

# NGC DISCUSSION DOCUMENT

# ECONOMIC TRANSFORMATION

# FOR A NATIONAL DEMOCRATIC

# SOCIETY

## 1. INTRODUCTION

This year marks the 60th anniversary of the 1955 adoption of the Freedom Charter, a seminal moment for the mass democratic movement. This historic document is a commitment by the democratic forces to guarantee a better life for all South Africans. The Charter is eloquent in its appeals for freedom, economic justice and equality and it remains the cannon in our nation's memory. Its powerful message must continue to inform our economic policy and our actions.<sup>1</sup>

This is a year, we recommit ourselves to accelerate economic upliftment for all South Africans. The exploitation of the country's resources cannot flourish alongside starvation, poverty, unemployment and inequality. We want economic emancipation for all and with it, we will promote the responsibility that goes with equitable share to the wealth of the nation. In promoting the Charter's message of freedom, we need to mobilise all our policies and institutions towards meeting the economic goals of the Freedom Charter. We want the vision contained in the Charter to be a commonplace in the daily experiences of South Africans.

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 an effective state that is decisive in its pursuit of structural change.

In addition, transformation is about capability and action: the means and the end. Our policies must provide the most enabling conditions for the flourishing of the talents of all our people, to harness and develop their productive potential, to ensure that

they play a leading role in the allocation of national resources and that they get their due in the country's wealth.

Proceeding from this premise, in Mafikeng, we said "Economics is about people, their work, their ownership of productive assets or lack of it, their share of what they produce, what they buy and sell, their accommodation, their recreation, in fact every element which we describe as quality of life, flows from the structure and management of the economy".

Our policy interventions must retain a hegemonic status in the face of their ability to resonate with improving day-to-day economic realities. Therefore, we recommit to a transformation of the economy in ways no less radical than the one demanded by the circumstances of our people.

The state must therefore play a key role in stimulating national development. This includes the infrastructure build programme, partnership with the private sector, targeted procurement and dealing with binding constraints such as weak energy supply.

Realising these ambitious goals of economic transformation requires moving forward in a number of areas such as ICT, transport, food and energy security, transforming ownership and control. These are the many interwoven dimensions of development.

### 1.1 THE NATIONAL DEVELOPMENT PLAN (NDP)

The National Development Plan (NDP), adopted in 2012, is the visionary blueprint of government, business and society as collaborative partners; towards achieving the range of socio-economic growth and development

targets by 2030. Giving effect to this long range plan is a series of Strategic Frameworks such as the NGP, IPAP, the National Infrastructure Plan, the MTSF's that identify the critical actions to be prioritised towards NDP 2030.

The NDP is a long term vision which should be supported by the instruments such as above. Alliance partners:

- are agreed about the need for national long range planning;
- recognise the planning commission's contribution in this context;
- agree that the NDP is a living document not cast in stone and needs to be adjusted where appropriate.

## **1.2 THE ESSENCE OF THE NGC**

Within this context, the ANC tasks the NGC to review progress against conference resolutions in order to meet the challenges of transforming South Africa.

Through this process, we must:

- improve and assess our relevance, responsiveness, and effectiveness
- analyse lessons learned through the implementation of the resolutions, and
- assess the existing and emerging development challenges.

Non-implementation or inefficient implementation of our conference resolutions, are capable of subverting transformation.

While it is practically impossible to cover every detail of progress since our last conference, the NGC is an appropriate occasion for highlighting recent progress against the most important issues of the ANC to the transformation of South African Society.

## **2. MACRO-ECONOMIC OVERVIEW**

### **2.1 Stagnant Global Economic Growth**

The global economy remains mired in a low growth trajectory, and there is little evidence of a strong recovery despite the growth of 3.4% expected in 2015, which is still insufficient to reverse output and job losses in most economies. The fall in the oil price generates clear opportunities for oil importers like South Africa, but the combination of lower commodity prices, weaker global demand and higher interest rates

could lead to weaker growth outcomes on the African continent.

A relatively subdued economic performance as reflected by the world GDP growth, is of concern as demand for South African produced goods and/or services could be adversely affected. Weak Eurozone demand for South African-manufactured exports and reduced demand for our mining and processed metal sector commodity exports from China's slowing economy is expected to continue to impede South Africa's economic growth.

The core structural weakness of South Africa's economy is its continued incorporation into the global division of labour as producer and exporter of primary commodities, and importer of value-added, manufactured products. This growth trajectory – typical of many colonised countries in Africa – constrains our ability to create jobs at an appropriate skill level and in sufficient numbers to address South Africa's unemployment challenge, and bestows the benefits of local value-addition (jobs, company profits which can be re-invested in the economy, tax revenue and industrial deepening) on our trading partners.

Given the current and forecast subdued demand for South Africa's key commodity exports and weak prices, our current growth trajectory cannot be sustained, nor has it proven to be supportive of inclusive growth. Very few countries have been able to achieve sustainable growth, job creation and declining inequality based on a commodity export growth path. It is consequently imperative that we act decisively to industrialise, add value to local and regionally available commodities, and grow the productive sectors of the economy.

The African continent has become a very important destination for locally manufactured products and its relative share is expected to expand further. Moreover, substantial investment in Africa's infrastructure, rapid urbanisation, and a fast-growing and increasingly sophisticated consumer market all provide improved trade and investment opportunities for South African businesses.

It is therefore crucial for South Africa to improve the competitiveness of the domestic environment – including moderating administered price increases, reducing the anomalous port and freight subsidies for commodity exporters and better managing the level and volatility of the Rand – so as to grow the pool of industrialists exporting to their traditional markets

while also finding alternative markets, primarily in the relatively faster growing African, Asian and Latin American economies. This improved growth outlook for Sub-Saharan Africa (over 5% in 2015) and the African continent should provide export opportunities for South Africa's tradable good and services. Continued infrastructure development, investor appetite for the region's mineral and agricultural resource wealth, and strong domestic consumption spending should support these rates of expansion. Intra-African trade is unfortunately dismally low (around 10%) comparatively, with very slow progression and also quite imbalanced to the advantage of South Africa with no clear framework and firm commitment to enhance Intra-African trade.

Compared to its peers, in the graph below, South Africa is shown as a serious underperformer. Growing at rates that are out of sync with its peers.

Despite a low interest rate environment, private sector investment has fallen since the 2008 crisis and remains weak. Consumption-led and import-intensive growth has evaporated with dangerously rising household indebtedness and the emergence of a substantial current account deficit. In the past 3 years, prolonged strikes in the platinum and manufacturing sectors, and at the South African Post Office have severely disrupted economic growth.

In response, the following key interventions were adopted in an attempt to stimulate inclusive growth and investment in the domestic economy. While these interventions have prevented job losses, they have not shifted the economy onto a new sustained inclusive growth path.

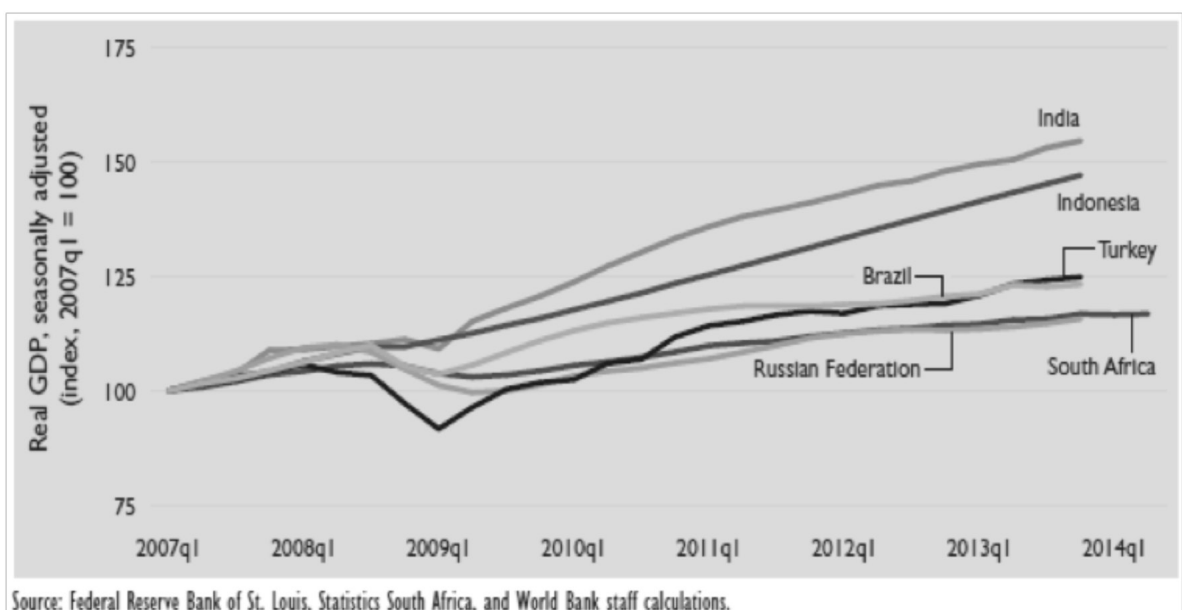
- **Counter-cyclical fiscal policy** aimed at maintaining aggregate demand through continuing planned levels of government expenditure despite a slowdown in tax revenues. If a counter-cyclical fiscal stance had not been adopted, more jobs would have been lost and the growth rate would have been lower. Now, despite the fact that growth has not returned, the limits of counter-cyclical fiscal policy are being reached. Rising government debt and a wide current account deficit make South Africa vulnerable to global economic shocks.

- **Public infrastructure investment** driven by government and state owned enterprises. There has been a substantial increase in public investment and related jobs since the crisis. While infrastructure is an essential pre-requisite for increased investment and employment, such infrastructure comes at a cost and, in addition to putting pressure on the fiscus, is also putting upward pressure on the cost of living and the cost of doing business, an effect that is particularly amplified in a low growth environment.

- **Active industrial and trade policy measures aimed at stimulating investment in industrial activity and promoting South African exports:** Effective industrial policy requires cohesive interventions across a range of sectors including mining, manufacturing, technology, agriculture, tourism and many others. However, in many cases, the Industrial Policy Action Plan (IPAP) has not gained traction across the relevant implementing agencies/departments.

- **Broad Based Black Economic Empowerment Act has been accelerated to transform ownership**

**Figure 1:**  
The Growth of SA compared to its emerging markets peers



**patterns.** A review recent review will close a number of loopholes, and deal with firms who engage in 'fronting' to better align our B-BBEE imperatives with the need to promote industrialisation of the SA economy. To facilitate a more meaningful participation of black people in the mainstream economy government is now looking at various ways of developing and sustaining **black industrialists**, including a targeted incentive to support black entrepreneurs entering the industrial sector.

Despite these interventions, growth remains too low and job creation insufficient. A key constraint to achieving our industrial growth is the national electricity shortage. Our historical energy-intensive growth path will not be viable into the future and other comparative advantages need to be levered to promote industrial growth and job creation. Job creation is further impeded by high tariffs and the reliance on electricity for revenue by municipalities that sometimes leads to excessive mark-ups.

External demand also remains low, as growth in many of South Africa's overseas trading partners remains weak, retarding investment. The international markets are important for our growth as firms form investment decisions by considering the growth of the markets they serve.

The vision of the developmental state has not in general been backed by effective state capabilities. Weaknesses in the delivery of a wide range of public services, including, water supply, electricity supply, municipal services, postal services and education, health and security services, have been realities, which undermine the vision of the developmental state articulated through our national development plans (NDP and NGP), to provide policy guidance and promote future investment. This situation is exacerbated by apparent lack of consensus on the programme from within the ruling Alliance.

The public sector must strengthen its planning capacity and project management skills. It will also be important that the state look to reduce wastage and corruption, while increasing the general efficiency of public spending. It will be most important to increase the focus on improving the outcomes that are achieved from the more limited resources available.

## 2.2 State-led investment for industrialisation

The NDP envisages that over time annual public and private investment levels should be raised from the current 19% to 30% of GDP.

State-led economic transformation does not imply that the state can go it alone in driving development. Rather, successful state-led investment must serve as a catalyst for increased levels of private sector investment. Recently there have been claims of trust deficit between government and the business community. Such alleged trust deficit has to be closely scrutinised because the business community is not homogenous.

The state-led public investment programme provides a strong stimulus to growth and employment, but it can never be of sufficient magnitude to uplift the whole economy. At about 30% of total investment, public-sector investment, can only serve as a catalyst to facilitate, 'crowd-in' and increase private sector investment which contributes 70%.

Investment by state owned enterprises rose sharply from 2007 and continued to grow at a lower rate after 2008. General government investment (mainly construction of social infrastructure like hospitals, schools and police stations) remained low during the recession, but is now growing strongly. However, private sector investment remains very weak.

Some, on the left, argue that low private sector investment proves that South African capital is unpatriotic, that it is on an investment strike and that it would be better if the state enlarged its role in order to advance economic transformation.

Others, on the right, argue that it is in fact the state that is retarding private investment, that if more state assets had been privatised and the state had reduced its role in the economy then growth and investment would have been higher.

Others argue that private businesses have not been able to identify and implement profit-making investment projects over the past few years, despite being relatively cash-flush as represented by their high levels of corporate savings.

None of these arguments grasp the fundamental issue that the inclusive reconstruction and development of South Africa requires a vibrant and dynamic mixed economy in which there is a synergistic and mutually reinforcing relationship between the public and private sectors. Most crucial is to craft a balance between the contributions of public and private sectors in rolling out the economic transformation agenda.

The priority now is to identify and remove obstacles to increased levels of private sector investment, while sustaining the public sector's contribution. Among

others, the following items should be foremost on the agendas of public and private sector decision-makers aimed at increasing investment levels in South Africa:

- maximise localisation benefits from South Africa's ongoing public infrastructure expansion, particularly in power and rail
- support black-owned industrial firms in particular to be part of South Africa's infrastructure expansion
- leverage state rights (minerals, land, water, air, fisheries, etc.) to maximise economic growth and transformation
- leverage local demand to link into global market supply chains
- successfully implement the newly launched Special Economic Zones
- deepen trade and investment ties with other African countries and with other important growth regions
- raise mining investment, output and linkages into the economy
- unlock South Africa's significant potential as an onshore and offshore gas producer, in an environmentally responsible manner
- accelerate land reform and grow the number of successful black farmers participating effectively in the agricultural economy

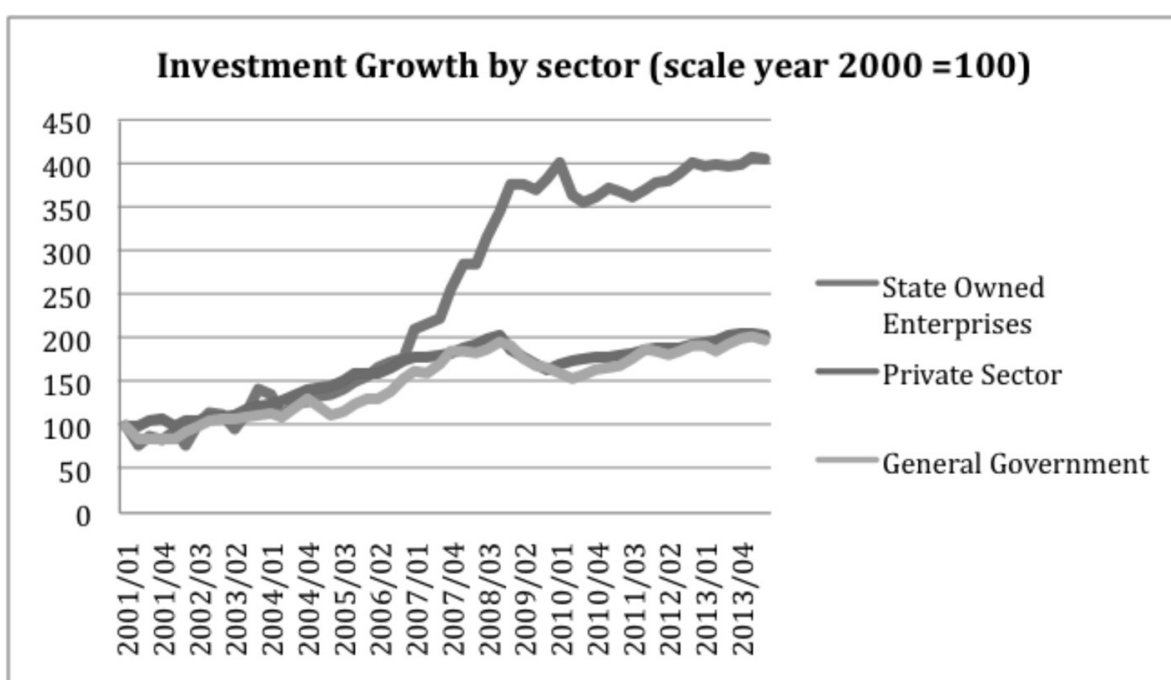
- improve telecommunication infrastructure and increase sector competition
- leverage our maritime position, including through ship-building and repairs, trans-shipment hubs and expanded ocean trade
- grow the tourism sector .

If consensus, and effective action, were to be achieved on issues such as those listed above, there is no doubt that investment levels in South Africa would rise towards the NDP's investment target.

We recognise, however, that increased investment is unlikely to be sufficient, given the scale and historical damage wrought by South Africa's structural unemployment problem. Redistributive activity, social security safety nets and public and community work projects run by the state will all be necessary for stability and social cohesion. The fiscal benefits arising from increased investment will provide the resources required to run our redistributive programmes, which are crucial to the wellbeing of so many South Africans.

An incisive and frank analysis of causes of the constant de-industrialisation and lack lustre progress on beneficiation and localisation drive is essential. These are some of the strategic opportunities to turn around the economic strain and create the much-needed jobs as well as opportunities to realise Broad-Based Black Economic Empowerment.

**Figure 2:**  
Investment trends:  
state owned enterprises, private sector and general government



### 3. ECONOMIC SECTORS

In the 53rd Conference, we resolved to *“ensure long term stability and sustainable growth and development that bolster the growth of domestic industrial capacity and in making policy trade-offs will select those that favour productive sectors of the economy”*. This means we have prioritised re-industrialisation and we will employ a battery of tools within our policy space to privilege productive sectors. The 53rd Conference also emphasises the NGP and the IPAP make up *“the industrial policy action plan which guides the re-industrialisation of the South African economy”*.

Production and employment in the **manufacturing sector** (now 12% of GDP from 19% 14 years ago), has continued to decline due to fierce competition from – sometimes illegal or subsidised – imports, low productivity, low rate of re-investment, falling technology development and inadequate skills formation. Activity in the domestic manufacturing sector has continued to be adversely affected by electricity constraints, increases in electricity tariffs, perverse freight and port charges (which subsidise commodity exports), monopoly pricing (import parity pricing) of metal, chemical and other intermediate feedstocks and subdued domestic demand. Consequently, the utilisation of production capacity in the manufacturing sector remains low at 80%.

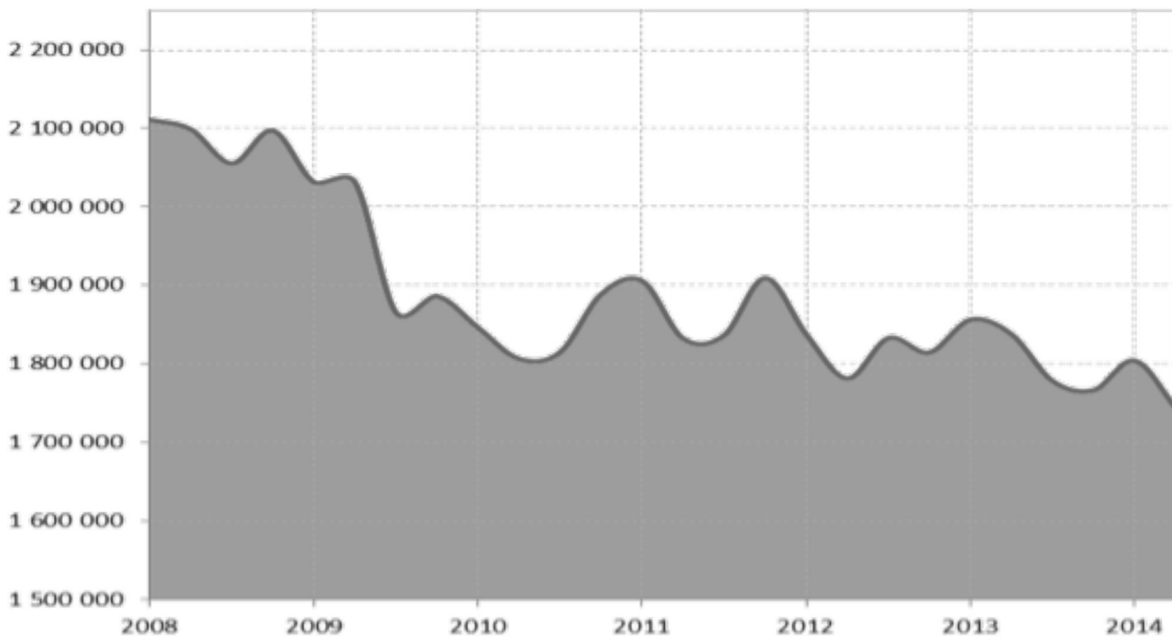
Manufacturing should leverage our comparative advantage in primary mineral extraction by focusing on up and down stream beneficiation and diversification into faster growing markets, particularly Sub-Saharan Africa (SSA). This will improve our trade balance more sustainably than by simply increasing exports of a depleting pool of unprocessed minerals.

