and identified priorities by line function departments. There should be dedicated and ring-fenced funding for facilities of sports and arts and culture.

### Proposals: Sports, Recreation, Arts and Culture

- New legislation and policies should be employed to address the vulnerability of artists and sports persons.
- There is a need to work on tax incentives for practitioners within the two sectors.
- A Tax incentive and rebate should be put in place to encourage investment into the two sectors.
- The Lekgotla is requested to endorse the proposals on the ticketing levy to fund the development work in the two sectors. An investigation should also be conducted on other new revenue sources.

### Proposals: Arts and Culture

- The ANC needs to reflect on its cadres and discourage the use of politically insensitive language such as labelling communities as minorities in light of our principle of non-racialism and non-sexism. The ANC needs to lead a political discourse on Social Cohesion in our quest to achieve the ideals of non-racialism, non-sexism and to continue to oppose other forms of intolerable practices. This informed by the epitaph of O. R. Tambo in his own words: ***"... it is our responsibility to break down barriers of division and create a country where there will be neither Whites nor Blacks, just South Africans, free and united in diversity"***.
- The Resolutions of the Social Cohesion and Nation-Building Summit should be implemented in full.

**Proposals: Sports, Recreation, Arts and Culture**

- The Lekgotla is also requested to consider strongly the review of arts and culture being only offered as an extra mural activity in schools. Schools have to be used as a platform for entrenching the story of our people through Arts and Culture programmes.
- Veteran artists and retired sports persons should be engaged in schools to promote development work with learners to improve their sports skills and artistic talents.

**Proposals: Sports, Recreation, Arts and Culture**

- A deliberate programme to reverse the emerging trend of misinforming and misdirecting children to despise the liberation movement and the democratic government, will have to be pursued.
- There is a greater and urgent need to review the curriculum and identify and introduce relevant books reflecting our own history. There is also a need to look at other interventions that will strengthen the outlook of South African learners on reflecting positively on the history of our people.

**Proposals: Sports, Recreation, Arts and Culture**

- There is a need for the ANC to engage its alliance partners especially COSATU and its affected affiliates with the view to secure a commitment towards promoting and implementing the programmes of arts and culture schools and the schools sport programme.
- There is a need to further strengthen existing efforts of mobilisation the South African private sector and the progressives within this sector to fund development work in both sectors.
- There needs to be a special focus in the Metropolitan areas. The two sectors has to direct programmes in the Metropolitan areas.



### **Proposals: Arts and Culture**

- There's a need to popularise the Framework of Name Changing so that our people can own the process. The ANC has to lead this campaign.

### **Proposals: Arts and Culture**

- The Commission noted the current debates and the Draft Bill on the Ban on Alcohol Advertising and also noted that this will negatively affect the revenue streams to sport & Recreation and Arts & Culture sectors should the proposed ban be imposed. The two sectors will find it difficult to endorse the Bill in its current form without the necessary safeguards to ensure that the potential loss of revenue is mitigated. Accordingly, the two sectors propose that a safeguard mechanism be put in place to ensure provision of lost revenue should the ban be imposed.

### **Proposals: Arts and Culture**

- There is a need to clarify the role and responsibilities of the Provincial and Municipal tiers of government in respect of Libraries' function.
- There is also a need to continue with the process of converting existing classrooms into Libraries in undersubscribed schools. Other community facilities and public buildings could also be utilised in light of shortage of funding for the built programme.
- The building and provision of libraries in communities should be accompanied by a dedicated programme of promoting the culture of reading and writing.



### Proposals: Arts and Culture

- There's a need for a dedicated effort towards transforming the Film Industry of our country and to position it to be able to tell a South African story that reflects on the lives and values of our people.
- The work around the observance and celebration of the South African Flag should be broadened to all Public Institutions and be coupled with the correct singing of the National Anthem. This work should also be coupled with the promotion of the AU Flag and Anthem
- The planned Heroes Acre has to be an imposing monument that celebrates our history, our people and our national pride.

### Proposals: Arts and Culture

- The national policy proposals on regulating heritage in private hands needs to be mooted and discussed.
- The ANC needs to investigate possibilities of declaring the Mandela legacy and the sites that represents this legacy as world heritage sites.
- There is a need to investigate the possibility of linking the tourism strategy to National Monuments and heritage resources. Accordingly the Department of Tourism should be engaged in this investigation.
- We need to ensure that we have a programmatic approach to National Days and in a way that educate citizens about the liberation history. This programmatic approach should promote participation by all communities.

### Proposals: Sports

- The ring-fenced 15% of the MIG grant earmarked for development of sport and recreation facilities needs to be consolidated into a new grant and be transferred to the Department of Sport and Recreation to deliver sport facilities.
- The Lekgotla is requested to resolve that adequate resources should be availed for the School Sport programme and that the funding for the National Sport and Recreation Plan be made available.
- The Lekgotla is requested to also resolve that the Mass participation and Sport development grant being transferred to provinces should be increased to ensure greater participation.
- The ANC needs to lend its political support to the Transformation in Sport programme and the work of the Transformation Commission.