In response, we have developed three iterations of IPAP crucial in guiding and catalysing the private sector so as to deepen and broaden South Africa’s industrial base through the following:

- **Deepened localisation through the designation** of sectors, industries and products including Rail Rolling Stock: locomotives, wagons and carriages; Power Pylons; Buses; Clothing, Textiles, Leather and Footwear; Canned Vegetables; Set Top Boxes for low income households; Solar Water Heater; the Steel Conveyance Pipes; Transformers; Building and Construction Materials; and Rail Signalling and Components are in the process of being designated. However, procurement conditions (local content) need to also be built into all leases of state assets.
- **Leverage all state concessions/leases** to enhance localisation and economic transformation by including procurement (local content) targets/ conditions, skills formation targets, BBBEE, SMME and Co-operatives targets/preferences, technology development targets and value addition targets into all leases (concessions) of public assets or rights such as mineral rights, fishing rights, electromagnetic (EM) spectrum rights, state land rights, water rights, national conservancies and heritage sites, energy generation rights (IPPs), air (aviation) rights, maritime rights, exclusive marine economic zones etc. All leasing should be done through public tender of such assets/rights, to maximise all of the these transformation targets.
- **Up-scaled the implementation of our industrial support measures.** We introduced the Manufacturing Competitiveness Enhancement Programme (MCEP) to promote competitiveness and job retention and creation. We ramped up the rollout of the Clothing, Textiles, Footwear & Leather strategy and replaced the Motor Industry Development Programme with the Automotive Production Development Programme (APDP) that accommodates the component manufactures and Light Vehicles. These interventions have demonstrated that industrial policy when adequately resourced, works and is cost-effective. We are also investigating a Resources Capital Goods Development Programme (RCGDP) to leverage industrial development off our natural resources exploitation (minerals, water, fisheries, state land, etc.).
- **Enhance our industrial development zones programme** to become special economic zones. 10 potential SEZ have been identified, however, we need to refine our SEZ regime to become “pilot” zones to test industrial incentives, skilling and technology development models that create decent employment opportunities.
- **Crowd-in new Black Industrialists** to build a dynamic and competitive class of black industrial players; advertently accumulating and disposing of industrial capital in line with the social objectives of breaking the racial domination of South Africa’s economic assets. By Black Industrialists, we refer to black people directly involved in the origination, creation, significant ownership, management and operation of industrial enterprises that derive value from the manufacturing of goods and services at a large scale; acting to unlock the productive potential of our country’s capital-assets for massive employment locally.

Figure 3:

Employment levels in the manufacturing sector have been falling since 2008



Source: Quarterly Labour Force Survey (QLFS), 2nd Quarter 2014

■ **Diversifying trade and investment** particularly focusing on the African continent and countries of the South through the SADC Regional Industrial Development Strategy; the SACU Industrial Policy study and COMESA-EAC-SADC Tripartite negotiations. Progress has also been made on the BRICS initiative. However, little progress has been made towards regional economic integration and the poor state of regional trade infrastructure (logistics) constrains intra-regional trade. There is scope to further trade and investment through effective use of economic diplomacy.

■ **Reviewed and optimised our approach towards BBBEE:** Interventions aimed at de-racialising ownership of economic assets, including enterprise development, should be intensified. Broadening ownership and participation by our people as part of democratising our economy, combating anti-competitive behaviour and overcoming entry barriers that inhibit SMME's, co-operatives and Black people from breaking into the value-chains of our economy. In de-racialising patterns of ownership, it is important that we put job creation and productive activity at the forefront and combat destructive BEE "fronting". Our experiences require us to put controls and ensure that BEE initiatives are geared towards directly supporting Black entrepreneurs and producers and not agents for imports. We have adopted an integrated value chain approach towards policy

implementation which requires significantly greater alignment and cooperation across different policy jurisdictions. In this regard, emphasis in the coming period should also be placed on local value addition (and job creation) and Employee Share-ownership Schemes (ESOPs) so workers become genuine stakeholders in the enterprises where they are employed and BEE procurement conditions should be aligned (particularly the Mining Charter with the BB-BEE codes) and should reflect the BB-BEE portion of local value added in the product supplied to combat destructive BEE "fronting" for imports Combined with other elements of BB-BEE – which are currently being refined – these programmes would contribute to the enhancement of economic development and social cohesion. In this connection, the role of the DFIs in supporting industrial investment has to be directly linked to support an industrial structure that has the previously disadvantaged at the centre. The key constraint to successfully implement the various components of IPAP is that many of the policy levers and instruments lie with diverse departments/agencies (*see above*).

■ We have adopted a developmental state/industrial development approach but have often not reconciled this with its pre-existing commitments to GATT and the WTO. We need to find creative ways to get around those restrictions .

### 3.1 AGRICULTURE, FORESTRY AND FISHERIES

*“The state shall help the peasants with implements, seed, tractors and dams to save the soil and assist the tillers.”*  
(Freedom Charter)

Growing the agricultural and agri-processing sectors will improve national food security, increase agricultural income and support rural development. We have adopted policies that broaden and deepen linkages between agriculture and machinery and equipment industries, including:

- Food Security for all;
- Strategies to increase the contribution of Agriculture to economic growth; and
- Unlocking the sector’s ability to produce 1 million decent jobs by 2030.

One challenge here is that in recent times agricultural productivity has been linked to mechanisation whereas South Africa urgently needs the agricultural sector to be a source of employment as well.

#### Assessment of State Interventions

Commercial, smallholder and subsistence farmers currently receive less support from the state than their counterparts in most industrialised countries in the world.

From 2000 to 2014, employment in the agriculture sector fell from 1.4 million to a mere 600,000. During this period, average farm size increased through consolidation and became more mechanised, capital intensive and more reliant on chemical inputs.

While the sector is now more efficient both in its production outputs and net farm income, it has not been accompanied by concomitant increases in transformation nor employment, despite support programmes such as the Re-capitalisation of Land Reform, BBBEE charter, and various other programmes aimed at addressing transformation.

The State must therefore re-think the design and implementation effectiveness of its programmes to address the structural challenges of economic transformation, growing market dominance and increasing job losses within the sector.

#### Current Proposed Policy Interventions

A new Agricultural Policy known as the Integrated Growth and Development Policy (IGDP) with the Agricultural Policy Action Plan (APAP) serve as a programmatic response, identifying priority

commodities with high growth potential, food security potential, and to contribute to GDP. The APAP could potentially become the IPAP for agriculture, a platform for sector organisations and other stakeholders to converge through joint planning.

#### Recommendations:

**Broadening market participation:** The liberalisation of agricultural and food markets have not, as expected, created a more competitive market with lower prices to consumers. Agriculture, Forestry and Fisheries sectors still exhibit high concentration and vertical integration by a few major firms with evidence of abuse of such dominant market concentration. Government incentive schemes could broaden market participation while forging stronger linkages between big corporates, receiving government support, and SMMEs across the value chain of key commodities.

**TARGET:** A condition must be added to all incentive programmes funded by the state, that 5-10% of produce procured by manufacturers and commercial farmers must come from SMMEs and smallholder producers in the sector. This would require a state registry of all farmers.

**Promoting Youth in Agriculture, Forestry and Fisheries:** It is an imperative that Agriculture, Forestry and Fisheries addresses youth unemployed with most residing in rural areas. Grant funding programmes must demonstrate commitment to addressing youth unemployment.

**TARGET:** we must dedicate a significant percentage of resources (ideally 40%) to unemployed youth graduates in Agriculture, Forestry and Fisheries.

**Promoting local food economies:** A large and increasing share of the consumer food-spend goes through supermarket chains who favour large-scale commercial producers to the exclusion of smallholder producers, and with increasing food prices. There is scope for promoting local food economies as a means of creating market efficiencies, lowering food prices paid by consumers, and stimulating local production where it is viable.

**TARGET:** All supermarkets must procure 5% of its fresh produce and processed food products locally and from smallholder farmers.

**Reducing dependence on industrial and imported inputs:** South African agriculture uses large amounts



of industrial inputs such as diesel, chemical fertilisers, and chemical pesticides. A significant portion of these inputs are priced at import parity levels by both domestic manufacturers and importers. Non-exporting farmers are thus vulnerable to international price and exchange-rate fluctuations. High input costs, high marketing unit costs and inefficiencies in input distribution are major factors why smaller farmers in particular struggle to break even. Reducing overall dependence on industrial and imported inputs and eliminating import parity pricing will address these challenges. South African Agriculture must adopt practices with less reliance on increasing input costs, and must thus begin to promote climate smart agriculture.

**TARGET:** Incentive programme for Climate Smart Agriculture / Score Card.

**Promoting import substitution and export expansion and regional integration through concerted value chain strategies:** South Africa imports large amounts of poultry, red meat, wheat and soya cake from outside the agriculture resource-rich Southern African region.

**TARGET:** An Agricultural Import Substitution Strategy and Trade Strategy, coupled with an integrated regional strategy for agriculture and agri-processing is urgently needed which aims to decrease imports of agricultural commodities and/or preferentially import from the region. There is more scope to do this in agriculture because of what other countries are doing, but again there needs to be some recognition that world trade rules limit our import substitution options.

### 3.1.1 RURAL DEVELOPMENT, LAND REFORM AND AGRARIAN TRANSFORMATION

**“THE LAND SHALL BE SHARED AMONG THOSE WHO WORK IT!”** (Freedom Charter)

In the 53rd Conference, we affirmed rural development and land reform as a priority. In giving expression to this urgency, we placed rural development as one of the five priorities in our 2014 Elections Manifesto. Progress towards conference resolutions is recorded below:

- **Redistribution of economic assets in ensuring the majority are included:** The pace of land reform is accelerating; Since 1994 7.4 million hectares have been delivered, 5.3m between 1994-2009 and 2.1m over the past 5 years;
- **The audit of state land be urgently completed:**

The state land audit was completed in July 2013;

- **Finalisation of the Spatial Planning and Land Use Bill:** Completed in August 2013: the Spatial Planning and Land Use Management Act (Act 16) 2013;
- **Replacing Willing Buyer-Willing Seller with Just and Equitable Compensation:** The Property Valuation Act (Act 17)2014 was enacted in July 2014. The Valuer General is being appointed and the modalities for establishing the Office of the Valuer General are being finalised;
- **Expediting the Promulgation of the Expropriation Act:** the Expropriation Bill is at an advanced stage of legislation development and is being led by the Department of Public Works;
- **Freehold with Limited Extent:** The Agricultural Land Holdings Policy has undergone a Regulatory Impact Assessment from which policy improvement and the legislation development approach will be considered;
- **Expedite tenure security policy:** The Extension of Security of Amendment Bill is at an advanced stage of development and is awaiting a Regulatory Impact Assessment;
- No land by foreign nationals as a principle and covert ownership to long term lease as well as establishment of a Land management Commissions are two resolutions covered in the proposed “Regulations of Land Holdings Bill” which is being taken through a Regulatory Impact Assessment; and
- **Communal Tenure with institutional land rights:** a policy has been developed a draft Bill is in place; a Socio-Economic Impact Assessment is also being undertaken. This policy was discussed extensively at the National land Tenure Summit in September 2014 and there is a firm basis to proceed from and consult on.

Our Rural Development Framework is now firmly rooted in the approach to rural development we formulated in the 53rd Conference. It saw the introduction of the agrarian transformation system, which is comprehensive and inclusive in approach and defined as rapid and fundamental change in the relations (systems and patterns of ownership and control) of land, livestock, cropping and community. The strategic pillars of land reform (land redistribution, restitution, development and land tenure) continue to form part of this comprehensive and inclusive approach to rural development and land reform.

The next phase of this approach is the Rural Economy Transformation Model (RETM), firmly aligned to Vision 2030. Our strategy of ‘agrarian transformation’ promotes labour-intensive technology, relies on decentralised patterns of local control and takes seriously the input of ordinary citizens into decision-making processes, especially in areas dominated by communal landholdings and patrimonial authority.

The re-opening of the Restitution land claims process, linked to the establishment of an improved land valuation system (office of the Valuer-General), along with the increased recapitalisation of state farms and farms purchased via land reform grants is crucial to the success of the RETM. While the slow-pace of land reform can be largely attributed to budgetary challenges and the restrictive willing-buyer-willing seller model, other models such as share equity and joint venture schemes, based on mutually acceptable terms and conditions need to be pursued. In addition, the expedition of the enactment of the Expropriation Bill and the policy on just and equitable compensation may reduce the transaction costs of land acquisition. We are on course to now further catalyse and deepen rural development through farmer-controlled Agri-Parks that are to be established in the 27 priority districts, in partnership with black farmers, agribusinesses and government. This approach would be cooperatives based and supported through, a strong rural cooperative bank and development financing facility. The coordinated support to small producers in primary production and through value chain entry will be facilitated.

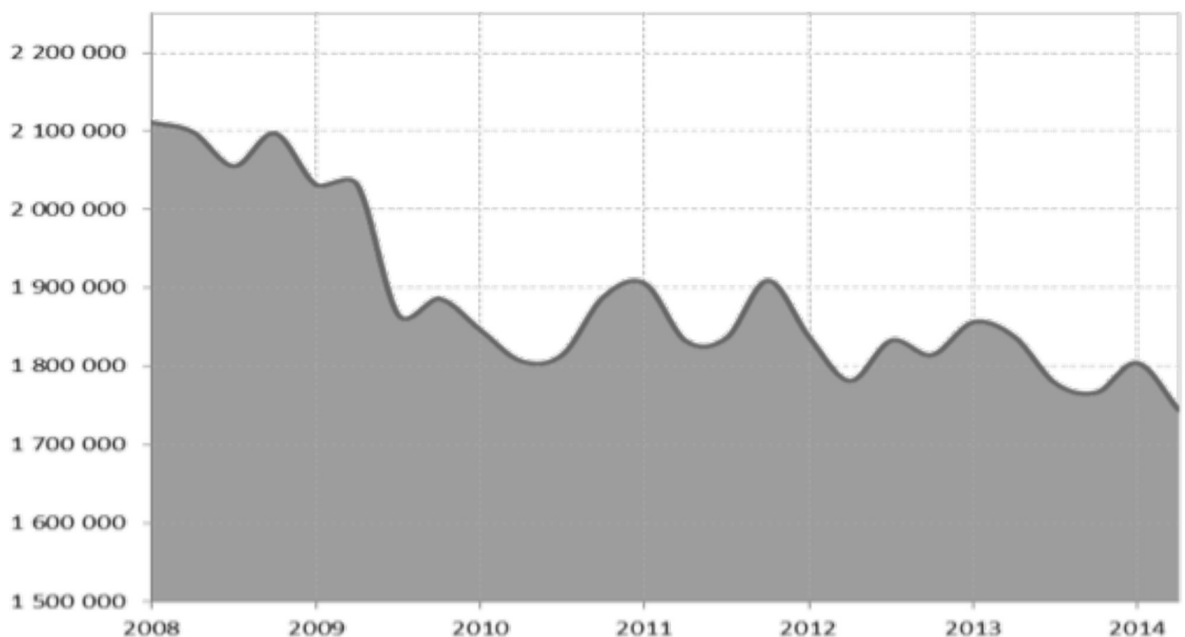
Strategic imperatives would be to ensure community and household mobilisation, engagement on various land needs and tenure security challenges; establishment of community coordination institutions; address basic human needs including basic social and economic infrastructure; district and/or regional commodity targeting; marketing support; incubation, training and technical support; facilities and logistics; extension services and coordination of public and private processing enterprises in the surrounding areas. These initiatives, stakeholder mobilisation and framed support to small enterprise development backed by sound cooperation amongst the different spheres of government will be the basis to attract added investment to rural areas, creating sustainable employment through the maintenance of rural infrastructure, monitoring of the environmental footprint of agricultural activity, maintenance of a national irrigation scheme, establishment of co-operative centres and farmers markets, where rural products can be marketed, sold and value realised.

### 3.2 MINING AND MINERALS

*“THE MINERAL WEALTH BENEATH THE SOIL ...SHALL BE TRANSFERRED TO THE OWNERSHIP OF THE PEOPLE AS A WHOLE”.*(Freedom Charter)

In line with our 53rd conference resolutions, we need to elaborate concrete forms in which the state should maintain a strategic, interventionist role in key sectors, to ensure that all our natural resources are exploited to effectively maximise the growth and employment

**Figure 4:**  
Number of employees in the agricultural sector has fallen by 20% between 2008 and 2014



Source: Quarterly Labour Force Survey (QLFS), 2nd Quarter 2014

potential embedded in such assets, and not purely for profit. In this regard we subscribe to the aims of the AU "Africa Mining Vision" (AMV) and the Country Mining Vision (CMV) Guidelines.:

*"The ANC's policy as per the 53rd conference resolution is based on the following elements:*

- **Minerals for manufacturing:** Steel (iron ore), polymers (coal or oil/gas), base metals (copper, zinc, nickel), Platinum group metals, chromium, vanadium, manganese, alumina-silicates.
- **Minerals for energy:** coal, uranium (also limestone for washing emissions), natural gas, including shale gas and coal-bed methane gas.
- **Minerals for agriculture:** NPK – nitrogen (gas), phosphates, potassium, conditioners (sulphur, limestone).
- **Minerals for Infrastructure:** Steel (iron ore) cement (limestone, gypsum), copper.

*State intervention with a focus on beneficiation for industrialisation is urgently required. Instruments are required to support beneficiation and competitive pricing of these strategic resources include the use of targeted management of exports of minerals. In addition, SA's share of some resources offers possible producer power which could be used to facilitate backward and forward mineral economic linkages."*

### 3.2.1 Downstream beneficiation

Government has completed downstream mineral value chain strategies on ferrous minerals (iron, manganese and chromium), the PGMs (platinum & palladium), polymers (from coal or gas) and titanium. These strategies have been incorporated into the 2014/5 IPAP. The key areas for intervention include:

- The MPRDA amendment bill to include mineral feedstock pricing conditions on the strategic mineral feedstocks, such as steel, polymers, copper, coal/gas, cement and NPK fertilisers, into key sectors of the economy, identified by the Mangaung Conference Economic Transformation Resolution (MCETR) namely, manufacturing, infrastructure, energy and agriculture. "In addition, SA's share of some resources offers possible producer power which could be used to facilitate backward and forward mineral economic linkages" (MCETR). The rights of the state on marketing such minerals to facilitate downstream industries need to be incorporated into the MPRDA amendments.
- The MPRDA amendment bill must also incorporate targets on all mineral rights for local

content (and BB-BEE purchases), beneficiation, local skills formation spend and local technology development (RDI) spend in order to ensure that the depletion of the people's finite natural resources catalyses the maximum amount of national growth, development and job creation;

- A Resource Rent Tax (RRT) to "capture an equitable share of mineral resource rents" (MCETR) needs to be introduced both to strengthen the fiscus and to be used as an up- and downstream value addition incentive (through RRT- local content and beneficiation offsets). Treasury has tasked the Davis Tax Committee with assessing a RRT.
- Mineral Export Tax on strategic minerals to enhance local value addition. The state is engaging with the Davis Tax Committee on this issue, but such a strategy is substantially compromised by the recent Trade, Development and Cooperation Agreement (TDCA) with the EU which exempts or dilutes export taxes to the EU for 12 years.
- State Tariffs to favour value addition: This is under consideration by TNPA (port tariffs), but needs to be expanded to rail (Transnet), road (SANRAL), energy (Eskom) and finance (IDC). Progress on this is slow and requires an inter-ministerial strategy (DTI, EDD, DMR, DPE, NDOT).

### 3.2.2 Upstream Beneficiation (backward linkages)

The NDP directs that "more attention will be devoted to stimulating backward linkages or supplier industries (such as capital equipment, chemicals, engineering services), especially as demand is certain, there is an opportunity for specialised product development, and the product complement is diverse. They are also more labour absorbing than typical downstream projects. Such products have the potential for servicing mining projects globally" (NDP, 2011, p. 125).

Accordingly, the MPRDA Amendment Bill should cater for a minimum local content procurement spend, a minimum local STEM skills development spend and a minimum local RDI spend. The DTI is engaging with the DMR on this.

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In respect to our adopted policy to "expand investment in research and development that contributes towards innovation that supports beneficiation" (MCR 2012), the DTI is engaging with both the DTI and the DST to

rebuild national mining technology development (RDI) capabilities, since the demise of COMRO/Miningtek, to support the growth of the upstream minerals sector.

### 3.2.3 Strategic Minerals

The MCETR identifies key feedstocks into manufacturing, infrastructure, energy and agriculture as being “strategic” (steel, polymers, copper, cement, coal/gas, NPK, et al) and requiring state intervention on domestic pricing. The MCETR also identifies as strategic minerals that offer “producer power which could be used to facilitate backward and forward mineral economic linkages” (MCETR 2012). The key interventions in this regard include:

- The MPRDA amendment bill to include a method for designating strategic mineral feedstocks and for their domestic developmental pricing.
- The MPRDA amendment bill to include state control over the marketing of select minerals to realise potential producer power to enhance their economic linkages in SA.
- The MPRDA amendment bill to include the public tender of all known unencumbered mineral assets, against the fulfilment of the state’s developmental goals (developmental pricing, local content, beneficiation, transformation, STEM skilling, technology development, et al)

### 3.2.4 State Mining Company (SMC)

The state has established a nascent SMC (African Exploration Mining and Finance Corporation – AEMFC) under CEF to “capture a share of mineral resource rents and equity” and support “vertically integrated value chains” (MCETR 2012). However, most of the state mineral holdings are held by the IDC. Key interventions in this regard include:

- Consolidation of the state’s mineral holdings. The Department of Minerals is considering fulfilling this ANC policy commitment by drafting and enacting a State Mining Company Act. Such a process may be the way to go in the long term, but it will take considerable time because, if such an act is to be truly effective, it will inevitably be heavily contested by domestic vested interests (including private black mining capitalists) and global mining companies. Therefore there needs to be some interim measures which provide the foundation of support for state mining companies. The most immediate opportunity is in the hands of policymakers in the impending passing of the MPRDA bill. The task team should prioritise appropriate supportive clauses which

advantage state mining above other mining interests and which are to be included in the current amendments. Failure to do this will result in delaying any effective fulfilment of ANC policy for at least 2 more years.

- The MPRDA amendment bill to cater the reservation of select strategic mineral properties for development by the SMC to supply downstream industries at developmental prices. This is still to be effected.

### Social and Labour Plans

The recent disruptions in the mining sector and the deeply disturbing Marikana incident have underlined the importance of the corporate social and labour obligations. “Government should urgently conduct a comprehensive review of whether mining companies are meeting their obligations regarding social and labour plans, including those stipulated by the Mining Charter and MPRDA” (MCETR 2012).

### Reviewal of the MPRDA Bill

The MPRDA Bill has been sent back because it did not pass constitutional muster and it was therefore required by the constitution to refer it back to the National Assembly for reconsideration.