### Proposals: Sports

- The Lekgotla should support the resolution that Municipalities should renovate, refurbish and/or build Community Recreation facilities to promote recreation.
- A programme to observe the International days associated with recreation will be implemented from 2015 and a National programme to celebrate the recently declared National Recreation Day is being finalised.

# *This is the Decade of Radical Action*



## ■ *Closing Address by* **PRESIDENT JACOB ZUMA**

We have come to the end of a successful Lekgotla, which is a very important gathering in the general political life of our movement.

At the beginning of this gathering, we invited your creativity and innovation to help us govern better and fast-track the pace of delivery to our people. The inputs have been instructive.

We have entered the third decade of freedom and it must be a decade of visible radical action in which we confront the challenges we face and improve the way we deliver services and transform our country. We have worked hard in the commissions to develop the action plan for the year.

The Freedom Charter provides a good yardstick for us to measure our performance this year, in fulfilling the minimum demands in the Charter. We welcome all the reports from the Commissions. All commissions were very important. They all served to take us further in improving the work we do, and to improve the impact we are making in the lives of the people. The report from this lekgotla, based on the work of all the Commissions, will inform and instruct the government lekgotla that will take place from the 3rd to the 5th of February.

We have very good policies. We have very good programmes. We must just change the way we work and implement them better, faster and in a caring manner. We should also stop being complacent.

Some of the key factors that require our urgent attention this year, as the lekgotla has indicated are economic transformation, energy security, the land question and local government. If unattended to, these can easily be utilised to cause tensions and to undermine the standing of the ANC among our people.

The NEC declared this year to be the year of the Freedom Charter. We noted in the January eight statement that the land has been at the heart of the historic injustice of dispossession and stripping the dignity of the African people.

Some good suggestions have come out of the lekgotla on how to address this question.

The establishment of agri-parks to transform rural economies have been cited as solutions.

The lekgotla has directed government to implement the fifty/fifty policy framework, which proposes relative rights for people working and living on the land. We have also committed ourselves to pushing through certain transformative legislation on land reform. Consistent with the Mangaung resolutions, the lekgotla is instructing government to prohibit land ownership by foreign nationals except through lease hold of up to 30 years. The lekgotla has also instructed government to put a ceiling on the number of hectares of land both natural and all legal forms can own. We believe we should go beyond saying we are limiting ownership to a maximum of 12000 hectares. We should put at least a ceiling of not more than two farms per individual. The important Promulgation of the Regulation of Land Holdings Bill should go through parliament this year as directed. The lekgotla has also instructed that The Extension of Security of Tenure Amendment Bill go through parliament this year. The Bill provides legal and mediation support services for victims of legal evictions and the establishment of the land management boards. The Property Valuation Act of 2014 was signed into law last year. The Office of the Valuer-General must be established by June 2015 to ensure implementation.

In the local government sphere, the implementation of the Back to Basics approach is critical. The original presentation and the commission report stated what needs to be done to fix local government and to make it responsive to the needs of our people. All three spheres of government must work together to implement the Back to Basics approach to improve the systems and functioning of local government. The lekgotla has identified four areas of focus for basic services - water and sanitation, electricity, human settlements and roads.

Our victory in the upcoming local government elections is dependent on how we respond to the call to go back to basics and on the progress we make in improving people's lives or in giving them hope that lives will improve. Accessibility of local leadership also remains key. Our people must never feel any amount of distance between themselves and their local leaders. These are some of the elementary issues we are expecting as we make a call to go back to basics.

## ECONOMIC TRANSFORMATION: ENERGY

Our economy requires an urgent intervention to alleviate energy shortages and to ensure long term energy security.

As has been said in this lekgotla, electricity shortages have become a source of great irritation and frustration for our people and a serious impediment to economic growth. The current base-load electricity reserve margins have been depleted. The current fleet requires urgent major maintenance and replacement in the medium term which then leaves a vacuum.

Throughout the LEKGOTLA, we have echoed over and over the fact that our economy is still a colonial and apartheid structured economy. Our state owned companies and enterprises are still largely structured in the manner in which we found them in 1994. We have grown our economy, but without fundamentally touching the structure. We also need to improve efficiencies within the economy.

The details of this when it comes to energy, should include shifting the load and switching energy sources. It means shifting from electricity to gas and renewable energy. It also means different and better scheduling of our time and our work, especially for the major electricity consumers.

When we speak, we often equate energy with electricity. There is more to energy and actually our country is endowed with Hydrocarbons such as Coal, Oil and Gas, as well as Nuclear and Clean Energy encompassing Hydropower, Nuclear Power and Renewable Sources.

In our response to the crisis and to challenges we face today, there are actions which will generate immediate results, while others will realize results in the medium and long term.

There are some actions that Government must undertake as a matter of urgency in implementing the ANC decision to explore an energy mix to solve our energy security problems.

## PETROLEUM

With regards to petroleum, the current strategic stock reserves have been below international acceptable norms for a growing economy.