The minerals and petroleum industries have uneven levels of maturity in South Africa. Mining is a mature industry in South Africa and the country has been producing and selling minerals since 1871. In contrast, commercial quantities of oil and gas were only discovered in the 1970/80s and commercially produced in the 1990s. It behoves that the separation of the bill to cater for mineral resources, on one hand, oil and gas on the other hand be expedited as part of the reviewal of the bill.

### 3.2.5 Metals/Commodities Exchange Mechanism

Establishment of a Metals/Commodities Exchange Mechanism should be explored given that South Africa In its favour South Africa has a legal infrastructure that can support an exchange, well established and functioning credit systems, good financial regulation, sufficient financial resources and banking skills and, in the Rand Refinery, a world-class gold depository.

There are two distinct benefits from having a local futures exchange viz.:

- Improved price discovery for local market;
- A better correlation between the local cash market and the price of exchange derivatives, which could assist accurate revenue collection (SARS).

Further benefits include the enhancement of the host country's financial infrastructure, better standards of financial regulation, knock-on benefits for the economy from both of these, a direct economic benefit from the exchange providing employment and investment, and, finally, prestige for the host country and city.

The prognosis for a South African commodity futures exchange has prospects of improving only once a cash or physical market for the commodities has evolved locally. While these commodities are exported to the exclusion of the local market, as is currently the case, a physical or cash market will have enough difficulty establishing itself let alone providing the grounding for the evolution of a viable futures market.

**3.3 OIL AND GAS**

Oil and gas resources are emerging as another potential game changer in South Africa. It is critical that the movement understands the political-economy of the entire oil and gas industry, to ensure an appropriate political response is provided to shape its development in the interest of our people just as is aptly articulated in Norway's "10 Oil Commandments" policy.

Acceleration of oil and gas exploration including shale gas exploration and coal-bed methane (CBM) can only be successful through a comprehensive approach the upstream sector in the oil and gas sector.

- Focus on optimal development of the oil and gas regulatory framework (including the free carry) to facilitate development, up- and downstream

beneficiation particularly on offshore have to be attended as a matter of urgency.

- With regards to shale gas, over and above enabling supply of energy, there is potential of further developing petro-chemical industries, enabling industrial expansion and also ensure competitive supply of chemical feedstock for which currently Sasol is a dominant monopoly.
- We need to develop an enabling local content policy for the sector (upstream beneficiation), to which we will integrate other transformational industrialisation initiatives such as the development of Black industrialists. The DTI's formulation of a Resources Capital Goods Development Plan (RCGDP), should optimise synergies with the upstream oil & gas sector;
- We also need to develop an enabling downstream beneficiation policy for the sector that ensures that strategic products such as fertilisers, polymers and energy are supplied to our domestic industries at developmental prices;
- Strong and public focused support on state-owned entities and companies such as PetroSA (particularly), Central Energy Fund, SANEDI, Strategic Fuel Funds whilst drawing lessons on successful models and experiences from other countries is essential, as they should form the basis of the States participation in the sector. We should draw lessons from the weaknesses in the mining industry where the interests being served are for foreign owners. It should be noted that we have borrowed, with minor tweaking, a structure

**Figure 5:**  
**Volume of Mining Production:**  
*Since 2009, the production index for mining has not recovered to the levels seen in 2005*



Source: Mining: Production and sales, August 2014

and focus on the energy-related SOC's, designed for objectives of an isolated South Africa during apartheid that are different to the developmental and industrial objectives of a South Africa with the international relations of today.

- In this instance, we should review of the organisation, focus and approach of the oil & gas-related SOC's. This review to take account of the need for a strong energy group that will take responsibility for the State's participation in upstream oil & gas (National Oil Company activities), pipelines for gas whether from shale gas developments or from offshore fields, catalyst & partner for petro-chemical developments, security of supply including strategic storage and participation in renewable energy. Our recommendations on Mining & Minerals (above) should be incorporated into our Oil & Gas policies, where appropriate.

It is intended that all the above issues will be addressed by revising all legislative instruments related to the oil and gas sector and incorporating these into a stand-alone Oil and Gas Act. This sector is currently regulated through the MPRDA, which deals with both onshore hard rock mining as well as onshore and offshore oil and gas.

Considering the time that it will take to enact new legislation, there is a need for clarity on how the oil and gas sector will be regulated in the interim.

### **3.4 TOURISM**

Another sector which holds great potential for job creation, especially in rural areas, is tourism. However, barriers to entry into the value-chains of the sector that are faced by SMME's, Black-owned enterprises, particularly the youth and co-operatives need attention. We need to draw lessons on how to improve the integration of Black people, women, the youth, SMME's and co-operatives into the tourism value-chain.

Advancing transformation in the tourism sector is paramount. The National Department of Tourism must continue to invest in skill training and entrepreneurship development, support the development of catalytic infrastructure in communities (including through its EPWP projects and incentives programme), and further leverage the sector's BBBEE codes of good practice.

In 2012, the tourism sector represented 3% of our GDP and over 617 000 jobs. In addition, the tourism sector

has exceptionally strong linkages to the rest of the economy, for example food and beverage production, financial services, printing and publishing, security services, and many others. If we add up all the indirect impacts, tourism generated 9.7% of South Africa's GDP in 2013 – and supports more than 1.4 million jobs in the country.

There is also potential to unlock greater value by investing more in nurturing a culture of domestic tourism. By increasing government investment in tourism marketing, we could create meaningful new job opportunities and economic growth. Tourism represents a labour-intensive sector with a supply chain that cascades deep into the broader economy, and the multiplier for its contribution to GDP and job creation outstrips that of most other economic sectors.

### **3.5 TECHNOLOGY AND RESEARCH, DEVELOPMENT AND INNOVATION (RDI)**

Building an economy requires quality and accessible research development and innovation (RDI) and persistent technological advancement, as well as appropriate support institutions. RDI has the potential to enable the economy to leapfrog over certain development hurdles in line with the spirit of Operation Phakisa.

In line with our historical resolutions, there is a need for assertiveness to ensure that government attains the target RDI expenditure of 1.5% of GDP. This requires better systems for allocating public funds for RDI. That includes a realistic assessment of which R&D activities are likely to produce economic benefits, rather than expending resources on increasing all possible categories of 'research'. Focusing on a carefully selected high-impact areas that align with our industrialisation, beneficiation and modernisation policies, strategies and programmes. The lease of all state assets (e.g. minerals, EM spectrum, et al) should stipulate a minimum domestic annual RDI spend of at least 3% of value added. Likewise all major state procurement contracts should seek to strengthen our national RDI system.

Since 2009 the following have been done to accelerate RDI:

- Science, technology and innovation (STI) have been included and identified as one of important contributors to socioeconomic development by the National Development Plan (NDP), New Growth Path (NGP), Industrial Policy Action Plan (IPAP);

- Identified new emerging industries led by RDI through Emerging Industrial Action Plan (EIAP). In this regard, progress is reported through government's Outcome 4.
- Initiated technology localisation programme aimed at supporting industries in order to strengthen their technology capabilities, to find contracts from competitive supply demand programme (CSDP) and SOCs as well as export new products.
- Initiated sector innovation fund for RDI support to existing industries.
- There exist tax incentives for R&D though with limited success to date.
- However, although we have made progress, much more needs to be done, particularly in ensuring that all of our RDI initiatives are in sync with our economic development strategies and programmes.

South Africa needs to build new centres of excellence in RDI and enhance existing ones with the objective of producing original and potentially ground-breaking research and facilitating a growing community of scientists, engineers, technologists and industry experts, contributing to our Economic Transformation goals. Such development in RDI must be synergised with priority sectors of the economy.

The state should also upscale its support for RDI, and build partnerships with firms which have significant capacity to conduct in-house research and development of new technologies. This will require a review of existing institutions that make up the national innovation system, an assessment of the extent to which they are complementary, and an evaluation of their contribution towards supporting our development strategies under the NDP, the NGP and the IPAP.

All state-funded RDI projects must be interrogated to ensure that they fully align with and support our Economic Transformation policies and strategies. We must also identify critical gaps in our system of innovation where our economic programmes and goals do not have the requisite RDI components for success, such as the collapse of RDI in the crucial minerals upstream cluster (see above), and take urgent corrective action.

- Initiated technology localisation programme aimed at supporting industries in order to strengthen their technology capabilities, to find contracts from competitive supply demand

programme (CSDP) and SOCs as well as export new products.

- Initiated sector innovation fund for RDI support to existing industries.
- However, although we have made progress, much more needs to be done, particularly in ensuring that all of our RDI initiatives are in sync with our economic development strategies and programmes, especially IPAP.

### **3.6 SMME'S AND COOPERATIVES**

We must continue to encourage the creation of new businesses, cooperatives and the expansion of small business, by reducing the costs of compliance with government regulations, making it easier for companies to 'do business' with government, making sure that government pays its invoices on time and strengthening the role of our development finance institutions.

Small and medium enterprises and co-operatives have a potential to create more job opportunities, particularly for the youth. The best way of taking investment opportunities to poor communities is by supporting SMME's and Cooperatives in those communities. Once these SMME's and cooperatives thrive, larger firms, such as banks, begin to open up services and economic activity improves. The strategy should be to promote SMME's and Cooperatives in poor communities.

Greater empowerment and focused support to small business development and Cooperatives. In line with our commitment to place the economy at the centre stage and the deliberate decision to focus on small business and Cooperatives, government must unlock economic opportunities that will ensure inclusive economic growth and the creation of sustainable employment, particularly for women, youth and people with people with disabilities.

Our approach includes measures to reduce monopoly pricing and prevent collusion by dominant players in key product markets. Emphasis must be placed on easing regulatory burdens, support mechanisms which include; strengthening partnerships with stakeholders; access to finance, improving training and capacity building programmes, market access, and simplifying business registration processes. State procurement budgets will be leveraged to develop competitive local suppliers to ensure localisation.

A range of options may be considered, including non-

procurement related policy tools that affect SMME's and Cooperatives in more direct and transparent ways, to promote sustained growth and competitiveness. These include, for example, increased access to credit markets, input subsidies and/or technical and marketing support for finished products.

A big opportunity to make co-operatives work is for the state to adapt the procurement guidelines. The Preferential Procurement Policy Framework Policy (PPPFA) must be used and adapted to leverage the existing and future governmental spending, and support the development of local industries. Developing alternative value-chains that link co-operatives to school nutrition programme, hospitals, SOE's and agencies should be amongst our flagship projects for empowering SMME's and Cooperatives.

- Localisation strategy in procurement which includes review of PFMA, MFMA and laws governing leasing of state rights/assets, capacitation of local suppliers in particular through training by SETA's for example,.
- Localise SMME's and Cooperatives development priorities to municipalities and implement through LED programmes.
- Government and organised business to address and formulate role and status of foreign business in local business formations;
- Promotion of alternative finance and banking practices such as cooperative banks.

The ANC should mobilise for vibrant and dynamic cooperative movement that an integral part of the movement of radical economic transformation including demystification of distorted understanding of Cooperatives.

Therefore we need to do the following:

1. Issuing of Practice Notes by the National Treasury for effective implementation of set- asides across all spheres of government.
2. NEC needs to endorse 30 percent of public sector procurement from SMMEs and co-operatives. Consideration of a purchasing Act in the medium term.
3. Support more financial resources to be earmarked to develop infrastructure in neglected areas for the benefit of community enterprises.
4. Develop a policy to designate informal businesses for local enterprises. ( retail, saloons and services,)

5. Resuscitate and develop township and rural economies.

### 3.7 OCEAN ECONOMY

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

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.

The ANC will support and monitor the implementation of the initiatives within the four focus areas of the ocean economy. We need to urgently develop 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.

We need to provide support and direction in the development of ocean legislation, including protection of ocean resources and marine spatial planning in order to designate special economic use zones.

### 3.8 MONOPOLIES AND COMPETITION POLICY

The South African economy continues to be dominated by monopolies and oligopolies in strategic value-chains. Monopoly and cartel pricing directly undermines the growth of the economy by increasing prices of key products for downstream industry and those that are essential for low income consumers. In addition, tight knit insiders raise barriers to entry for new participants including black owned and managed firms, and lobby to protect their position through rules and regulations that favour incumbents. These have served to stifle the development of downstream, labour-intensive industries, small and medium-sized enterprises, cooperatives and Black-owned firms.

The genesis of the corruption that has become so endemic in our society in both public and private sectors presents itself in many forms including anti-competitive behaviour and collusion. Our people continue to suffer under the burden of high prices



and our economy fails to adequately ensure equitable and broad based access to economic opportunities as a result of this anti-competitive and unscrupulous behaviour.

The competition authorities have identified such conduct but have not been equipped with enough powers to remedy such behaviour. Stronger steps need to be taken to address anti-competitive behaviour through competition enforcement, regulation and complementary policy measures. Regulators need to work much more closely with the competition authorities and consideration should be given to merging these institutions to increase their capacity as well as their powers.

In addition, other policy levers must be applied simultaneously to address excessive pricing by oligopolies supplying key industrial inputs. (See sections 3.2 and 4.)

The ANC must mobilise all progressive and patriotic businesspersons to disassociate themselves from acts of anti-competitive behaviour, collusion and corruption in pursuit of inclusive economic growth that benefits South Africans as a whole.

## **4. PROCUREMENT AND STATE CONCESSIONS/LEASES**

*"Tenders must be issued in an open and transparent manner that does not compromise our objectives"*  
(Resolution from the 53rd Conference)

Government should intensify the use of public procurement and state concessions as a policy tool for economic development. In this regard, the state needs to incorporate procurement (local content) targets/conditions, skills formation targets, BBBEE, SMME and Co-operatives targets/preferences, technology development targets and value addition targets into all public procurement and leases (concessions) of public assets or rights such as: mineral rights, fishing rights, electro-magnetic (EM) spectrum (ICT) rights, state land rights, water rights, national conservancies and heritage sites (tourism leases), energy generation rights (IPPs), air (aviation) rights, maritime rights, exclusive marine economic zones, etc.

In achieving open and transparent tendering, South Africa should lead by subscribing to domestic and multi-lateral initiatives that enhance transparency, such as the Extractive Industries Transparency Initiative (EITI) and the Kimberly Process Certification (KPC). (See mineral rights section 3.2 above and IPAP section

*for progress report on local procurement designation of sectors and products).*

## **5. INFRASTRUCTURE SECTORS**

### **5.1 ENERGY**

South Africa is confronted by a growing economy that is in need of ever more energy inputs. The need for investment in additional capacity to provide appropriate energy resources compels the exploration of various ways to secure the security of supply.

The ANC is committed to maximising access to energy for all, especially the rural poor as a key part of its fight against poverty. The ETC notes the following policy interventions being implemented and outlines areas which require greater emphasis and action:

#### **5.1.1 ELECTRICITY GENERATION**

- The 2013 Alliance Summit noted that the electricity generation and transmission programme was the largest single component of the infrastructure build and maintenance programme which accounted for about 175 000 jobs.
- We should acknowledge the success of the competitive bidding system under the Renewable Energy Independent Power Producer Procurement Programme, which has resulted in commitments by the private sector to investment renewable electricity projects of estimated value of R120 billion and considerable associated job creation through local content conditions, deepening linkages and integration with the Green economy and Green industries.
- Similarly, the completion of the various private-sector projects which have been bid should also be closely tracked to ensure timeous completion.
- The competitive bidding system should immediately be extended to cover medium-term base load requirements, as outlined in the IRP2010 and in the draft IRP2014
- This success should be instructive and supportive of ANC policy commitments towards mineral resource rights (see 53rd Conference Resolutions and the Minerals section 3.2 above). Revenues from competitive bidding for South Africa's known mineral resources could be the "game changer" in addressing the fiscal constraints to extending our counter-cyclical macro-economic policy into the future.

- The integrity of the evolving proactive Energy planning system should be improved through the finalisation of the 2014 Integrated Resource Plan (IRP2014) and the tabling of the Integrated Energy Plan (IEP), both of which should be subjected to more frequent and transparent reviews, given the rapidly shifting relative energy technology cost structures.
- Regional options for the procurement of clean and low-cost energy need to be assessed and developed, particularly the enormous hydropower and gas potential in other SADC states. In this regard mutually beneficial and equitable initiatives, such as the huge Inge hydropower project (DRC) and the PIC supported natural gas pipeline (Mozambique), need to be promoted.
- Government must commit to a full, transparent and thorough cost benefit analysis of nuclear power as part of the procurement process, and clarify the status of the update to the Integrated Resource Plan. Government must also announce publicly that nuclear energy can only be procured in line with the legal prescripts and after a thoroughgoing affordability assessment. However support for NECSA especially Pelindaba Enterprises, NNR and National Radioactive Waste Disposal Institute has to be improved as well.
- Urgent attention should be paid to strengthening Eskom's depleted executive management leadership.

### 5.1.2 ELECTRICITY TRANSMISSION

- While major investments are being made in strengthening the transmission infrastructure, recent evidence suggests that these investments need to be more carefully planned and accelerated in order to accommodate the significant number of IPP power generation projects already committed to, with window 4 projects under threat for lack of transmission infrastructure.
- This matter will become more critical with the advent of larger base-load plants.

### 5.1.3 ELECTRICITY DISTRIBUTION

- Insufficient progress has been made in implementing Cabinet's December 2012 Approach to Distribution Asset Management (ADAM) programme. In 2014, the Department of Performance Monitoring and Evaluation (DPME) reported that the Department of Energy was not likely to achieve the target to develop a

funding and implementation plan and reduce the electricity distribution infrastructure maintenance backlogs of R27.4bn to R15bn by 2014. The recent MTBPS is silent on any fiscal allocation for distribution infrastructure rehabilitation, which was also not budgeted for in the DoE's last MTEF budget between 2014 and 2017.

- Municipalities distribute electricity to a large number of small and medium industrial firms who supply the domestic and export markets. Municipalities are dependent on rents from electricity sales to cover overall annual expenditure and this forces them to effectively milk electricity users, providing poor supply reliability (through not maintaining the distribution infrastructure) and implementing exorbitant mark-ups which are used for other purposes, resulting in municipal electricity costs being significantly above those charged by Eskom to competing firms in Eskom supplied industrial areas. While large industrial user interests are catered for through the lobbying power of the Energy-Intensive User Group (EIUG), smaller firms are voiceless and vulnerable.
- An urgent sustainable resolution of this issue is required, which must involve National Treasury and its approach towards the use of electricity rents in local government financing, COGTA and the DTI. Otherwise it is likely that electricity distribution infrastructure collapse will be the next energy crisis that our country will face and municipal practices will accelerate de-industrialisation in municipal-supplied areas.

### 5.1.4 HYDROCARBON FUELS – REVIEW OF THE REGULATORY SYSTEM

Although the 53rd Conference resolutions are silent on liquid fuel issues, there are two urgent reasons for government to implement a review of the regulatory system that governs the hydrocarbon liquid and gas fuel value chain. This system effectively promotes every stage of the fuel value chain, from crude oil imports to retail service stations and has provided stability, predictability and certainty for all of the firms across the value chain. However, the system is now seemingly being abused by oligopolistic interests.

As is evident from the response of transnational-owned refining companies to fuel specification improvements that have long been part of our Energy Policy, the generous profits afforded by the regulated system have been channelled towards expatriated dividends rather than towards provisions for anticipated policy changes. These firms now seek

to have liquid fuel consumers pay for the necessary refinery investments to meet upgraded Euro IV fuel specifications. Consequently, the Department of Energy appears to have deferred the introduction of improved fuel specifications to 2020. In the absence of any fuel regulation review, it is unlikely that the refining companies will behave differently in the run up to 2020.

The second reason for a review of fuel regulation is that the system was originally intended under apartheid to accommodate and support the Sasol oil-from-coal plants. The system continues to support the now privatised Sasol with some suggestions that it is more favourably oriented towards Sasol compared to crude oil refiners. As evidenced from the recent fine imposed by the Competition Tribunal on Sasol for abusing its dominant position in supplying polymers to South Africa's labour-intensive downstream chemical and plastics industry, Sasol has effectively leveraged the guaranteed returns provided by the liquid fuel regulatory system to boost its profits. Furthermore, it has boosted profits on its chemicals businesses by practicing import-parity pricing and effectively undermined the competitiveness (and job-creation potential) downstream plastics industries. Given Sasol's recently stated corporate objective of fleeing South Africa by investing the bulk of its returns in the USA over the next decade, a very clear and sharp policy response is required which of necessity must incorporate liquid fuel regulation.

The development of a national hydrocarbons pipelines grid needs to be pursued and the efficacy of permitting privately owned pipelines needs to be reassessed to ensure that they are not used to escalate prices.

#### **5.1.5 LINKING NEW GREENFIELD REFINING INVESTMENT WITH PIECEMEAL INDIVIDUAL REFINERY UPGRADES**

Existing refineries are increasingly encroached by dense human settlements, giving rise to environmental challenges. The investments necessary for each of these facilities to profitably achieve Euro IV fuel specifications would be more sustainably applied to a larger new greenfield refinery that is jointly owned by existing refiners, new entrants to the SACU market and by the National oil company. Such a refinery must be located in a more remote part of the country, such as at the site proposed for the Mthombo project. Rather than expanding the existing refineries, these should be refocused and downsized towards more specialised products and integrated with product streams from the larger greenfield refinery. This concept should be

promoted as part of the proposed review of the fuel regulatory system.

#### **5.1.6 ENERGY EFFICIENCY AND CONSERVATION**

The various initiatives that are underway should be intensified. According to the **International Energy Agency**, improved energy efficiency in **buildings**, industrial processes and transportation could reduce the world's energy needs in 2050 by one third, and help control global emissions of greenhouse gases.

### **5.2 TRANSPORT**

Transport systems are closely related to socio-economic changes. The mobility of people and freight and levels of territorial accessibility are at the core of this relationship. Economic opportunities are likely to arise where transportation infrastructures are able to answer mobility needs and ensure access to markets and resources.

The ANC notes the following policy interventions being implemented in the freight logistics and public transport sectors and we outline areas which require greater emphasis and action:

#### **5.2.1 FREIGHT RAIL**

- We acknowledge that there is a massive freight rail investment programme being implemented by Transnet. This has been made possible through the strengthening of Transnet's balance sheet through a number of interventions including the sale of major assets and the hiving off of loss-making public transport assets to create PRASA (*see below*).
- Transnet's initial investment focus has been on growing its capacity to support primary commodity exports - iron ore, coal and manganese in particular
- While container rail freight is also targeted, recent statistics do not show any significant improvement in shifting container freight from road to rail - Perhaps this process needs more time to blossom.
- However there is some concern that Transnet Freight Rail (TFR) are taking decisions on freight tariffs (unregulated) and on investment priorities that are mainly in the interest of Transnet's balance sheet. These are not necessarily in the interest of the national economy, particularly in respect to a tariff structure that appears to use rents from transporting high value manufactured goods to subsidise commodity transport logistics.

- We note that transport policy calls for independent regulation and that there is a plan to put in place a Transport regulator, covering road and rail freight.
- However, there is concern that this process may take several years and that it may be in the national interest to urgently put in place an interim freight rail regulator. This view draws on the recent impact that the recently created Port Regulator has had when it imposed an immediate tariff decision which prioritises manufactured goods exports over raw commodity exports.

### 5.2.2 DISUSED BRANCH LINES:

This has been a long-running issue since at least the National Freight Logistics Strategy was drafted in 2004. Does need to be resolved asap.

- We note that transport policy calls for the concessioning of disused branch lines owned by Transnet. These were closed as part of the process of strengthening Transnet's balance sheet.
- We also note that little progress was made until 2012, when the DPE minister gave Transnet a mandate to enter into 3 concession agreements
- Since then, Transnet seems to have decided not to concession, but to rather fund the revitalisation of these lines using internally generated revenues (cross-subsidies from other Transnet activities)
- Given Transnet's funding constraints, it is clear that the revitalisation of disused lines will obviously proceed more slowly and, while this may be optimal for Transnet's balance sheet, it may not be the best option for radical and rapid economic transformation, particularly for those disused lines that might service localised rural agricultural and other economic activities.
- Consequently, the ANC supports a more urgent process which maps out the plan for revitalising all disused lines either by Transnet and/or through some competitive concessioning process.

### 5.2.3 PORTS

- We acknowledge the massive investment programme underway to upgrade South Africa's ports.
- A key challenge is to improve port operational efficiencies.
- We also support the relatively young Port Regulator in its efforts to ensure that port users are not charged tariffs which are unrelated to port infrastructure expenditure.

### 5.2.4 COMMUTER TRANSPORT

Transport systems are closely related to socio-economic changes. The mobility of people and freight and levels of territorial accessibility are at the core of this relationship. Economic opportunities are likely to arise where transportation infrastructures are able to answer mobility needs and ensure access to markets and resources.

- The ETC notes the considerable progress made towards implementing the transport policy goal of seamless inter-modal public transport (commuter rail, bus, taxi). Bus Rapid Transport systems are being rolled out in 12 municipalities/metros, with associated incorporation of taxi feeder operations.
- Currently, one of the major challenges is for municipalities to renegotiate bus subsidy contracts in a manner that integrates the bus service being procured, together with minibus taxi and BRT operations within the respective municipal public transport plan – The DoT is supporting this process which should be rapidly accelerated.
- We also note the consolidation of municipal commuter rail functions under PRASA and the recapitalisation of PRASA's metropolitan commuter rail services, integrally linked to localisation and job creation
- The current challenge is to sustain the existing metro commuter rail capital expenditure with an emerging challenge to finance the long-distance (Shosholoz Meyl) passenger rail function that has also been handed to PRASA.

## 5.3 INFORMATION AND COMMUNICATIONS TECHNOLOGY

The world has become more connected, networked, and interdependent. At the centre of this inter-connection is ICT. This sector is a key enabler of innovation and is a fundamental resource for a developing economy. It can open many avenues for growth and employment. There is a need for a comprehensive national approach to the deployment of the ICTs to modernize government, the economy and service delivery within the context of a national e-strategy and an integrated e-government policy. This approach must entail mobilizing all sectors of the South African society and in particular providing broad-based training to those segments of the population that require empowerment to connect to the new ICT environments.

The availability of high-speed broadband in rural and underserved areas will serve as an important development strategy, serving the economic interests of rural populations.

We need to:

- Ensure that all ICT licenses maximise our developmental ICT targets through competitive market based principles for the allocation of the electro-magnetic spectrum alongside strategic spectrum set- asides for socio-economic development.
- Adopt domestication of innovation: expanding the R&D capabilities of indigenous firms with clear direct support for industrialisation,
- Promote the spread of broadband connectivity through affordable and reliable models to consumers in rural areas through shared services platforms or community centres and a connected postal network.
- Develop and nurture, through government adoption, practical and large- scale ICT and in particular mobile applications, taking advantage of the widespread penetration of mobile phones.
- Aggregate the demand and use of broadband at national, provincial and local government spheres in order to offer online e-government services of all the frontline service delivery departments.
- Ensure the security of networks, data, personal information and government data bases so as to instil confidence in the new ways of delivering services.
- Lower the price to communicate consistently and empower the regulator to protect consumers and enforce competition in the delivery of ICT services.
- Consolidate and implement a comprehensive industrial strategy for end-use equipment.

The ICT Policy Review Green Paper supports the realisation of universal access to affordable and quality high-speed infrastructure and services. Whilst the focus of universal service and access programmes in the past was telephony, attention is now shifting towards the internet and broadband. The advent of broadband provision as a recent focus area for universal service requires attention to backbone as well as access networks, relevant content and the availability of affordable terminal devices.

All three spheres of government must be encouraged to use the South African Post Office to deliver services. For its survival, the postal market must continue

to expand infrastructure that will be used in the distribution network. The connected postal network that offers also online services is crucial for the survival of the Post Office. To this end, the South African Post Office must be supported to accelerate evolution and migration of traditional postal services to e-services using innovative technology platforms and electronic channels.

ICASA, as a regulator, needs to be strengthened with the necessary capacity to regulate the postal market. Strengthening ICASA as a regulator also has to address policy gaps to improve postal regulation efficiency and effectiveness in reserved and unreserved postal services. This includes courier services, courier brokers and extraterritorial offices of exchange. Extraterritorial offices of exchange refer to international mail houses sending mail either electronically or physically to entities in South Africa. Of concern are illegal operators and broader transformation issues in the sector.

Introduce policy guidelines to direct opportunities to the Post Bank as a bank of first choice of government and a primary platform for government and citizens' transactions.

The South African Postbank Act was amended, to ensure that this framework serves as a guideline to expand the range of banking services and developing the Post Bank into a bank of first choice, in particular to the rural and lower income markets as well as communities that have little or no access to commercial banking services or facilities

### 5.4 PUBLIC WORKS

Our Manifesto commitment to expand comprehensive social security is being realised through:

- Increasing access to infrastructure at a price that will not undermine job creation;
- Improving the reliability of network infrastructure;
- Ensuring the security of supply through diversity of supply in electricity, water and sanitation;
- Meeting the renewable energy targets;
- Supporting economic growth and development through investment in social infrastructure;
- 76% of EPWP work opportunities were created in rural municipalities.
- Review of the CIDB. This will address challenges faced by the construction sector and emerging contractors, with particular focus on the National Contractor Programme which aims to support

emerging contractors at lower grades of the CIDP database.

- The review of the mandate of the IDT (Independent Development Trust) and the finalisation of the IDT Business Case to establish IDT as a Government Component
- Revitalisation of small Harbours

In order to address the above matters and positively contribute to NDP outcomes towards a better future for all South Africans, the Department of Public Works has begun the process of establishing the PMTE (Property Management Trading Entity) as a Government Component. The PMTE will collaborate with various Government Departments on numerous projects to beautify schools nationwide, save water and energy on all state assets, revitalise small harbours and develop government precincts and satellite walk-in centres in inner cities and rural areas. We also aim to identify and develop black property agents and developers to effect capital improvements and market unutilised state properties (investment stock) to the private sector.

## 6. SOUTH AFRICAN REAL ESTATE

There are three issues that affect this sector. One is the concentration of ownership, leading to the problems of oligopoly. The second is demographic transformation of ownership. The third is access to finance. These point to the great divides in the racial distribution of land and property ownership, especially in the commercial and agricultural sectors as well as the property development field. Under the surface of the seemingly competitive South African property industry run fissures that a sudden jolt can tear open to reveal a crumbling unbalanced structure of ownership patterns. New strategy especially new foundations are needed to create not only a national edifice of ownership of property in South Africa but also a transformed industry.

Naturally, South African property industry is reflective of the oppressive past of the majority, in all its facets, development, management and ownership it's reflective of our past power relations biased towards the oppressor. It is thus necessary in-line with the new democratic dispensation and the ruling of the majority under the revolutionary movement lead by the ANC that such patterns get altered to reflect the new order.

Property ownership cannot be explained outside of the land ownership and access to finance, notably the

report by the department of rural development and land reform exposes the dire nature of South African land ownership patterns which are skewed towards white monopoly capital.

Over the years, we have seen a number of black-owned farmers enter into the large scale commercial sector, however, with the level of experience, capital and professional skills required to successfully operate a production farm, these numbers are not growing at the desired pace.

Further attention needs to be given to support plans for agricultural development from the handover of land through to final distribution, through preferential funding, procurement and distribution schemes. These will ensure that entry level farmers are well equipped for large scale farming and are exposed to commercial distribution. The Land Audit initiative and Land redistribution is an apposite starting point. However, additional initiatives could be:

- Release (lease) of land to black owned private business for commercial, agricultural development.
- Disposal to private black land owners (rural) for agricultural and commercial use.
- Incentivise rural development through:
  - Preferential funding for commercial development;
  - Preferential funding for agricultural development.

Due to the large amounts of funding required for major construction projects, large scale property developments in South Africa are mainly undertaken by big corporations backed by established institutions like pension funds and commercial banks. There are very few – and small – property developments which are undertaken by SMMEs and private individuals.

The National infrastructure Plan (NIP), adopted by Government in 2012, aims to transform the country's economic landscape while simultaneously creating significant numbers of new jobs, and strengthening the delivery of services.

The ANC should enhance the newly established department of small business development and expand its mandate to consider mechanisms for easing entrance for SMMEs in the property development space.

The ANC should also consider aggressive mechanisms for easing access to finance for both SMMEs and private individuals with a deliberate intention to transform

the property development industry. In addition:

1. Revision of procurement processes to prevent fraud and corruption.
2. Promote professional project management tools and skills.
3. Development and skilling of small black-owned construction companies through progressive monitoring and grading against allocated work.

There are barriers to entry for small players and thus there is a serious need for intervention from the ANC so as to transform the industry while also meeting its objectives of creating jobs and thereby meeting its contractual commitment with the people of South Africa for creation of new job opportunities and sustainability to the economic growth which has been stagnant lately.

In December 2014, the Property Sector Charter Council reported that out of 31 property management companies listed on the JSE, only 4 originate from wholly black-owned asset management companies. This statistic reveals the harsh realities of transformation in this field.

The ANC needs to introduce intervention mechanisms both from a policy perspective and to a legislative perspective to ease the barriers to entry and also improve the financing chances for new entrants into the industry.

Interventions both at policy and legislative levels need to be considered with an intention to transform the property industry both at commercial, residential and retail space. This will be consistent with the promises of the freedom charter on the transformation of the economy and change of ownership of financing means and ownership.

## **7. TRADE AND REGIONAL INTEGRATION**

Our trade strategy must integrate economic diplomacy through advancing the African Agenda, expanding regional and bilateral relations and creating opportunities for South-South Cooperation, leveraging our significant global diplomatic stature and coverage. There is immense reciprocity and symbiosis between trade and the political aspects of diplomatic relations, with latter contributing towards the strategic approach.

Our economic development is dependent on achieving equitable regional integration and the creation of

a regional economic market. The SADC market has grown substantially over the last decade and regional GGP is now over \$1 trillion.

The challenges include:

- Natural tendency of unregulated capitalist development which polarises growth in favour of larger more powerful countries, regions and vested sectoral interests.
- Poor and inefficient logistics infrastructure.
- Lack of integrated and mutually beneficial industrial, agricultural and infrastructure strategies.
- Failure to leverage public and private procurement expenditure to maximise intra-regional production and job creation.

Government should focus its engagement in SACU, SADC and in other bilateral and regional fora to address these challenges and to realise the advantages of equitable regional economic integration.

## **8. INCOME INEQUALITY**

Widening disparities in income, wealth, and opportunities have risen to the top of our concerns. We have focused on confronting inequality of opportunity, focusing on access to education and health and inequality in human capital, however much still needs to be done. Inequality of income is also a function of the distribution of economic assets and their rates of return.

Private wealth is not dislocated from the success of the economic system as a whole, the economy should not be seen as an abstract experience that distributes rewards to a few. The extent to which private wealth accumulation is viewed as not linked to socioeconomic context is problematic and poses challenges of sustainability and long-term stability.

The role of economic policy should therefore be to serve broader needs, including the need to re-distribute and empower. Thus, economic interventions should be appraised in terms of how functional they are in relation to our goals of lifting up our communities from poverty. We must place our human goals at the centre of our thinking in terms of the decisions we make daily, including our drive to deliver goods and services to our communities.

In this context, a variety of public policies have been used to improve the distribution of income and reduce inequality.

These can be grouped into:

- (i) public spending on education, health, and social services to enhance human capacity and enable everyone in society to participate in employment;
- (ii) direct income transfers that redistribute income; and
- (iii) governance and institutional reforms to level the playing field and enable everyone in society to participate in and benefit from development on an equitable basis. However, strong economic development will open more options to intervene to address these disparities.

At the centre of this subject is what leads to the better or worse use of resources and what can be done towards better utilization and sharing of resources. Here enters the role of activism which must be continually enhanced. In this regard, we must curb the proliferation of activities that condemn society to economic impotence and corruption. We must carry out this task propelled by the ideals of our role as bearers of people's liberation.

This speaks of responsibility that we have for one another as members of society, this responsibility for one another means we must challenge the notion of individualism and connect ourselves to the responsibility to society. The South African resources must promote the dignity of each South African.

## 9. CAPACITY OF THE STATE

The capacity of the state is a macroeconomic issue because it influences the behaviour of the economy as a whole. It is therefore important that we re-emphasise the need to continuously improve the capacity of the state.

Our role is to transform the orientation of public services to delivery-orientated service, to allow society a greater say in the coverage and quality of services delivered. This is central to improving the prospects of the poor. Quality of public services, in turn, depends on the quality of skills we employ.

In the 53rd Conference, the ANC resolved to make our government a more capable and effective state, with the technical and political capacity to lead development and transform the economy. This implies *"a proper balance between political leadership and a professional public service"*.

The quality of public service is one of the central elements to the "social contract" between the state

and its citizens. It contributes directly to the legitimacy of the relationship with all citizens. Patronage arrangements often affect the stability of state institutions and significantly affect the management capacity to deliver.

However, one of the key challenges of the South African Public Service is to develop and retain competent leaders, technical staff and managers. Experience has shown that during the time of political changes of government, there is normally a high level of movement that can be expected, and most senior managers have accepted this reality.

While turnover within departments is inevitable and can even be healthy, the impact of high rates of turnover is negative, cumulative, and throws off the equilibrium of delivery teams. We must confront the mantra that *"the higher you rise the more vulnerable you could be. Sometimes it happens as"* a consolidation of control and power" for new political deployees. In situations like this, departments become unfocused, and the public sector loses productivity as morale suffers. At a minimum, it costs government departments and agencies at least six months' worth of someone's compensation when managers are terminated in ways unjustifiable in law.

Government departments and agencies need to be more effectively coordinated and aligned so that we are able to achieve integrated planning and implementation of programmes. We note that a number of interim co-ordinating bodies have emerged (2010 World Cup, the 2008 National Electricity Response Team, 2013 Operation Phakisa, 2014 electricity war room, et al). However, there is still a lack of a higher level co-ordination of state capacity around economic development which needs to be addressed through a Presidential driven institutional arrangement (as per PICC) as well as sectoral co-ordination where necessary.

The strategic role of the state should be accompanied by increasing the economic planning capacity of the state, restoring its long-term economic perspective, which should provide an anchor around which private sector investment decisions should be made. This will require that we build state capacity, establishing high standards of employment in the public service, raise the levels of professionalism, discipline and a commitment to serve. The public sector must strengthen its planning capacity and project management skills.

On state-owned companies (SOEs) we need to attend as a matter of urgency the following areas:

- Board and fiduciary duties.



- Clear roles and responsibilities for boards and executives.
- We need to appoint competent board members and executives.
- Develop a clear strategy for the management for the dual role that the state-owned entities have.
- Review factors that impact on the sustainability and effectiveness of the SOEs.

### 9.1 THE LABOUR MARKET

The human being should be at the centre of all development activities. Key areas to enhance human development are employment, education, skills development and training.

Currently, 95% of the unemployed do not have tertiary education, 62% have less than secondary education, and 60% have been unemployed for more than a year. Unemployment affects young people the most; 40% of the unemployed are new entrants to the labour market, which are most likely to be young people; 72% of the unemployed are young people. Tackling the unemployment challenge is to a large degree similar to tackling youth unemployment.

Our objective is to attain full employment – with adult South Africans either employed or in meaningful self-employment. By 2030, the unemployment rate, broadly-defined, should not exceed 6%. Ideally, the majority of these should be in decent jobs characterised by a living wage, decent conditions of employment and appropriate benefits.

Achieving this objective requires a combination of interventions straddling macroeconomic policy, industrial strategy, infrastructure development, skills development as well as special measures targeting rural areas and vulnerable groups such as youth and women.

The basic approach is to ensure that the country utilises its natural resources and comparative advantages to expand its industrial base including manufacturing, and gradually improves the sophistication of its production capacity and services industries.

Most of the interventions required are outlined in the National Development Plan, including the set of programmes in the New Growth Path, the National Industrial Policy Framework and its attendant Industrial Policy Action Plans, the Infrastructure Development Plan and the National Skills Development Strategy.

Furthermore, the ANC remains committed to investigating the modalities for the introduction of a national minimum wage, as one of the key mechanisms to reduce income inequality.

**Special immediate measures to absorb the unemployed:** Mass absorption of the unemployed, especially youth and women, as an immediate task, requires a raft of interventions. These are contained in the NEDLAC agreement, the NDP and the NYDA's programmes. Among others, these are:

- job and business set-asides for youth and women;
- driver training for school leavers, and transport subsidies linked to job search;
- strengthening the placement sector to prepare Matrics and place them in jobs;
- incentives to reduce the initial cost of hiring new entrants;
- expanding learnerships, apprenticeships as well as vocational and further education and training;
- intensification and further expansion of access to public and community works programmes and other such initiatives, with appropriate emphasis on the production of community assets and services.

### 10. CONCLUSION

The overview of economic programmes and policies outlined in this report gives a clear indication of the extent and vibrancy of the interventions of the ANC-led government, informed by its vision of building a democratic developmental state in South Africa.

Much is being done, yet much remains to be done, and much can be done better, smarter and more effectively. It is through a constant review of our various programmes and our interventions that the ANC will most effectively calibrate its economic programme and will achieve its goal of radical economic transformation, a transformation that will have the effect of improving the lives of ordinary South Africans. The upcoming organisational discussions in the build up to the NGC, and at the NGC meeting itself, offer the ANC an important opportunity for reflection and renewal.

## DISCUSSION QUESTIONS

- *In what way should progress from the Mangaung Conference inspire the role of ANC activists in radical economic transformation? How do we also inspire resilience to lack of progress?*
- *How can we accelerate economic development as people who are committed to changing the material lives of South Africans?*
- *What behaviour should the public service personnel demonstrate in the discharge of their duties? How should they be resocialised to effectively drive radical economic transformation?*
- *Why has private sector investment failed to rise to the call despite the programme of investment in public infrastructure which aimed at stimulating private sector investment? What should be done to stimulate private sector investment?*
- *What are the risks associated with rising government debt? Is it important to take steps to reduce government debt, even if this means controlling spending (including on public servant wages) and raising some taxes?*
- *How best can inequality of wealth and income be reduced? What strategies should be adopted to achieve the objectives of reduced wealth and income inequality?*
- *How can we best leverage the people's assets (land, minerals, water, fisheries, EM? spectrum, etc.) to best catalyse economic development and transformation?*
- *What steps can be taken to improve service delivery and improve the quality of public services, such as, education, health care and municipal services?*
- *How best can small business and cooperatives be promoted intensively, and a culture of entrepreneurship be encouraged, in order to see an increased number of successful small enterprises and concomitant employment creation? What role and impact can mass economic participation have in this regard?*
- *What can be done to boost local manufacturing and raise employment levels in local manufacturing? How can we encourage the development of black-owned industrial firms?*
- *Why mining is output declining? What can be done to increase mining investment, mining output, economic linkages and inter-generational equity?*
- *What can be done to make a greater success of land reform? What policies are needed to see the emergence of a large number of successful black farmers and black-owned agro-industry?*
- *What can be done to build and strengthen South Africa's tourism, property, ICT and defence industries in the context of radical economic transformation?*
- *What are the main objectives of our programme of radical economic transformation? How do we measure the success of our programmes? Do we prioritise 'instruments' or 'outcomes'?*
- *With regards to building the capacity of the (developmental) state:*
  - *How do we build the state's political capacity to mobilise the society on the radical economic transformation path?*
  - *How do we build the state's developmental capacity re-socialise the society towards an economically transformed society?*
- *How do we intensify our campaign for reform of the banking and financial services sector such that it improves its contribution to economic transformation?*

# EDUCATION AND HEALTH

# 4

## DETAILED DISCUSSION PAPER TOWARDS THE 2015 NGC: **Assessment of the work of the ANC in the Basic Education, Higher Education & Training, Health and Science & Technology sectors: 2013-2017**

### GLOSSARY

ABET – Adult Basic Education and Training  
 ANA – Annual National Assessments  
 CAPS – Curriculum and Assessment Policy Statements  
 CEM – Council of Education Ministers  
 DBE – Department of Basic Education  
 DHET – Department of Higher Education and Training  
 DoH – Department of Health  
 DST – Department of Science and Technology  
 DTI – Department of Trade and Industry  
 ECD – Early Childhood Development  
 EPWP – Expanded Public Works Program  
 FET – Further Education and Training  
 HEI – Higher Education Institution  
 IQMS – Integrated Qualifications Management System  
 LTSM – Learning and Teaching Support Material  
 NEEDU – National Education Evaluation and Development Unit  
 NHI – National Health Insurance  
 NHIF – National Health Insurance Fund  
 PSETA – Public Sector Education and Training Authority  
 QLTC – Quality of Learning and Teaching Campaign  
 SETA – Sector Education and Training Authority  
 TVET – Technical and Vocational Education and Training

### INTRODUCTION

The fundamental goal of the African National Congress is that of uniting all South Africans around its vision and programmes in order that the masses participate in the building of a united, non-racial, non-sexist, democratic and prosperous society in our country.