The current refining capacity of the country and the region has been growing below the fast growing demand while the reliance on imported finished products have exposed and negatively skewed the balance of trade.

To address this problem, the ANC instructs Government to implement the following interventions:

1. To Restructure and reorganize the lead Government Departments and State Owned Entities responsible for the security of supply for the petroleum products for the country.
2. To increase government participation from the mere 5% market share to a significant share of 25 to 30% in the short to medium term.
3. To build a formidable National Oil Company that can make a meaningful contribution in the market.
4. To use the current conducive petroleum market where crude oil prices are low and also given the abundance of storage capacity in the country, to acquire and increase its strategic reserves through innovative partnership and intergovernmental alliances and
5. To invest in petroleum infrastructure such as storage tanks, pipelines and terminal facilities.

In light of the growing petroleum industry opportunities for the country and the region, skills training and capacity development must be undertaken seriously. Funds must be allocated in the medium term budget to this area.

## GAS

Given the current shortage of electricity capacity and the high cost of diesel to run the Eskom Open Combine Gas Turbines Generators, gas presents the opportunity for an urgent intervention in the short to medium term.

The ANC instructs Government, in the short to medium term, to enter into strategic partnership with gas-rich countries such as (Mozambique, Tanzania, Algeria and Nigeria and others).

Government must develop a gas strategy and plans to significantly shift energy reliance for heating, cooking and transportation, to gas.

Government must also finalise its investigation for the safe and environmentally friendly exploration and exploitation of the shale gas resources.

Importantly, ESKOM should also switch from diesel to gas as a source of energy for their generators.

## NUCLEAR ENERGY

Nuclear provides a medium to long term solution for our energy and economic developmental needs.

Like Koeberg, once the Nuclear New Build programme



is completed, it will provide for the urgently needed electricity base-load, and equally become the impetus of scientific development and industrialization.

Government has not completed its pre-procurement phase that has included signing Intergovernmental Agreements with France, China and Russia. The United States and South Korea are also ready and willing to assist us with the programme. The Department of Energy has conducted vendor parade workshops with these countries.

The ANC directs government to urgently implement the procurement of the 9,600 megawatts nuclear new build programme as approved in the Independent Resource Plan 2010–2030.

Government must allocate sufficient funding resources in the medium term to lead the Departments, structures and State Owned Entities involved in the nuclear build programme to embark on a massive skills development and capacity building programme.

The ANC government must restructure and reorganize lead Departments and State Owned Entities involved in the nuclear new build programme.

## RENEWABLE ENERGY

South Africa has one of the most world renowned Renewable Independent Power Producers.

Government must accelerate this programme and ensure localization of the manufacturing of components for renewable technologies.

With regards to hydro power, the Republic of South Africa has signed an agreement with the Democratic Republic of Congo, which is a historic Treaty to develop the Grand Inga Hydro-electrical Project.

The ANC directive to government is to finalise its negotiation and Plans for the implementation of the Grand Inga Project as one of its key strategic regional project.

Government must intensify the national training and skilling programmes for high school graduates and unemployed youth.

Our Government and SOE's must also establish strategic partnerships for skills development with the countries that intend to help us in the Energy Build Programme.

Government must prioritize the funding of energy recovery programmes carried out by and through lead government departments and SOEs.

As there is a challenge with resources for the capital and infrastructure programmes, we should look for innovative funding models and plans that do not deprive our country of ownership in the long term.

The lekgotla has emphasised the need for more effective maintenance programmes at ESKOM. Efficiency and effectiveness at ESKOM and all state owned enterprises is a non-negotiable.

Kusile, Medupi and Ingula should come on stream without further delays. The programme is a source of hope for our people.

Energy is the engine of the economy and a key source of a better life for our people. We have to take our people along with us on this difficult journey of building energy security. Communication and Public Awareness is crucial to explain the causes of the problems, delays and the mishaps. The communication should also give hope that the situation will improve.

The lekgotla has affirmed some exciting new programmes such as Operation Phakisa and Back to Basics which we should use to mobilise the support of our people and to give them hope that things will get better each year. Operation Phakisa includes the tapping into the blue economy that opens up massive new potential for economic expansion and job creation.

All the programmes that were discussed in this lekgotla should be implemented by the ANC government in a manner that gives hope to all that the country is in the right direction.

The ANC must lead the people with optimism and determination to make things change for the better. This means that the performance of the state and the public service in particular must improve. A caring and empathetic public service will alleviate the hardships and make our people more appreciative of the work of the ANC. The lekgotla dealt with this matter adequately.

It has been a successful lekgotla. A lot of good work has been done which has been captured in the reports. All inputs will be taken forward as government implements the work of the ANC during the year.

We need to remain resolute and committed to taking our country forward and to promoting the Freedom Charter during this special year.

We thank you all for attending the lekgotla and for the vibrant participation in the commissions which helped to shape the outcomes. We thank all as well for good organisation in terms of the logistics.

It has been a few days well spent.

I thank you.

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## NOTES

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