As the governing party, the ANC relies on the strength of its branches and their ability to work among the people, mass participation of communities in programs of the ANC and those of government, and its ability to use state power to advance speedily its goal of realizing the ANC's historic mission.

Today in 2015, in the **Year of the Freedom Charter and Unity in Action to Advance Economic Freedom!**, the Freedom Charter in its 60th year of existence continues to be the beacon for the ANC, its Alliance partners and country. It continues to be our guide as the ANC implements its policies, plans and programs in the education, health, science and technology sectors in communities and in government.

These above-mentioned sectors continue to work tirelessly to move South Africa closer to ideals of the Freedom Charter, especially the realization of the demand of the people that *“The doors of learning and culture shall be open!”* ANC programs also carry in them the spirit of the clause *“There shall be houses, security and comfort!”* which, further studied, states that *“A preventive health scheme shall be run by the state ... (and) free medical care and hospitalisation shall be provided for all, with special care for mothers and young children.”*

The work of the ANC Subcommittee on Education and

Health is guided by clear directives that are contained in the Strategy and Tactics of the African National Congress. High on the agenda of the Subcommittee is that the sector navigates successfully and efficiently the second phase of transition of the revolution led by the ANC in South Africa towards greater political freedom and genuine economic emancipation, as it relates to education, health, science and technology. The Subcommittee also ensures that its programs contribute to the goal of radical socio-economic transformation of the country.

The Subcommittee, after considering the implications of overlapping terms of governance for government departments' reporting periods on the report of the ANC, whose reporting period is not aligned to that of government, made a deliberate choice of adopting the approach of structuring its report in such a way that it expresses the notion of "*continuity and change*". That is, it reflects on all the work that was done in government during the period January 2013 to May 2014, which is based on resolutions of the 52nd ANC National Conference, and adds to that an account of progress made through the work that was performed during the period of May 2014 to date, that is based on resolutions of the 53rd ANC National Conference.

This report and account of the work done by the sector must be read together with the official report of the ANC NEC on resolutions of the 53rd National Conference. The Subcommittee has ensured that all its constituent sectors provide reports against every resolution of conference without exception, viz. resolutions under *Education and Health* plus relevant resolutions listed under the *Social Transformation Committee (STC)* on the official report of the last national conference. A document with extracts of the said resolutions is available from the Subcommittee on request.

## BACKGROUND

At the dawn of democracy, the ANC stated its objectives in its document, **Ready to Govern**, that the basic objectives of ANC policy are fourfold:

- To strive for the achievement of the right of all South Africans, as a whole, to political and economic self-determination in a united South Africa;
- To overcome the legacy of inequality and injustice created by colonialism and apartheid, in a swift, progressive and principled way;
- To develop a sustainable economy and state infrastructure that will progressively improve the

quality of life of all South Africans; and,

- To encourage the flourishing of the feeling that South Africa belongs to all who live in it, to promote a common loyalty to and pride in the country and to create a universal sense of freedom and security within its borders.

A lot of progress has been made in the last 21 years by the ANC and the ANC-led government towards the attainment of these objectives. However, these objectives continue to inform the conduct of the work of sectors in the Subcommittee and motivate these sectors to deliver on the people's mandate in areas where they are active and where its operatives have been deployed.

The ANC has made excellent progress in the transformation of South Africa from apartheid to democracy. The implementation of the ANC's Reconstruction and Development Program (RDP) is one of the key factors that made it possible for the ANC to succeed. The sectors that are integral to the Subcommittee on Education and Health have been and remain at the centre of this reconstruction of our country, and their contribution has been immense assisted by the involvement of stakeholders inside and outside of government.

This report is an account to the membership and leadership of the ANC on progress made in the implementation of the organisational mandate from the 53rd National Conference, ANC NEC meetings and Makgotla, the NDP 2030, the 2009 & 2014 Election Manifestos and the 2009–2014 and 2014–2019 Medium Term Strategic Frameworks (MTSFs).

## THE BALANCE OF FORCES IN THE EDUCATION, HEALTH, SCIENCE AND TECHNOLOGY SECTORS

The ANC is the leader of society and party of government. Its primary focus is the work of the movement in communities. The ANC uses government as its vehicle for the implementation of its policy and programs plus the delivery of services to our people. The ANC has the power and legitimacy to do so as authorized by the overwhelming mandate that it receives from the majority of the people at every national, provincial and local government election since 1994.

The following critical issues that affect the balance of forces in our sector are discussed in-depth in a separate document submitted to the leadership of our movement:

**Centrality of ANC branches:** Weak branches create conditions for the opposition to be strong.

**Governance:** Poor governance and social distance between governance structures and communities weaken the ANC and the Alliance. A push for a return of ANC members to activism and the adoption of an approach such as the delivery and governance model adopted by the ANC KwaZulu-Natal of Operation Sukuma Sakhe and the War Room Implementation Plan (WRIP) should be considered by all provinces to bring governance to the level of communities in every ward.

**Competing interests of the Executive and bureaucracy** most of the times end up tipping the balance of power of decision in favour of the bureaucracy away from Executive Authorities thereby compromising the ability of government to deliver on the mandate of the ANC.

**Effects of competition over the imposition of conditions for co-governance onto Executing Authorities** by various stakeholders such as members and leaders of non-governmental organisations and labour unions sometimes tilt the balance of power away from Executive Authorities.

**Instability of management structures** caused by unjustifiable removal of managers such as principals, senior managers, heads of departments and directors general and the prolonged non-appointment of managers into vacant posts plus frequent changes of political principals such as Members of Executive Councils (MECs) and Ministers disturb power relations in government departments and compromise all efforts to promote continuity.

Other important external factors that affect the sector's ability to deliver on its mandate are the negative influence of the private sector on the public sectors' policy choices; the influence of donors or development partners on the design and implementation of ANC and government policies and programs; implications of poor security of information on the strength of government; and lapses in the application of basics of Minimum Information Security System (MISS), which compromise the security of the ANC and that of the state.

## **EVALUATION OF PROGRESS MADE AGAINST PLANS AND PROGRAMS BY VARIOUS SECTORS**

In its evaluation of progress made, the Subcommittee has endeavoured to provide a political assessment

of performance against targets as opposed to an assessment that focuses purely on administrative matters.

The following are sectoral reports of progress made in the implementation of resolutions of the 53rd ANC National Conference, the 2014 Election Manifesto and the government 2009–2014 and 2014–2019 MTSFs. It also focuses on specific imperatives of each sector that flow from the above.

The Subcommittee considered in its reporting implications of the two year time lag between the ANC taking resolutions at national conference in December 2012 and the act translation of the said resolutions into the mandate of government in 2014 post-elections. This report therefore covers the period 01 January 2013 to date.

This summary presents an account of progress to reflect the following:

- Resolutions have been fully implemented.
- Resolutions are in the process of being implemented with the likelihood of success.
- Resolutions have not been implemented and/or the Subcommittee awaits reports, programs and funding plans from sectors. These will be submitted to the NEC prior to the NGC.

## **ANC SUBCOMMITTEE ON EDUCATION AND HEALTH**

This is an account of the work and performance by the ANC NEC Subcommittee on Education and Health and that of similar Subcommittees at Provincial, Regional, Zonal and Branch level.

**The following programs which were part of the 2007 Conference and subsequent NEC resolutions were completed:**

- All provinces have successfully implemented the resolution of the NEC that directed that the Department of Health and Department of Social Development should exist as separate entities.

**The following programs which are part of the 2014-2019 mandate have been completed:**

- PECs have appointed Chairpersons of Subcommittees on Education and Health in line with the resolution of conference. The Subcommittee will report on this matter as it affects RECs, ZECs and BECs.
- PEC Subcommittees on Education and Health in

Gauteng, KwaZulu Natal and the Eastern Cape hold regular meetings, have Programmes of Action and have submitted reports on the work that they are doing in branches and communities, e.g. education and health campaigns including work on School Governing Bodies (SGBs), healthy lifestyle and the National Health Insurance (NHI).

- The 53rd National Conference Strategy and Tactics makes reference to critical role of the National System of Innovation (NSI) in building a knowledge-based economy.
- The ANC prioritises science and technology policy development, implementation and monitoring capacity.
- Conference supports the implementation of the NDP 2030 and endorses its objectives and goals.
- The Subcommittee provided guidance to and did oversee the government process of developing the draft White Paper on the National Health Insurance (NHI). This was finalised on 17 March 2014 instead of 2013 as directed by the resolution. The said draft was submitted to the Secretary General's Office in March 2014 and has been approved by the NEC.
- The principle of mainstreaming Science, Technology and Innovation in the ANC, government and the private sector has been adopted by the Subcommittee and its implementation remains work in progress.

**The following are work in progress from the 53rd National Conference:**

- Provincial Subcommittees on Education and Health have been established in the Eastern Cape, Western Cape, Gauteng, KwaZulu-Natal and Limpopo. Gauteng and KwaZulu Natal have functional Regional Subcommittees. Provincial Subcommittees are engaged in the process of establishing similar subcommittees at all levels of the organisation from province to branch level. The NGC will receive a comprehensive progress report on this matter.
- The ANC commenced with the engagement of its structures, the Alliance and communities to mobilize grass roots support for improved education outcomes. Together with the DBE and PDEs, the ANC held initial meetings to promote the Quality of Learning and Teaching Campaign (QLTC). These meetings are being rolled out. Training has been offered to 1749 School QLTC Sub-committees in 45 districts, 214 departmental officials and 1749 QLTC stakeholders.

- The ANC and the Gauteng Provincial government have implemented programs such as a meeting of stakeholders to mobilise broad social support for the roll out of the NHI.
- The ANC and government have embarked on activities to promote healthy lifestyles through mobilization of individuals and communities to engage in physical activities, good dietary practices and reduction of harmful use of alcohol, tobacco and to control of substance abuse.
  - The National Strategy and Guidelines for the Prevention and Management of alcohol and substance use have been distributed to all provinces.
  - In order to streamline the implementation of physical education and school sport in all provinces, a Multi-Stakeholder meeting was held on 20–21 February 2015.
- The ANC and government have mobilized all necessary resources to achieve the goals and priorities set out in the National Development Plan 2030. That was consolidated through the alignment by sectors of resolutions, the manifesto and the NDP 2030 with budgets of government departments towards the finalization of the 2014–2019 government Mid-Term Strategic Framework (MTSF).
- The Subcommittee will report on the on-going training and development programmes for government officials that are aimed at building capacity of government.
- Disciplinary steps are being taken against officials who engage in corrupt, unethical or unlawful practice.
- Government and trade unions are cooperating to stamp out ill-discipline in the sector.
- Steps are being taken to combat many cases of conflict of interest that relate to procurement involving public representatives and civil servants. The DHET has instituted steps such as putting in place regulations that bar students and management from participating in specific business activities linked to the sector.
- In the face of interventions such as those implemented in line with Section 100 (1)(b) in the health sector, viz. Mpumalanga, Eastern Cape, Limpopo, and in the basic education sector, viz. Free State, Gauteng, Limpopo and the Eastern Cape; the sector has linked these with efforts to develop capacity in areas of interventions.

**The following are issues that are from the 53rd National Conference which were not implemented within the deadline provided by resolutions. They need intervention if the Subcommittee and its sectors are to complete them by December 2017:**

- The NEC Subcommittee on Education and Health has neither conducted comprehensive policy consolidation and/or reviews of official policy documents of specific sectors, namely Basic Education, Higher Education & Training, Health and Science & Technology nor, where indicated, consolidated existing ANC policy positions into identifiable ANC policy documents as directed by the resolution. The deadline was 30 June 2013.
- The ANC in the sector has not embarked on programs to actively promote the national anthem of the country as it currently exists; and did not engage in a structured campaign or program to ensure that whenever the ANC sings the original Nkosi Sikelela iAfrika, it should not be referred to as the national anthem. However, government through the DBE has commenced with programs to promote the National Anthem. The DBE has made it compulsory for all the 201 schools participating at the SASCE competitions this year to sing the African Union anthem. Provinces were provided with audio as well as written material to practise the African Union anthem.
- The Subcommittee has not followed up its sectors to note any gaps that might have been identified by the NDP 2030 for purposes of policy and planning.
- The Subcommittee has not directed government sectors to put in place business processes and to institutionalise these, thus making sure that there are consequences for every action.
- The Subcommittee has not received reports on national skills audits that should have been urgently carried out at all levels of government in order to identify the gaps.
- The Subcommittee has not followed up its sectors to oversee the enforcement of strict adherence to the disciplinary standards and norms, including adherence to formal and proper dress code.
- The Subcommittee has not initiated steps for the drafting of legislation that should be passed to guide Section 100 (1)(b) interventions and other interventions, especially in the education and health sectors. This will be followed up.
- The Subcommittee has not prioritised as directed by the resolution the drafting of legislation that will effectively bar all civil servants from taking

up employment or positions as local government councillors whilst still employed in government posts. A report and draft legislation will be submitted by the Subcommittee.

**The Subcommittee will submit reports on the following resolutions which are directives specific to all ANC Subcommittees on Education and Health:**

- The ANC must take strong action to deal with corruption.
- The ANC must ensure that all collusion that leads to irregularities is stamped out.
- The ANC must ensure that its name and all its structures are not abused in the furtherance of corrupt activities.
- The ANC must take responsibility and ensure that both elected leaders and deployed cadres in the administration are held accountable.
- The Subcommittee on Education and Health must submit to the ANC leadership a plan of how to ensure accountability of ANC structures, leaders and employees responsible for delivery and education sector outcomes thus enabling decisive action to be taken where performance does not achieve expected outcomes.
- The ANC as a party must act on its members who fail to perform.

**Special focus: the ANC and Military Health Services**

- The Subcommittee will put greater focus on Military Health Services, especially its infrastructure which includes the state of clinics and hospitals, health technology, human resources and quality of care. Follow ups will be done on long-standing conference resolutions that refer to the work of the ANC as it relates to military health services.

**ANC STRUCTURES IN MUNICIPALITIES AND THOSE IN PROVINCIAL AND NATIONAL LEGISLATURES: EDUCATION, HEALTH, SCIENCE AND TECHNOLOGY**

This is an account of performance by the ANC members in relevant study groups in provincial and national legislatures. This report has a definite flaw as it does not provide a detailed account of the work of councillors in local government who are charged with the task of driving the education, health, science and technology agenda in local communities.

ANC members of Study Groups and Portfolio Committees in the National Assembly and the National Council of Provinces and members of their Technical Support structures, namely researchers and coordinators, participate regularly in meetings and activities of the ANC NEC Subcommittee on Education and Health. These members have Programmes of Action and have submitted reports on the work that they are doing in Parliament.

Members of Mayoral Committees conduct their work of sectors of this subcommittee through their active participation in PEC and Regional Subcommittees, especially in Gauteng, KwaZulu Natal and the Eastern Cape. The Subcommittee will submit a comprehensive report of its work in structures of local government and those that are in provincial Legislatures and Parliament to the NEC through the Secretary General's Office (SGO).

## BASIC EDUCATION

The performance of the basic education sector is against the 2009-2014 ANC Education Ten Point Program and the Program that was adopted at the ANC NEC Lekgotla of June 2014. The Ten Point Program and the 2014 POA were translated into government Programs of Action in the first Cabinet Lekgotla that took place immediately after the 2009 and 2014 national and provincial elections. The POAs were further refined, at the level of government, into the Negotiated Service Delivery Agreements that were signed between the President of the Republic and the Minister of Basic Education.

The Basic Education sector implemented its plans and programs throughout the January 2013 to May 2014 period with distinction. This was necessary, as it was the case for all sectors, to complete the government 2009 election mandate. The mandate of the sector was based on the 2009–2014 Education Ten Point Program and the Negotiated Service Delivery Program.

### The following programs which were part of the 2009–2014 mandate were completed:

- Developed a sector plan, **Action Plan to 2014: Towards Schooling 2025**, for coordinating and implementing a sector-wide strategy with deliverable targets and indicators in support of Government's outcomes-focused approach. The Action Plan has been updated to **Action Plan 2019: Towards Schooling 2030**. THE DBE has also identified six (6) focus areas in the 2014–2019 MTSF as a way of responding to the NDP.
- Signed a Delivery Agreement with relevant

departments in government in support of Outcome 1: Quality basic education.

- Conducting external tests, namely the Annual National Assessments (ANA), for all grade 3 and grade 6 learners every year, and providing results to parents.
- Improve national–provincial alignment and efficiency of education expenditure, through procuring textbooks nationally and allocating resources to improve district capacity.
- Develop a social compact for quality education.
- Implement poverty combating measures that improve the environment for learning and teaching.
- To support inclusive education, the DBE integrated and infused into Teacher Development activities three sets of guidelines namely, Guidelines for Full-service Schools, Guidelines for Special Schools and The Institutionalisation of Curriculum Differentiation. Developed a turn-around strategy and checklist for Special schools for monitoring curriculum delivery and improvement of the functionality of Special Schools.
- Training Manuals on the Prevention and Management of bullying have been developed to address concerns of safety at schools. The Centre for Justice and Crime Prevention (CJCP) and DBE have conducted nine Provincial Consultative workshops with stakeholders on the Draft National School Safety Framework. To address the increasing incidence of Satanism in schools, the department hosted an Occults meeting with Religious formations.
- Promotion of social cohesion included the Luthuli Oral History competition, the Moot Courts at Constitution Hill, the 2014 SASCE National Choral Championships, Sporting codes and Indigenous Games.
- Promotion of reading and access to libraries through book flood campaigns.

### The following are challenges that are still work in progress from the 2009–2014 government term of governance:

- Teachers to be in-class, on time, teaching.
- Focus efforts on improving the quality of early childhood education and primary schools.
- Enhance recruitment of quality teachers and strengthen teacher development.



- Strengthen management capacity to ensure working districts and schools.
- Increase the use of Information and Communication Technology (ICT) in education.
- Addressing the challenges experienced when communities use schools as centres of their protest action.

**The following are issues that were not implemented and remain from the 2009–2014 government term of governance:**

- Teachers to also be required to use textbooks in class. The Sector has been working towards 100% Universal Coverage since 2011. To date the DBE has made significant progress by achieving 93% universal coverage. The CEM has approved the principle of one core textbook per subject per grade. The sector has also put systems in place to monitor the utilisation of Learning Teaching and Support Material.
- Ensure effective evaluation of all teachers based on extent to which learner performances improve.

**The following programs which are part of the 2014–2019 mandate have been completed:**

- A Presidential Commission has been established to review the remuneration and conditions of employment of education and health professionals and make recommendations on salary adjustments and wage increases in a manner that protects education and health as national priorities. Clarity will be sought about its terms of reference as those pertain to education and health because they are APEX priorities.
- The DBE and PDEs adhere to existing policies to avoid problems currently experienced with the movement of educators to where they are needed.
- The BE sector accepts the principle that educators who are to be evaluated must not be the ones determining whether they should be assessed or not and also should not have the final word on how the evaluation should be done.
- The DBE has distributed to schools guidelines on the roles, responsibilities and functions of School Governing Bodies (SGBs). It embarked on a project of simplifying the said guides for Chairpersons of SGBs and parents.
- The DBE has ensured that Grade 3, 6 and 9 learners are measured every year. The original plan for this program has been exceeded. All public schools and state-funded independent schools administer

ANA according to the standardized time table every year. This program continues to be improved and maintained.

- The DBE has increased the number of Grade 12 and university entrance passes and improved the quality of National Senior Certificate (NSC) results. Learners passing NSC examinations or Matric with university entrance have more than doubled from about 70 000 in 2000 to over 170 000 in 2013. The quality of passes continues to improve as demonstrated by the 2014 NSC results; and this program is being maintained.

**The following are work in progress from the 2014–2019 government term:**

- The Ministerial Task Team on the National Senior Certificate (NSC) whose brief was to investigate issues around the NSC, including the value of Life Orientation and Environmental Education, and History as compulsory subjects in the curriculum, submitted its report to the Minister and DBE in June 2014. The report was discussed by the Subcommittee on 03 November 2014. It is still under discussion in the Subcommittee.
- The ANA policy is being finalised and item banks for Grades 7 and 8 have been developed to assist with further analysis and remediation. The 2014 results showed no improvement in the Grade 9 mathematics, while languages have improved in the same grade. Results have been analysed and district reports completed to assist with ongoing intervention.
- The DBE has made good progress in dealing with the media and coverage of issues in the sector. A proactive communication strategy is being implemented to provide information and clarify misperceptions on a variety of topics.
- The Department has piloted the profiling of educators in 10 out of a total of 52 districts in 2014 and has since initiated a project to update the qualification profile of all teachers. To date, PERSAL data has been received and analysis completed. Detailed PED reports were developed and sent to HoDs via the Acting DG requesting their intervention in ensuring the closure of PERSAL exceptions.
- Based on the outcome of the study conducted in 2013 on the implementation of the post provisioning norms, the Post Provisioning Model software will be revised to take into account all relevant factors that affect post provisioning including the socioeconomic context and curricula

needs. A different and more stable system of post provisioning has been established to avoid yearly movements of teachers between schools and learners across provinces; and quality outcomes have been linked to that.

- The BE sector has adopted a centralized approach in the procurement of Learning and Teaching Support Material (LTSM) and most provinces are employing the central procurement model.
- The public BE sector has expanded its capacity to print text books and workbooks and own their intellectual property. These are being improved continuously.
- The DBE has developed the National Catalogues for Grades 1–12 to ensure that uniform and standardized textbooks are provided to all learners across the system. Provinces are procuring from these catalogues.
- All public schools and state-funded independent schools administered ANA according to the standardized time table as a way of embarking on a rigorous monitoring and evaluation of performance in the education sector.
- The sector has started with implementation of this resolution that all teachers, principals and deputy principals as well as education officials must be assessed and evaluated with the intention of improving their skills and accountability. The sector is far from achieving its objectives. Comprehensive progress reports will be submitted on this matter.
- In order to address both the content knowledge and methodology through quality teaching leadership and management development, PEDs are planning their programmes in stronger alignment with the Integrated Strategic Planning Framework for teacher education and development (ISPFTED). The DBE has established a National Institute for Curriculum and Professional Development to tackle the self-diagnostic assessments for teachers in Numeracy and Literacy.
- Accountability mechanisms have been developed to ensure that teachers, principals and all officials in the system are held accountable through an efficient monitoring system utilizing modern technology. Performance management has now become accepted and systems are in place for this to be implemented, monitored and supported by the relevant officials in all schools. However, the Subcommittee will receive a report on progress being made in the implementation of performance management and the use of modern technology to achieve this goal.
- The BE sector ensures that school principals that are being appointed are appropriately qualified and are also be appointed on merit. The Subcommittee will receive from the DBE the approved proposal on the Standards for South African Principalship (SASP) for consideration.
- As a step towards increasing teacher development with regard to the use of sign language, a teacher training manual for Foundation Phase and Grade 9 teachers has been developed. All Braille workbooks developed are accompanied by Teachers' Guides.
- In preparation for the introduction of indigenous languages in 2014, the DBE department has finalized training manuals, versioning of lesson plans and Grade 1 First Additional Language workbooks. Lesson plans have been developed and distributed to provinces in July 2014.
- The DBE is implementing a program to phase out multi-grade schools by 2020. The Subcommittee will receive a comprehensive report on progress being made on the phasing out of multi-grade schools, which will include the number of existing multi-grade schools and a plan with targets for the phasing out process. The DBE is providing focused dedicated service and support to multi-grade schools with elaboration at all levels in the system starting from national to provincial, district and up to schools level.
- To sharpen efficiency in the sector, the Department has introduced a number of initiatives and incentives for children to enrol in schools and attend schools regularly. These are measures being taken to strengthen the basic education sector to provide more opportunities for young people as well as increasing retention, progression, and completion rates in the basic education sector. The Subcommittee will receive a report on the number of children who enter schools per year, number of those who drop out of schools and plans to record and decrease the drop-out rates.
- The department has focused on psychosocial support programmes to address drop-out rates especially at high school level and also embarked on the Keeping Girls in Schools (KGIS) project.
- The DBE and the DHET are expanding post school options through collaboration to strengthen and improve articulation between basic and post-school education in order to expand the effectiveness of credible post-school education

and training options. The Subcommittee will submit a report on this matter. This includes a report on the White Paper on Post-School Education and Training.

- The DBE implements programs that promote inclusive education. The Subcommittee will receive a report on the development and advocacy of learning programmes linked to the National Senior Certificate and the National Curriculum Statement for consideration.
- In implementing policies and programmes that are geared towards the protection and promotion of the rights of people with disabilities, including embarking on a campaign for the protection of the disabled in society with relevant stakeholders, the department is strengthening district support to all schools and mainstreaming of disabled people in schools by mediating and institutionalizing the Guidelines for Full Service or Inclusive Schools. The Subcommittee will receive comprehensive plans on identified needs and the establishment of special schools for specific disabilities.
- Basic Education and Higher Education and Training sectors will submit a report to the Subcommittee on the baseline, plans and progress report on the training, employment and professionalization of Grade R teachers, include plans to achieve targets by 2018 and give an account of the conduct of the Limpopo teacher training program which produced about 300 university qualified ECD practitioners who were subsequently lost to the private sector.
- The DBE is implementing programs aimed at accelerating the implementation of a Comprehensive Early Childhood Development Programme, e.g. the development of policy, detailed plans and strategies plus funding in preparation for the expansion of the second year of ECD plus collaboration between the Departments of Social Development, Basic Education and Health.
- To promote school safety, the DBE and PDEs are implementing in all provinces the 2nd phase of the Partnership Protocol of linking schools with police stations and the establishment of Safe School Committees. 15514 schools have been linked to police stations as at June 2014 and Safe School Committees have been established.
- The DBE continues to use school sport as the bedrock for sport development and excellence. The Subcommittee will submit a comprehensive report, which will provide details of participating schools and sporting codes schools and progress registered to make sport compulsory in schools.
- The DBE has ensured access to sport facilities by people with disabilities. Its integrated school sport programme continues to cater for disabled children in each sporting code and sport facilities used are accessible for use by people living with disabilities.
- The Council of Ministers and the DBE have approved the promotion of arts and culture through social cohesion programmes, such as the hoisting of the flag, debating teams, music and poetry as part of nation-building and creative industry development. A focus on indigenous knowledge systems and cultural studies will be integrated to promote social inclusion in school programmes. A report will be submitted on these matters including plans to include the programme in the curriculum.
- The DBE is developing a programme for further promoting the arts in indigenous and historically marginalised communities. The Subcommittee has directed the DBE to act on this and to report to it in 2015.
- The DBE has commenced with the implementation of programmes on indigenous languages. A report on the state of development of policy on indigenous African languages, which seeks to ensure that the offering of one African language is compulsory in schools, will be considered by the Subcommittee in 2015.
- The DBE is implementing programmes to improve the performance of South African learners in maths and science. The sector will submit a report of progress on implementation of plans to improve the performance of learners in maths and science, which will include collaboration between South Africa and other countries such as Cuba with which the DBE has agreements on education.
- The Subcommittee noted that the DBE created a new learning Space on the portal for Home Based Education plus designed and developed a DBE Cloud solution; and also that the DBE promotes professional development for teachers in the field of ICT. The DBE will submit to the Subcommittee a detailed sectoral plan on ICT, a report on promoting an e-literate society by making e-skills a compulsory subject and that the curriculum that focuses on end-user computing as well as encourages young people to pursue careers in the ICT sector.

- Through the Quality Learning and Teaching Campaign (QLTC), a number of stakeholders contribute to quality improvement in education after signing pledges indicating their role to be played in demonstrating their commitment to the non-negotiables. The stakeholders include teachers, teacher unions, learners and parents, Government Departments, Business, Community Organisations and Non-Governmental Organisations.
- Education partners e.g. teacher unions are highly involved in the development of teachers where the Department allocates funding for the training programmes through the Teacher Union Collaboration (TUC), and the unions have to account on the usage of these funds. Parents are encouraged to participate in the education of their children by serving in the School Governing Bodies. The year 2015 is the year of SGB elections which will be conducted countrywide in March.
- The DBE and PDEs are implementing programmes aimed at improving scholar transport.
- Legislation on the appointment of school principals has not been amended to allow for a different method of appointment. The draft amended legislation will be presented to the Subcommittee.
- The role of School Governing Bodies (SGBs) in the appointment of school principals has not been clarified and communicated to all learners, parents, communities and other stakeholders. A report on this matter, especially in relation to the review of the SA Schools Act, will be submitted to the NEC.
- The BE sector has not embarked on a program to hold school Principals accountable for poor management, poor discipline and poor outcomes. A report on the implementation of this resolution by the DBE and PDEs will be submitted.
- The sector has not fully developed mechanisms to enable the deployment of principals to areas of need and for purposes of mentoring and coaching. A report on the implementation of this resolution by the DBE and PDEs will be submitted.

**The following are issues that are from the 2014–2019 government term of governance which were not implemented within the deadline provided by resolutions of the 53rd National Conference. They need intervention for them to be completed by December 2017:**

- The Integrated Qualifications Management System (IQMS) document has been discussed at the Education Labour Relations Council (ELRC) towards a refined, improved and enhanced IQMS as an efficient instrument for teacher assessment and development. The IQMS has been reviewed. The new instrument, now called the Quality Management System (QMS) for School-based Educators, was adopted by all parties in November 2014 at a special bargaining meeting of the ELRC.
- The BE and HET sectors have not been able to ensure that certain category of teacher training take place in colleges whilst strictly monitoring quality at those institutions. The Subcommittee will analyse the barriers and provide solutions to the impasse on opening of nursing and teacher training colleges and submit a report on this matter.
- The Subcommittee has received a report on the review of the funding model for schools, which includes the transformation of the Quintile model to classify schools into fee-paying and non-fee paying schools.
- The DBE has not completed the legislative review of the powers of School Governing Bodies with regards to the locus of authority in terms of language, and capacity of schools and curriculum choices and appropriate policy and legislative changes have not been made. The Subcommittee will receive the said review report for consideration.
- The DBE has not reported on a focused program of developing SGBs in rural and township schools through the funding that has been made available.
- The DBE has not launched the advocacy campaign encouraging SGBs to co-opt members with appropriate technical skills to assist Governing Bodies.
- The DBE has put in place programmes to strengthen the two stream model of provisioning which must be strengthened to reflect the balance between the vocational and academic pathways.
- The National Policy for Grade R has been finalized. The Subcommittee will receive the draft policy, implementation plan and resourcing plan by the BE in consultation with the DSD and STC.
- The DBE has not presented a long-term comprehensive plan to the Subcommittee that focuses on indigenous and grassroots sport development in schools over the next 10 years. The Subcommittee will submit a report on

progress being made to develop indigenous and grassroots sport over the next 10 years.

- The issue of standardizing the curriculum and content of history in all schools, public and private, and of making history as compulsory subjects have not received the necessary attention from the basic education sector of the Subcommittee.

### HIGHER EDUCATION

The performance of the higher education and training sector is measured against the resolutions of conference and the program that was adopted at the ANC NEC Lekgotla of June 2014. The higher education and training sector was, during 2013 to 2014 pre-election period, focused mainly on the task of establishing a new department, namely the new Department of Higher Education and Training. ANC policies and programs were translated to the government Programs of Action for implementation as the mandate that was obtained from the South African electorate.

The newly established Higher Education and Training sector implemented its plans and programs with distinction, despite the fact that it had a dearth of skills and resources. This was necessary, as in the case of all sectors, to complete the government election mandate.

#### **The following programs which were part of the 2009–2014 mandate were completed:**

- The establishment of a new Department of Higher Education and Training.
- The University of Mpumalanga (UMP) and Sol Plaatje University (SPU) have been established in August 2013 and construction has started.
- The DHET has streamlined Sector Education and Training Authorities (SETAs) and other institutions to address existing and forecast skills shortages. The work of the SETAs has been aligned with the developmental agenda of the country. Their governance structures have been standardised and reduced in size, resulting in more resources being directed towards training as opposed to administration. The National Skills Development Strategy (NSDS) III was adopted and implemented as from 1 April 2011. The Minister will be initiating a process of consultation with relevant social partners in the area of skills development on the draft SETA landscape and NSDS framework, as the current dispensations is ending on 31

March 2016. The new SETA Grant Regulations were implemented on 1 April 2013 to provide guidance on how the levies should be spent with a focused priority to address scarce and critical skills through public training institutions. A policy for a single national artisan learner funding and administration system was implemented from 4 June 2013. This policy incentivised employers to open up more artisan learner workspaces on the basis of a guaranteed and sustainable grant funding policy.

- The DHET has, through the National Skills Fund (NSF) ensured the following:

- The NSF disbursed in 2014-2015 an amount of R125 million in addition to the R106 million in 2013-2014 towards the expansion of the medical and veterinary facilities at the University of Pretoria to double the intake of MBChB students and Veterinary Sciences students from the 2017 academic year onwards. Work is well on course and is due for completion in 2015. R114.5 million remains committed towards completion of the project. The expansion of the MBChB programme and Veterinary Sciences at the University of Pretoria is to address the acute shortage of doctors, medical personnel and veterinary scientists in the country.
- The NSF disbursed in 2014-2015 an amount of R47.4million in addition to the R8.5million in 2013-2014 towards developing renewable energy training facilities at the Cape Peninsula University of Technology, known as the South African Renewable Energy Training Centre. Work is well on course and is due for completion in the 2016–2017 financial year. R49.6 million remains committed towards completion of the project. This initiative is the first of its kind in the country and seeks to respond to the country's adopted strategy to promote renewable energy production in order to supplement the current fossil fuel energy production.
- The NSF continues to expend on the R2.5billion commitment towards construction of the 12 new TVET college campuses and the refurbishment of 2 existing campuses across 16 sites. Construction has commenced on 3 sites and construction at the remaining 13 sites will commence within the 2015–2016 financial year.
- The NSF disbursed in 2014–2015 an amount of R89.3million in addition to the R96million

in 2013–2014 towards establishing work-integrated learning facilities for engineering students at the University of Johannesburg. Work is well on course and due for completion in the 2015–2016 financial year. The work-integrated facilities include a training workshop, design centre and industrialisation centre. R27.3million remains committed towards completion of the project. The project aims to provide on-the-job training to engineering students in order to register as engineers. The facilities are not limited to only engineering students from the University of Johannesburg, but are available to engineering students from across the country.

- Approximately R750million was disbursed towards funding undergraduate and post-graduate bursaries in scarce and critical skills through National Student Financial Aid Scheme (NSFAS) and National Research Foundation (NRF) in 2014–2015. This funding is directed at over 13 000 undergraduate and over 1 300 post-graduate students taking programmes in all the 26 Universities.
- R2.5billion continues to be expended towards expanding the TVET college sector benefitting an additional 25 000 learners in 2014–2015, with R0.960billion remaining committed towards the expansion of the TVET college sector.
- R300million has been allocated towards the establishment of the South African International Maritime Institute and the roll out of an extensive National Cadetship Programme on maritime. This is in response to the recent focus of the country on developing a vibrant blue or oceans economy.

**The following are challenges that are still work in progress from the 2009–2014 government term of governance:**

- A Ministerial Task Team was established to ascertain whether community service for graduates is feasible within South Africa and to propose a model for implementing community service for graduates. A report on this matter was supposed to have been finalised by the end of March 2015. The HET sector expects that this report will be approved by the Minister by the end of June 2015.
- The Department is working on plans to realise closer alignment between the research funding

strategies of the Department of Higher Education and Training (DHET), Department of Science and Technology (DST) and the National Research Foundation (NRF). The Policy and Procedures for Measurement of Research Output of Public Higher Education Institutions was finalized. The revised Research Outputs Policy has been published in the Government Gazette for implementation.

- The Department developed a document 2014 Survey of Former College of Education Sites which provides a description of the current usage of the former Colleges of Education across the country. This is work in progress. Most of the colleges are being utilised as TVET colleges, district offices for provincial education departments or for other purposes by provincial governments. The Department has identified some sites for development as TVET college campuses and others as potential sites for teacher education campuses. These are being explored together with the provincial departments of education. The most important limiting factor to the re-opening of former Colleges of Education is the absence of enabling policy and legislative framework. Another factor that hampers progress towards the re-opening of these colleges is lack of funding to develop these campuses into effective delivery sites for PSET education and training.
- The Department is engaging with the Department of Agriculture Forestry and Fisheries (DAFF), National Treasury and legal services around the function shift of Agricultural colleges and expansion of veterinary sciences programmes. It is expected that the Task Team appointed to advise the Ministers on this matter will present its recommendations by 31 March 2016.
- The Subcommittee has noted the work that is being done by the DHET towards student accommodation.
- The DHET is implementing programs towards investing in priority skills and education, including through improving performance in mathematics, science and technology. Foundation Provisioning Programmes were supported by the Department for at risk first-time entering university students and by 2013, these catered for 17 960 students. Teaching Development Grants were provided to universities for tutors and mentors to support students as well as to develop the teaching expertise of lecturers. It is anticipated that the number of first year students in foundation programmes will increase from 17 960 in 2013 to approximately 30 000 in 2015.

- Student selection and placement tests have been instituted at Technical and Vocational Education and Training (TVET) colleges at the commencement of the academic year to, among other things, identify student numeracy and literacy gaps, and advice on the most suitable programmes of study depending on the students' career interests and academic competency levels. Several colleges are now offering academic support programmes in Mathematics and First Additional Language towards improving the overall performance and certification of all students.
- The DHET is implementing programs to place TVET colleges at the centre of a popular drive to develop skills development for the economy. The full function shift occurred on 1 April 2015 when all TVET colleges became a national competency. TVET college student headcount enrolments increased by 105% from 345 566 in 2010 to 708 885 in 2014. R1.5 billion has been allocated from the National Skills Fund (NSF) and an additional R1 billion from the Sector Education and Training Authorities (SETAS) for the construction of 12 new TVET college campuses and refurbishment of 2 TVET college campuses across the country. An additional R2.8 billion from the NSF was committed to all 50 TVET colleges, aimed at increasing the student intake towards occupational directed programmes and other programmes such as skills programmes, apprenticeships and learnerships. A turn-around strategy for TVET colleges was launched in 2012 with Human Resource generalists and Chartered Accountants (CAs) deployed to TVET colleges. College Councils have been appointed and are functioning in TVET Colleges. Legislation was enacted in 2010, 2012 and 2013 to move Further Education and Training, and Adult Education and Training functions from a provincial to a national competency. Principals and Deputy Principals have been transferred and been in the employ of the Department since 1 April 2013. Provincial staff formerly attached to Provincial TVET college support units, have been transferred into the DHET. The Apply Now Campaign was launched to ensure that learners think about and apply to their preferred institutions of further or higher education and training timeously. This campaign is also aimed at altering the largely negative perception about TVET colleges.
- The Department has developed a high-level TVET college infrastructure budget expansion plan and currently analysing the university campuses infrastructure master and maintenance plans, as well as disability audits.
- The Department has published a Gazette late in 2014 listing the 12 TVET colleges who will now deliver Higher Certificate (National Qualifications Framework Level 5) qualifications in collaboration with universities.
- Annual teaching and learning plans are being developed, and will be monitored annually to ensure consistent work towards academic excellence.
- The DHET has conceptualised a foundational learning programme (NQF level 1) and are in the process to discuss this with QCTO for development and implementation.
- Recommendations of the Ministerial Task Team appointed to review the National Certificate (Vocational) [NC(V)] have been sent to Umalusi for further consideration. Umalusi will start with the NC(V) policy review towards implementation in 2016.
- In its quest to expand the resources devoted to knowledge production, innovation and research, Research Development Grants were provided to universities to assist with the development of research capacity, focusing mainly on providing support to academic staff towards their Masters and PhDs. The National Skills Fund (NSF) committed R301 million towards the funding of bursaries via the National Research Foundation (NRF) to increase the levels of postgraduate studies and PhD's in South Africa in response to the New Growth Path, Industrial Policy Action Plan and National Development Plan, targeting over 1500 beneficiaries in postgraduate programmes. To ensure the development of a new generation of academics, the DHET set aside R50 million in 2012 and R70 million for postgraduate students, as loans through the National Student Financial Aid Scheme (NSFAS). In 2014, an amount of R74 million was allocated to NSFAS to support postgraduate studies, mostly Honours and MTech studies which are under-represented in the funding provided by the NRF with 2 020 students being funded. For the 2015 academic year, R77 million has been allocated to NSFAS and it is expected that a similar number of students will be supported.
- In addition the Staffing South African Universities Framework has been approved by the Minister and the first phase of implementation commenced in the 2015–2016 financial year, with the projected

appointment of 150 or more new academic staff members. , the New Generation of Academics programme (nGAP) has been approved and being implemented. R272 million has been reprioritised to support the first intake of 125 nGAP scholars by July 2015. It is expected that there will be further funding reprioritised to support a second intake before the end of the 2015/16 financial year. If this is achieved it is expected that the total number of nGAP scholars will exceed the above-mentioned target of 150 new academic staff members during this financial year. The target includes that 80% of the appointees will be black and/or women.

**The following are issues that were not implemented and remain from the 2009–2014 government term of governance:**

- A report on transformation in public universities has not been submitted. The Subcommittee noted that the DHET established in January 2013 an Oversight Committee on Transformation in South African Universities.
- The Subcommittee has not received a report on the review and improvement of the National Student Financial Aid Scheme (NSFAS) aimed at encouraging students from working class and poor communities to go to tertiary institutions. The Subcommittee has noted that the DHET has increased the NSFAS funding at Universities from R2.2 billion in 2010 benefitting 148387 students to R3.693 billion in 2013 assisting 194923 students. This has been increased to R4.095 billion in 2015, which means that the fund has been doubled in five years. NSFAS student bursary funding at TVET colleges increased from R318 million in 2010, benefitting 61706 students to R1.953 billion in 2013 assisting 220978 students. It also noted that NSFAS students in their final year were provided with full cover of costs to study in 2011 with 57667 students benefitting in the 2011 and 2012 academic years totalling R1.9 billion with final year students, who successfully completed their studies, had their loans converted to a 100% bursary, as an incentive. The number of students covered by NSFAS at universities will not be able to grow without the injection of additional funding. Currently only 205000 university students can be supported per annum. The 26804 final year students who were funded and graduated as part of the final year programme amounted to R1.1 billion.
- The Subcommittee has noted that the program of the re-opening of teacher training colleges is

being implemented albeit without urgency. The work done by the DHET has mainly concentrated on expanding teacher training in or through university campuses and **not on the actual re-opening of teacher training colleges**. This work by the DHET is in line with strategies contained in the Integrated Planning Framework for Teacher Education and Development in South Africa, 2011–2025. The expansion and strengthening of teacher education for all education sub-sectors, including pre-schooling, schooling and post-schooling has resulted in an increase from just under 6000 new teacher graduates in 2008 to 16555 in 2013. The expansion initiatives that are now in place will ensure that the country is soon able to produce sufficient numbers of teachers. An enrolment planning process recently concluded with universities indicated that the system will produce in excess of 23000 new teachers annually by 2019, thus largely addressing the teacher supply-demand gap.

- The first intake of 50 medical students for the new medical school located at the University of Limpopo (UL) which was scheduled for January 2015 has been postponed to January 2016 as a result of the university having not met requirements demanded by the Council on Higher Education (CHE), as required in terms of quality assurance procedures. However, the university has received professional accreditation by the Health Professional Council of South Africa (HPCSA). This project of establishing a new medical school is linked to the Presidential Project of building an academic hospital in Limpopo. In terms of the academic hospital supporting the training of medical students, the DHET has been engaging with the Department of Health as there is a comprehensive plan to develop/upgrade academic hospitals.

**The following programs which are part of the 2014–2019 mandates have been completed:**

- The unbundling of MEDUNSA from the University of Limpopo has been completed. The MEDUNSA campus has been incorporated into the Sefako Makgatho Health Sciences University (SMU) on 01 January 2015.

**The following are work in progress from the 2014–2019 government term of governance:**

- The DHET has established a Ministerial Task Team to ascertain whether community service for graduates is feasible within South Africa and



appointed an experienced researcher and expert to conduct research that will inform the Task Team. The Subcommittee will receive a report on impact studies that will inform a policy on Community Service for Higher Education Graduates, initially targeting professional fields linked to national human resource development priorities and progressing to a community service scheme for all higher education graduates.

- The DHET has introduced a newly structured National Student Financial Aid Scheme (NSFAS) to enable fee-free education from 2014 onwards. NSFAS has implemented a new student centric model on 7 October 2013 which makes it possible for eligible students at higher education and training institutions including TVET colleges to apply directly to NSFAS for funding. First time NSFAS applicants registered at 6 universities and 5 TVET colleges are able to apply directly in this implementation phase. The NSFAS new model aims at repositioning NSFAS to provide more efficient and effective financial aid to students
- The Subcommittee received a preliminary report on the support for the training of veterinary science graduates. The HET sector will submit a comprehensive report with policy, plans and financial implications of the planned support for the training of veterinary science graduates, which will include progress being made in the acquisition of funds or setting up of a bursary fund to send South African students to colleges and universities in SADC to counter-balance the inflow of students from other countries in Africa. The Department has made available for the 2015-2016 financial year an earmarked allocation of R141.764million in terms of providing support to the four universities involved in veterinary education and training in South Africa. These students, access funding through the special NSFAS category for scarce skills. The DHET and DAFF have established a task team to investigate the feasibility of establishing a second faculty for Veterinary Sciences in South Africa.
- The DHET is working on the revitalization of the academic profession. Its first phase is currently being implemented following the Minister approval of the *Staffing South Africa's Universities Framework (SSAUF)*.
- The DHET has not submitted to the Subcommittee a comprehensive report on alleged irregularities in the awarding of professorships by some HEIs, which would include a list of corrective measures taken to stop the practice. A briefing paper on the

*Appointment of Professors* was submitted.

- The DHET is implementing programs to evaluate against transformation targets of Councils and governance structures of Higher Education Institutions (HEIs). The Subcommittee will receive a report of the Oversight Committee on Transformation in South African Universities.
- The Subcommittee has noted that the DHET is working towards the finalization of a policy on student accommodation; that it has allocated R1.652billion towards student housing over the period 2012–2015; and that it works with various partners to address the provision of student accommodation in the post-school system. R1.413billion has been ring-fenced for historically disadvantaged institutions and campuses. Existing infrastructure funds for the period 2012–2013 to 2014–2015 have been allocated largely to those universities with the greatest needs and backlog. The draft Policy on Student Housing at Public Universities and Minimum Norms and Standards was published for public comment on 11 April 2013. Comments were received and analysed; and this draft policy was updated. A joint Treasury and Departmental team is working on the funding policy which was scheduled for publication by 31 March 2015. However, challenges related to the funding of this program have not been resolved. The Department has planned a student-housing symposium to explore other means of financing student housing, which will be held on 22 June 2015. It is expected that the final updated student housing policy will be ready for gazetting by the end of July 2015.
- The Subcommittee has noted the report of the HET sector on lecturer capacity development focusing on content training for lecturers on learning areas as well as programmes where academic performance was below par in the previous years. The DHET will submit a report on Quality Assurance in colleges to the Subcommittee.
- The DHET has not succeeded in getting all government departments to pay their Skills Development Levies. The Subcommittee has noted with concern allegations that the Premier of the Western Cape is spearheading a campaign to undermine the decision of Cabinet on the payment of Skills Development Levies by all government departments. The DHET is examining the appropriateness and adequacy of the legal framework for the enforcement of compliance by all government departments of provisions of the Skills Development Act (SDA) and Skills

Development Levy Act. The amendment of the Act, to enforce the contribution of levy to SETAs by public service employers, forms part of the broader discussion of the White Paper implementation and new SETA landscape processes. With the Public Service Sector Education and Training Authority (PSETA) revenue, in line with the guidance provided in the National Treasury's circular of 10 July 2014, national departments have applied or are applying for the creation of transfers for the Public Service Sector Education and Training Authority (PSETA) in 2014–2015. The PSETA finally for the year ended 31 March 2015, received R47,806030.38, from government departments. The National Treasury has further issued a Circular, on the 15 January 2015, which states that *"...The 2014 Medium-Term Expenditure Committee and the Ministers' Committee on the Budget have recommended and Cabinet has approved additional funding for PSETA for the 2015 Medium Term Expenditure Framework (MTEF) period in support of its training projects. In this regard, the 2015 Appropriation Bill includes a single transfer for PSETA through Vote 10: Public Service and Administration. This creation of, and increase in transfers for PSETA in a single vote means that other national and provincial departments no longer need to create transfers for PSETA from 2015–2016 onwards, unless such transfers are meant for a different purpose. As undertaken in the National Treasury's circular, a sustainable mechanism for funding PSETA over the 2015 MTEF period and onwards has been determined..."*

- The DHET has not submitted a proposal to the Subcommittee on central coordination of internships that must be monitored or controlled in all departments throughout all levels of government. The Subcommittee was informed by the HET sector that the coordination of internships in the public service is the responsibility of the Department of Public Service and Administration, as directed by the Human Resource Development Council of South Africa (HRDSA).
- DHET has developed a draft concept document on the single point of access for public to gain access to learning programmes, which is still subject to internal discussions together with the process towards the implementation of the White Paper for Post-School Education and Training and SETA landscape processes, a Draft concept Document: *Single Point of access to learning programmes* was submitted. The DHET is implementing a Central Application Service (CAS), which is being piloted

in phases towards a single point of access into the whole of the post-school education and training system.

- The DHET has intensified its Campaign against Corruption. An amendment to the Higher Education Act was done in 2012 to ensure that university Council members and management declare their business interests to prevent them benefiting from contracts with institutions. Student governance rules to stop students from being part of tender committees have been instituted. There is no university currently under administration. There is no TVET college that is currently under administration. Forensic investigations have been initiated at 11 TVET colleges. Currently there are 3 Principals and 7 Deputy Principals on precautionary suspension. Thus far, 2 principals have tendered their resignation and 2 principals were dismissed after undergoing disciplinary processes. The Governance Charter for all the SETAs is being developed which will address some of the weakness identified in governance. The first draft Governance Charter is in place and is in the process of consultation. There are currently three (3) Sector Education and Training Authorities (SETAs) under administration, i.e. Local Government SETA (LGSETA), Culture, Arts, Tourism, Hospitality and Sports Education and Training Authority (CATHSSETA) and Safety and Security Sector Education and Training Authority (SASSETA). The report that will be submitted to the Subcommittee will include progress on the work of the DHET in dealing with bogus colleges plus proposals of steps, such as the amendment of existing laws, to be taken to deal with the scourge.

**The following are issues that are from the 2014–2019 government term of governance which were not implemented within the deadline provided by resolutions of the 53rd National Conference. They need intervention for them to be completed by December 2017:**

- The HET sector did not finalize the policy on free higher education to all undergraduate level students for adoption before the end of 2013. The Subcommittee noted that the Ministerial Working Group on Fee-Free Higher Education completed its report in mid-2013 and that the Minister elected not to publish the report, but rather to work with its recommendations to develop a draft policy statement. The DHET, NSFAS, HESA, SAUS, National Treasury, Council of Higher Education and Department of Performance Monitoring and

Evaluation, held a joint workshop at the end of July 2014 to discuss and explore the challenges around these issues. It was agreed that a policy dialogue process, as recommended in the Ministerial Report on Fee-Free Higher Education for the Poor, should be entered into, in order to develop a set of regulations that could be utilised to regulate the awarding of loans across the system in a fair manner, while the short fall in funding exists. This process is underway and the first policy dialogue took place in mid-October 2014. The Second policy dialogue has taken place and data is being collected from all institutions to inform the process going forward. Three further policy dialogues have been scheduled for the 2015–2016 financial year, which will inform the policy on fee-free education. The target date for amendments to NSFAS Act and draft regulations to be published for public comment is March 2017. The sector will submit to the Subcommittee the final draft policy on free higher education to all undergraduate level students.

- The Subcommittee has noted that the DHET has developed a draft Framework for Staffing South Africa's Universities Framework (SSAUF), which it intends to begin implementing in the 2015–2016 financial year. The Subcommittee will receive a report on this matter and the draft framework.
- The DHET has not introduced a newly structured National Student Financial Aid Scheme (NSFAS) to enable fee-free education from 2014 onwards. However, NSFAS has implemented a new student centric model on 7 October 2013 which makes it possible for eligible students at higher education institutions and TVET colleges to apply directly to NSFAS for funding. First time NSFAS applicants registered at 6 universities and 5 TVET colleges are able to apply directly in this implementation phase. The NSFAS new model aims at repositioning NSFAS to provide more efficient and effective financial aid to students.
- The HET sector has not used the current NSFAS as a basis for introducing the newly structured scheme. The Subcommittee will receive a report on progress being made on using the current NSFAS as a basis for introducing the newly structured scheme.
- The DHET has not utilized a policy dialogue model to develop a fully-fledged costing model.
- The HET sector has not submitted proposals for consideration to be given to a "Graduate tax" for all graduates from higher education institution.
- The DHET has not implemented Community Service for all students who are funded from the fiscus, government bursaries and/or loan schemes as yet. The Subcommittee will receive a comprehensive proposal that reflects on policy and legal issues pertaining to the immediate implementation of Community Service for all students who are funded from the fiscus, government bursaries and/or loan schemes.
- The DHET has not submitted to the Subcommittee a consolidated plan with estimated costs of infrastructure requirements to expand the post-school education and training system, which will be linked and coordinated by the Presidential Infrastructure Coordination Council (PICC).
- The DHET has not moved as directed by conference all public colleges, specifically Agricultural and Nursing colleges currently under provincial authority, to a national competence in line with the constitution.
  - The DHET did not immediately after the conference transfer all Agricultural Colleges to the Department of Higher Education and incorporated them fully into the post school system, as directed by the resolution.
  - The DHET did not immediately after conference transfer all nursing colleges to the National Department of Health and ensured that these operate under the requirements of the Higher Education Act of 1997 as amended, and are fully incorporated into the post-school system in terms of articulation, governance, information systems and skills planning. The Subcommittee will receive a combined report from the DHET and the DoH on this matter.
- The DHET has not submitted the full audit of all former College of Education infrastructure undertaken to identify those colleges which are not being utilised for educational purposes or are underutilised and could be productively used to expand post school education and training opportunities. The Subcommittee has received a report entitled 2014 Survey of Former College of Education Sites, which is work in progress.
- The DHET has not recapitalised all former colleges not utilised for educational purposes, e.g. as university campuses, TVET college campuses, teacher development institutes or centres, for foundation and intermediate phase teacher education or as TVET college campuses, or for other post school education purposes.

- The HET and Science & Technology (S&T) have not submitted to the Subcommittee before the end of 2013 the final document on the Policy and Procedures for Measurement of Research Output of Public Higher Education Institutions, which aims to promote research and development.
- The first intake of 50 medical students for the new medical school located at the University of Limpopo (UL) which was scheduled for January 2015 and is linked to the Presidential Project of building an academic hospital in Limpopo has not been done.

### Further reports from Higher Education and Training sector on other matters, work and mandate

The following are reports that the Subcommittee on Education and Health will receive from the Higher Education and Training sector for consideration and forward-submission to the NEC before the NGC:

- A report of the Special Committee on the Transformation of Higher Education Institutions (HEIs).
- The Higher Education and Training funding model that is informed by the report of the Ramaphosa Commission and a model that is biased in favour of the Historically Disadvantaged Institutions of Higher Learning.
- The criminalization of non-registered bogus colleges.
- A review of the curriculum content of the National Senior Certificate – Vocational (NSC-V).
- A policy document on the alignment of FET Academic schools, Technical schools and TVET colleges.
- The initiative that has been embarked upon to attract better qualified TVET lecturers and staff.
- Discussions between Higher Education & Training and Higher Education South Africa (HESA) on the standardization of points or scores for purposes of admission to universities or universities of technology.
- The provision of opportunities for graduates to undergo practical training as agreed between the Minister of Higher Education and Training, in his capacity as a convener of the Human Resource Development Inter-Ministerial Task Team, and State Owned Enterprises (SOEs), sister departments and the private sector.

- The centralization of applications for Higher Education Institutions.

### HEALTH

The health sector's mandate is reflected in its **2009–2014 ANC Ten Point Plan**, the **2011 Negotiated Service Delivery Platforms** plus the **POA that was adopted at the ANC NEC Lekgotla of June 2014**. The Ten Point Plan and the 2014 POA were translated to the government Programs of Action in the first Cabinet Lekgotla that took place immediately after the 2009 and 2014 national and provincial elections. The POAs were further refined, at the level of government, into the Negotiated Service Delivery Agreements that were signed between the President of the Republic and the Minister of Basic Education.

The Health sector implemented its plans and programs throughout the 2013–2014 May period with distinction. This was necessary, as in the case of all sectors, to complete the government election mandate that was based on the 2009–2014 Health Ten Point Plan and the Negotiated Service Delivery Program.

#### ***The following programs which were part of the 2009–2014 mandate were completed:***

- Adopt annual integrated plans to ensure unified action across the health sector in pursuit of goals.
- Under the Implementation of the National Health Insurance (NHI), finalize policy proposals on the NHI.
- Set up the Office of Health Standards and Compliance (OHSC), as a National Quality Management and Accreditation Body.
- Perform an audit of Health ICT at all levels of the National Health System public sector only.
- Draft the National ICT Strategy for Health.
- Implement quality improvement plans for the 18 identified health districts.
- Evaluate all CEOs of hospitals to ensure that they meet minimum requirements for effective management of the said facilities, and institute corrective measures where indicated, including re-training and/or redeployment.
- Do a feasibility study for the establishment of a leadership academy for health managers.
- Improved Human Resources Planning, Development and Management; and the review

and refinement of the Human Resources Plan for Health.

- Develop norms and standards for Human Resources for all levels of the health system.
- Develop a National Health Infrastructure Plan that incorporates the use of PPPs and that is also modelled on the 2010 infrastructure delivery programs.
- Finalize the Health Technology Plan and Strategy.
- Finalize the Health Technology policy and regulations.
- Implementation of the PMTCT and Paediatrics Treatment and Adult Treatment guidelines
- Collaborate with United Nations agencies and other multi-lateral bodies for technical support
- Mobilize financial and other resources from the Global Fund and other major donors.
- Mass mobilization for better health for the population , Intensify health promotion programs.
- Strengthen programs focusing on disabled persons.
- Intensify the implementation of programs to attain the Millennium Development Goals (MDGs).
- Strengthen programs focusing on Maternal, Child and Women's Health.
- Focus on non-communicable diseases, injuries, patient's rights and quality plus provide accountability.
- Finalize and implement the Health Promotion Strategy targeting the Youth.
- Strengthen community participation mechanisms, governance structures and consumer bodies to improve the health of the population.
- Develop a proposal and strategy for policy review.
- Review of drug policy.
- Strengthen all work and efforts to ensure affordability of drugs.
- Research to accurately quantify Infant Mortality Rate.
- Research into the impact of social determinants of health and nutrition.

**The following are challenges that are still work in progress from the 2009–2014 government term of governance:**

- Development of a Social Compact for better

health outcomes.

- Refine and scale up the detailed plan on the improvement of quality of services and direct its immediate implementation.
- Strengthen health-specific management capacity for programs and facilities, especially hospitals.
- Evaluate and strengthen the District Health System and Primary Health Care.
- Review all policies, legislation, regulations and directives that led to the closure of nursing schools and colleges.
- Expand the scope and numbers of Community Health Workers.
- Strengthen programs against MDR-TB and XDR-TB.
- Improve drug supply and management.
- Draft plans for the establishment of a state-owned drug manufacturing entity.

**The following are issues that were not implemented and remain from the 2009–2014 government term of governance:**

- Pursue a program that ensures that South Africa contributes meaningfully to and continues to gain from work with and in the SADC, Africa and the global community
- Development of legislation to support the creation of the NHI
- Under *Overhauling the health care system and improve its management*, draft proposals for legal reforms to unify the public health service.
- Develop a decentralized operational model including new governance arrangements.
- Finalize delegations for all managers at all levels of the public health system, with special attention on hospital managers or CEOs to ensure decentralization of management.
- Develop an accountability framework for the public and private sector.
- Draft plans and allocate resources for the re-opening of nursing schools and colleges in the 2010 academic year.
- Finalize plans for the creation of auxiliary personnel, including a frame-work for task shifting, for all categories of health professionals.
- Increase access by and output of targeted groups, namely Historically Disadvantaged Individuals

(HDIs), Women, persons with disabilities and Youths from academic health complexes.

- Improve the research output, especially from formerly disadvantaged health training institutions.
- Review the accessibility, output and research capacity of academic health complexes.
- Urgent implementation of refurbishment and preventative maintenance of all health facilities.
- Strengthen provincial departments of health capacity to deliver and maintain health infrastructure for primary and secondary health facilities
- Review the funding of the revitalization programme and submit proposals to get participation of the private sector to speed up this programme.
- Strengthen programs against TB at a primary care level.
- Complete the South African Demographic and Health Survey 2008.
- Support research studies to promote indigenous knowledge systems and the use of appropriate traditional medicines.
- To support health research that promotes partnerships that promotes the protection of health from climate change.

**The following programmes which are part of the 2014–2019 mandate have been completed:**

- Conference welcomed the report that the DoH has a National Human Resource Strategy for Health.
- Non-negotiables for health, e.g. pharmaceuticals, security, vaccines, food, dry dispensary, have been adopted as a policy and good practice for hospitals and clinics and a strategy of monitoring availability of essential goods and services. The sector will report on the monitoring of implementation of this resolution and incidents of shortage plus plans to prevent the said shortages.
- The DoH, in partnership with Departments of Social Development and Economic Development, civil society, and international development agencies, launched the National Family Planning Campaign in Tembisa in February 2014.
- Regulations on diet and salt content in foodstuffs to enforce salt reduction in the food industry were signed on 18 March 2013.

**The following are work in progress from the 2014–2019 government term of governance:**

- The NHI fund has not been set up as yet using state revenue. The resolution directs that the fund be set up urgently by 2014. However, discussions have been initiated between the Department of Health and the National Treasury through the facilitation of the Presidency.
- ANC and government are working to mobilize of broad social support for the roll out of the NHI. The Gauteng ANC and government have undertaken roadshows to popularise NHI in the NHI Pilot districts in 2013.
- The Ministry and National Department of Health have not yet assumed responsibility and overall management of Central Hospitals.
- The National Department of Health has not as yet implemented programs to ensure improved management and related capacity of central hospitals to deliver services efficiently and effectively, as the NDoH has not yet assumed full responsibility and management of Central Hospitals. However, full delegations for all managers in Tertiary and Central Hospitals have been developed; and relevant areas of policy and legislation related to this resolution are being considered.
- Critical services such as cleaning services, security services, food services and laundry services and linen supply are not as yet being provided in-house.
- The department has commenced with direct delivery of pharmaceuticals, dry dispensary and related supplies to facilities by suppliers to ensure improved turnaround times and prompt payment of suppliers. It has also started with the implementation of the Direct Delivery Strategy (DDS), Central Chronic Medicine Dispensing and Distribution Programme (CCMDD), the operationalization of the Control Tower and Provincial Medicine Procurement Units (PMPU); end-to-end visibility in the supply chain and electronic data interchanges and Direct Purchasing. The sector will report on these programs and the extent of their roll out.
- The DoH has introduced central procurement mechanism for Antiretrovirals (ARVs), Small Volume Parenterals and Insulin Devices. A report will be submitted to indicate the extent of roll out of the said procurement mechanisms to all pharmaceuticals, dry dispensary and medical equipment and devices.

- The Health and Science and Technology sectors will submit to the Subcommittee a combined report on ensuring that the State is a majority shareholder in, Ketlaphela, the state-owned pharmaceutical company and indicate progress being made in this venture.
  - Government is working on strengthening the capacity of rehabilitation services in the public sector with a focus on mental health, physical disability, gender based violence, childhood trauma and substance abuse. The Subcommittee will receive the approved *Rehabilitation Model* for implementation and a report that incorporates plans of the DBE under “Youth” for consideration.
  - In order to accelerate the training of health professionals in collaboration with the Ministry of Higher Education and local Universities and where necessary to extend training to outside the borders of our country; the DoH has expanded the Mandela-Castro Health Collaboration by increasing intake of students from about 90 per annum to close to 1000 per annum in 2012. Most local universities have expanded their training platform for medical students thereby increasing their total intake per annum. The Subcommittee will receive a report with plans, figures or numbers on the implementation of this resolution.
  - The ANC and government have embarked on activities to promote healthy lifestyles through mobilization of individuals and communities to engage in physical activities, good dietary practices and reduction of harmful use of alcohol, tobacco and to control of substance abuse. The Subcommittee will receive a report based on district plans to indicate numbers of people participating in these activities and those that are being screened for various chronic diseases.
  - An Ombudsperson responsible for Quality of Health Care has not yet been appointed. The deadline for this appointment was 2013.
  - Facility improvement teams have been introduced in all facilities in the 10 NHI pilot districts. The Subcommittee will receive a report and plans on the acceleration of the establishment of facility improvement teams in the all of the 52 health districts as per resolution.
  - The DoH gazetted in 2012 draft regulations to ban smoking in public places and certain areas outdoors. The Subcommittee will receive a report on the finalization of this matter.
  - The DoH has embarked on programs aimed at accelerating the contracting of General practitioners to work in government clinics. This program has not met its targets year-on-year. The Subcommittee will receive a report in this regard.
- The following are issues that are from the 2014–2019 government term of governance which were not implemented within the deadline provided by resolutions of the 53rd National Conference. They need intervention for them to be completed by December 2017:**
- The National Pricing Commission to regulate the health care costs in the private sector was not established in 2013 as per resolution. The DoH is waiting for the finalisation of and recommendations from the Market Enquiry into the Private Health Sector Costs to inform appropriate interventions.
  - The DoH and DHET have not moved the primary training platform for nurses to locate it at nursing colleges inside the hospitals. Instead, the Department embarked on the process of assisting public Nursing Colleges to be ready to offer NQF aligned nursing qualifications. The DOH will provide the Subcommittee a report on progress plus a plan to accelerate the refurbishment of nursing colleges, the number of nursing colleges that have already been refurbished and targets of refurbishment per province up to 2017.
  - The National Health Commission was not launched in 2013 as directed. Draft legislation on the establishment of the National Health Commission has been developed and fast-tracked but still has to be finalised by Cabinet for publication. The Subcommittee will receive the draft legislation and a report with a time-table that indicates its projected processing through Parliament.
  - The DoH established the OHSC nationally by the inauguration of the national Board of OHSC in January 2014. The deadline for this launch was 2013. The Interim CEO for the National OHSC was appointed on 01 April 2014 and the OHSC has not been established in all nine provinces.
  - The DoH and DBE have not concluded consultation of parents on school health programme, in relation to reproductive health rights, HIV Counselling and Testing and prevention of Sexually Transmitted Infections (STIs). However, the first round of the Human Papillomavirus (HPV) vaccination campaign for 2015 took place during 23 February – 20 March 2015. All 9 year old learners or older Grade 4 girls received the vaccination. The Subcommittee will receive their combined report.

- Laws to abolish marketing of alcohol products were not passed by 2013 as directed by the resolution.

## SCIENCE AND TECHNOLOGY

The mandate of the Science and Technology sector is reflected in the **ANC programmes and plans for the 2009–2014 period of governance**. Those were translated into the government POA for the same period. The sector POA that was adopted at the ANC NEC Lekgotla of June 2014; and its translation into government policies and plans is reflected in the 2014–2019 MTSF.

The Science, Technology and Innovation sector implemented its plans and programs throughout the 2013–2014 May periods with distinction. This was necessary, as in the case of all sectors, to complete the government election mandate that was based on the 2009 Election Manifesto and the 2009–2014 Medium Term Strategic Framework.

### The following programmes which were part of the 2009–2014 mandate were completed:

- The announcement on 25 May 2012 that South Africa has won the bid to host the Square Kilometre Array (SKA) radio telescope project marked the completion of a mandate for the DST to lead in the effort of getting a project of massive scientific significance to South Africa, Africa and the Southern hemisphere. This is significant as it includes the recognition of the MeerKat telescope, a South African product, as a critical component of the SKA project.
- Science, technology and innovation (STI) have been included and identified as one of important contributors to socioeconomic development by the National Development Plan (NDP), New Growth Path (NGP) and Industrial Policy Action Plan (IPAP).
- The launch of a pilot plant for the development of Titanium metal powder in June 2013 at the Council for Scientific and Industrial Research (CSIR), progress made in the Fluorochemicals Expansion Initiative and strides made in the implementation of the Aeroswift Program, which is an example of the next generation of additive manufacturing technologies, are some of the projects embarked upon by the DST towards new industry development on the basis of novel or promising technologies.
- The absorption of Sun Space (Pty) Ltd into Denel Dynamics as per Cabinet resolution was a key milestone meant to complement the National Space Strategy and strengthen the development of the satellite and space industry in South Africa

### The following are challenges that are still work in progress from the 2009–2014 government term of governance:

- The Minister has mandated the recently appointed NACI to develop a decadal science, technology and innovation (STI) plan.
- The Minister of Science and Technology has met with the Minister of Finance to discuss the proposal for the establishment of the research and innovation vote. Both Ministers agreed to set up task team which will look into the sources of funding including national and provincial government, corporate social investment, private sector investment in research and development and international funding, especially philanthropic.
- Identified new emerging industries led by R&D through Emerging Industrial Action Plan (EIAP).
- Initiated technology localisation programme aimed at supporting industries in order to strengthen their technology capabilities, to find contracts from competitive supply demand programme (CSDP) and SOCs as well as export new products.
- Initiated sector innovation fund for R&D support to existing industries.
- Supported over 2000 small, medium and micro enterprises (SMMEs) through the Technology Stations Programme.
- The DST is implementing programs to transform and strengthen South Africa's research capacity. At the end of 2014–2015 financial year, South African Research Chairs Initiatives (SARCHI) had a total of 153 awarded chairs. Of these, 73% were recruited in South Africa, 23% were women and 30% were black.
- The DST established numerous human capital development (HCD) initiatives and programmes in support of a wide range of strategic imperatives that include financial support to the postgraduate students. A total of 11335 postgraduates were funded through the DST funding programmes for their postgraduate studies in 2014–2015 financial year. The DST supported a total of 4 064 researchers during the 2014–2015 financial year.
- The sector implements the Youth into Science



Strategy to enhance youth's access to science, engineering and technology (SET), as contribution to endeavours to develop high end SET scarce skills.

- The DST has contributed to about 2000 graduates and students placed in the DST funded work preparation programmes in Strategic Energy Technologies Information Systems (SETIs) including its science councils, national facilities and museums for the past two to three years.

### **The following are issues that were not implemented and remain from the 2009–2014 government term of governance:**

- Improvement of uptake of Science, Technology and Innovation (STI) outputs within government or public sector.
- Local procurement of STI outputs.
- Changing the current preference by South Africans of foreign technologies over locally developed technologies or products.
- Expansion and transformation of research capacity.
- Significantly increasing funding for black and female students and emerging researchers.
- Setting funding aside to send masters and PhD students abroad, i.e. growing the DST contribution towards the establishment of South Africa's External Skills Incubator.

### **The following programmes which are part of the 2014–2019 mandate have been completed:**

- The principle of mainstreaming Science, Technology and Innovation in the ANC, government and the private sector has been adopted. In an effort to mainstream SIT inside and outside government, the DST plays different roles and undertakes different activities. Those include as being the Co-Chairs of the Economic Sectors, Employment Creation and Infrastructure Development (ESE&ID) Cluster and championing activities such as Improving Research and Development (R&D) partnerships with industry, building institutional and interdepartmental instruments to help ensure that promising R&D matures into new industries, and increasing the level of R&D activities in the country as a percentage of GDP. The DST also leads the development of the Emerging Industries Action Plan (EIAP), which contributes to a coordinated and well-managed

R&D-led industrial development programme. The EIAP has the added benefit of serving as a platform for potential collaboration or co-funding between local and foreign partners, as areas for potential collaboration or co-funding.

### **The following are work in progress from the 2014–2019 government term of governance:**

- The first dish of the MeerKat, which will form 25% of the first phase of the SKA, was launched in March 2014. This project is on course and continues to contribute to assist South Africa to attract other radio-astronomy initiatives such as the C-Band All Sky Survey (C-BASS) and the Precision Array for Probing the Epoch of Re-ionisation (PAPER).
- A highlight of the 2012/13 financial year was the expansion of the broadband connectivity to all the major campuses of tertiary educational institutions through the continued implementation of the SANReN programme. A total of 139 research and educational sites have been connected with high-speed networks ranging from a minimum of one to a maximum of 10 gigabits per second.
- The DST with the DBE, the ECDE, the DRDLR and with officials, teachers, SGBs, local government and community leadership in the Nciba circuit in the Cofimvaba District have embarked on a pilot project, which is being monitored by HSRC. This project is used to assess the extent to which quality outcomes can be achieved by the introduction of a range of innovative technologies such as ICT in schools, alternative energy supply, sustainable sanitation options, e-Health in clinics and hospitals, nutrition through local supply of ingredients by small scale agricultural developments and a combined Science Centre and Teacher Resource Centre in Cofimvaba.
- The Department and the CSIR's Wireless Mesh Network technology project connected 200 schools in Nkangala (Mpumalanga) and Sekhukhune (Limpopo) districts. The project has since been expanded its rural connectivity project by launching the Northern Cape phase of the wireless mesh network (WMN) technology initiative. This project aims to reduce poverty through job creation, economic growth and better quality of life. Approximately 27 410 learners and 772 teachers are benefiting from the project. Discussions are at an advanced stage with a private sector mining company in Northern Cape to provide further funding for the expansion of the network to other areas in the province with small, medium and micro enterprise (SMME) that

has taken over the maintenance of the project.

- The DST and the Bill and Melinda Gates Foundation (BMGF) have entered into an innovative agreement, namely the Sanitation Technologies Agreement, whose purpose is to provide access to sanitation services in rural areas. Through this agreement a variety of innovative sanitation technologies have been selected and are being piloted in rural schools in the Eastern Cape (Phase I). In addition, arrangements have been finalized with some of the technology demonstrators and a selection process within the 27 district municipalities has been initiated. The demonstration in some Nciba Circuit schools is in progress.
- The Ministry of Science and Technology provides strategic leadership and coordination of the National System of Innovation (NSI). The Minister has mandated the recently appointed NACI to develop decadal science, technology and innovation (STI) decadal plan. The Minister approved the expanded role and functions of the NACI as part of strengthening the capacity of the NSI to meet socioeconomic development challenges facing South Africa. That includes the promotion of bilateral relations to enhance the implementation of STI policies. The Subcommittee will receive a detailed report that will include the alignment of DST plans with priorities of sectors such as agriculture that contribute to economic development.
- The Minister of Science and Technology is in the process of submitting to Cabinet a memorandum on the research and innovation vote to ensure that government adequately finances and capacitates the National System of Innovation (NSI) and target achieving 1,5% expenditure of GDP by 2017. The DST has modelled the 1.5% Growth Expenditure on Research and Development (GERD) target in terms of this means in Rand terms. The DST has identified potential sources of funding, including national, provincial and local government, corporate social investment, private sector investment in R&D and international funding - especially philanthropic. It shared the results of the analyses with a task team made up of representatives of the DST and National Treasury (NT).
- Various initiatives and programmes continued to be supported during the year under review in the Bio-economy arena. These have resulted in South Africa being ranked number 36 amongst 54 countries in the World Review of Biotechnology (2014). One of the key achievements was the signing of a Memorandum of Agreement (MOU) between Pfizer Inc and the North West University (NWU) in June 2014 towards the potential use of Pfizer's genetically modified animal models, for evaluations in oncology, inflammation, immunology, central nervous system and cardio vascular system disorders. This is expected to contribute towards the development of the pharmaceutical sector in South Africa in terms of the Bio-economy Strategy and of the Industrial Policy Action Plan (IPAP) of South Africa. Preclinical testing is a crucial step in the establishment of this sector as it forms part of the development and registration of any therapeutic product. A national Preclinical Drug Development Programme for South Africa was instituted by the Department and includes the establishment of a national Preclinical Drug Development Platform (PCDDP) for small animals at the North West University. This platform is meant to serve all researchers and companies involved in drug development in South Africa and beyond.
- Other initiatives implemented by the Department continued to generate significant research interest as evidenced by the publication in the Nature Journal of an article on the Eucalyptus Genome Platform collaboration between the University of Pretoria, the Forestry and Agricultural Biotechnology Institute (FABI) and the Department. As part of the Indigenous Knowledge Systems (IKS) Bioprospecting and Product Development Platform's cosmeceuticals flagship project, an access and benefit-sharing agreement was signed, for a skin-tone candidate product, between a cosmeceuticals consortium and the community of Kundabakazi in the Eastern Cape in September 2014. This agreement underpins the commitment for the bioprospecting platform programme for compliance with the national legislation that regulates bioprospecting work for a pipeline of innovative products. This watershed signing event symbolises the efforts to reduce biopiracy while strengthening indigenous knowledge associated with national biodiversity. These Bio-economy RDI initiatives have also resulted in the generation of four publications in journals and one copyright (Copyright on Moringa Vitamin Water). In addition a total of 154 postgraduate students were supported in the Bio-economy related RDI initiatives.
- In the Energy domain key partnership agreements were signed between the Department and the South African Post Office (SAPO) and Transnet. These agreements are expected to see these organisations deploying fuel cell technologies

that are developed by the three Hydrogen South Africa (HySA) centres of competence (CoCs) towards reducing their higher energy bills and carbon foot-print by virtue of their vast and geographically dispersed infrastructure, including buildings and a large mostly diesel and petrol-operated engine and vehicle fleets. The year also saw the launch of an innovative 2,5 kW hydrogen fuel cell power generator prototype unit at the University of the Western Cape's (UWC) Nature Reserve which was also expected to lower its energy bills and carbon foot-print. These HySA CoCs have also resulted in the generation of 32 publications in peer reviewed journals and two patent applications being filed – one on hydrogen storage and supply system integrated with fuel cell power pack that comprises liquid and one on Metal Hydride Storage Container. In addition a total of 142 postgraduate students were supported in the energy related RDI initiatives. The TIA also approved R9,987,114 for the nine month HySA Telco Project being undertaken by HySA Catalysis together with local and international partners. The project involves providing a methanol based fuel cell for providing power to a telecommunications base station. Some funding to the value of £101,000.00 over three years, i.e. £37,000.00 per annum, has been secured by HySA Catalysis to support fuel cell development activities over a three year period from SuperGEN and Newton Fellowship through the University of Southampton. The Royal Academy of Engineering, in partnership with the TIA, awarded the "Leaders in Innovation" Fellowship to Dr Steven Chiuta of HySA Infrastructure to visit the United Kingdom for a training course on technology commercialisation from 16 March to 25 March 2015. The Fellowship brings the leading technology entrepreneurs from the Newton Fund partner countries to the UK for an intensive training course on innovation whilst also building Business-to-Business networks with similar enterprises in the UK.

- The Department's Commercialisation Framework was approved during the reporting period. Advanced plans are underway to implement the framework in terms of proposals received from the CSIR. Part of this work will include plans on implementing the Emerging Industries Action Plan (EIAP) concept note as developed by the DST. In addition, a total of sixty-five interns were assigned to work for host companies as part of the DST-Technology Top 100 (TT100) Workplace Internship Programme.
- The Nanotechnology Vision 2015 for South Africa, a roadmap for nanotechnology innovation, in South Africa was also approved during the reporting period. Agreements were also concluded for the Nanotechnology Health, Safety and Environment (HSE) Platform and Code of Conduct, as well as support provided to the MINTEK Nanotechnology Innovation Centre (NIC) for the Implementation of the South Africa-Russia Cooperation in nanotechnology research. Additional infrastructure funding was provided to the CSIR's NIC for their nanotechnology pilot facility. The photonics and robotics initiatives managed by the CSIR were both resuscitated. A call for proposals in the photonics Emerging Research Area (ERA) was issued, resulting in numerous projects identified for funding, whilst plans for a call for proposals supporting robotics RDI were progressed to an advanced stage. These ERA RDI initiatives have also resulted in the generation of 40 publications in peer reviewed journals and one patent applications being filed (one PCT patent granted in the Nano TB project patent number). In addition a total of 111 postgraduate students were supported in the ERA related RDI initiatives with a total of 18 graduating during the year.
- A significant achievement for the period under review, was the completion of the first NIPMO Incentive Scheme Guideline for Intellectual Property Creators (IP Creators) seeing over 360 IP Creators being awarded a Certificate of Recognition for their role in the creation of an invention for which a South African Patent was granted. Key guidelines, practice notes and interpretation notes developed included the Guidelines for the operation of the NIPMO Incentive Scheme, Guidelines or the IP Fund as well as the long awaited Guideline on IP Ownership. NIPMO also launched its Office of Technology Transfer (OTT) Framework and Technology Transfer Manual in line with the legislative mandate for NIPMO to provide best practices to the Department's stakeholders.
- Toward the end of the financial year, Cabinet approved publication of the draft Bill for the Protection, Promotion, Development and Management of Indigenous Knowledge Systems (IKS) Bill for a comment period of 60 days. The draft Bill would formally establish and define the functions and role of the National Indigenous Knowledge Systems Office. Another important regulatory intervention will come to bear when the Accreditation and Certification Policy Framework is approved by Cabinet.

**The following are issues that are from the 2014–2019 government term of governance which were not implemented within the deadline provided by resolutions of the 53rd National Conference.**

*They need intervention for them to be completed by December 2017:*

- The DST and DHET have not submitted to the Subcommittee before the end of 2013 the final policy document on the Policy and Procedures for Measurement of Research Output of Public Higher Education.

## **SPECIAL REPORTS:**

### **EVALUATION OF PERFORMANCE OF PROGRESS OF COMMON PROGRAMMES**

#### **Infrastructure**

- The DBE and PDEs are implementing plans that are focusing on the delivery and maintenance of school Infrastructure urgently and in an integrated manner. However, this remains a great challenge, as there are still backlog in delivery and maintenance of infrastructure and persistence of under-spending.
- The DBE has developed a comprehensive school building program which is coordinated by the Presidential Infrastructure Coordinating Committee (PICC). Infrastructure developments in the education sector have been integrated with the broader socio-economic developments of government and provincial programmes funded through the EIG and ES and the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) have been submitted to the PICC.
- DHET has secured 16 sites for the construction of 12 new TVET Colleges and the refurbishment of existing campuses. The tender evaluation and adjudication process is underway for the remaining 13 sites.
- The DoH under the auspices of the PICC, conducted a comprehensive audit of all health infrastructure to ensure that the revitalization and refurbishment of all substandard infrastructure will be executed by 2025 using the public fiscus and public-private partnerships where appropriate. The health sector will submit a report on this resolution to the Subcommittee.
- The DoH has establishes teams of engineers and other professionals in built industry from, e.g., the CSIR, DBSA, Transnet, Eskom, to provide health infrastructure on a massive scale in the

pilot districts in order to shorten the pilot period. The IUSS has been introduced to assist improve delivery of infrastructure and expenditure. The restructuring of the Infrastructure Unit of the NDoH and establishment of Infrastructure Program Office is currently underway. The DoH still experience the challenge of under expenditure. The health sector will submit a report to the Subcommittee indicating the number of team established and the target for the sector plus timelines.

- Provincial health departments have established effective project management teams led by Technical professionals such as engineers. The health sector will submit a report to the Subcommittee indicating the number of team established and the target for the sector per province plus timelines.
- The DoH has established workshops in health facilities for maintenance of infrastructure and medical equipment. The Subcommittee will receive a report on this matter with plans, targets and estimated costs.
- The DST is implementing the Square Kilometre Array (SKA) and MeerKAT project coordinated through the Presidential Infrastructure Coordinating Committee (PICC). The Board of the international SKA Organisation in March 2015 agreed on the design of the first Phase of the SKA, called SKA1, which will fit into the 650 million budgeted for its construction. The detailed design is now proceeding and construction of SKA1 is expected to start in 2018. The first dish of the MeerKat, which will form 25% of the first phase of the SKA, was launched in March 2014. This project is on course and continues to contribute to assist South Africa to attract other radio-astronomy initiatives such as the C-Band All Sky Survey (C-BASS) and the Precision Array for Probing the Epoch of Re-ionisation (PAPER). The outstanding reputation of the SKA SA team and of the MeerKAT has led the Max Planck Society (MPG) of Germany to invest 11million Euros to build S-Band receivers and fund all the necessary ancillary equipment for the MeerKAT. The SKA SA human capital development programme has been very successful in bringing young people into astronomy and engineering and strengthening university teaching and research. In total 699 grants and bursaries have been provided. We have extended this to our African partner countries and now have additional support from the UK government's Newton programme for

the development of radio astronomy capacity in Africa. Big Data is the obvious spin-off from the SKA, which will produce much more data at a rate much faster than the entire worldwide web. The challenges being faced in dealing with this deluge of data in the SKA project is similar in extent to that expected in the commercial environment within the next five years. The fact that IBM has opened a new laboratory in Johannesburg and CISCO donating \$5m worth of equipment to NMMU is proof of the global ICT industry's high regard for Big Data.

- *Ketlaphela*, a government project for state pharmaceutical manufacturing, is on course.
- The DST has, through the South African National Research Network (SANReN) and broadband access initiative, connected 139 research and educational sites using high-speed ICT networks. The ICT Research, Development and Innovation (RDI) Roadmap has allowed the DST investment into ICT RDI to grow significantly and be aligned to national priorities, creating an ICT RDI ecosystem that is attractive to foreign direct investment. As such during the 2014–2015 period, ICT multinational companies invested over a R373million over 10 years into ICT R&D investment. The DST established a three year partnership worth R66.6 million in investments. The strength of the South African ICT RDI ecosystem led the private sector to substantially increase their investment into R&D in this country, with their research agendas directed by and aligned to the ICT RDI Roadmap. Apart from the direct DST investment benefits, the ICT RDI Roadmap has also influenced other developments within the ecosystem. The NRF has approved 3 related research chairs: Innovative Small Satellite Technology and Applications for Africa at the Cape Peninsula University of Technology; Enabled Environments for Assisted Living at Tshwane University of Technology and Advanced Sensor Networks at University of Pretoria. Universities such as the University of Witwatersrand and Sol Plaatjies University has both setup Data Science programmes, with the latter the first institute on the continent to offer an undergraduate degree in Data Science. Initiatives such as the Health Patient Registration System with the Department of Health (DoH) has been implemented at 38 facilities across 8 provinces allowing 328639 registered patients to benefit from improved healthcare information systems.

### **Job creation, economic growth and youth empowerment**

The departments of Basic Education and Health rank among government departments, at a national and provincial level, as some of those with the highest number of employees. Their contribution to government job creation and job placement is material. All sectors in the Subcommittee collaborate with other government departments and the private sector to implement programs, such as the Expanded Public Works Programs, School Health and Early Childhood Development, which contribute to activities under discussion.

- The DBE contributes immensely towards job creation initiatives through the ASIDI programme, Kha Ri Gude, Internships and the National School National Programme. *Details of this contribution are contained in the main body of the report.* The DBE has not reported on its investment in priority skills related to education. A report outlining key priority skills for radical economic transformation will be presented to the Subcommittee for consideration and forwarded to the NEC and NGC.
- The DHET has, through its contracting strategy of the Sol Plaatje and Mpumalanga Universities, created at least 564 jobs through work associated with infrastructure development. The TVET college infrastructure program has resulted in about 825 employment opportunities in three (3) out of sixteen (16) identified sites mentioned above.
- The DoH has through its 3535 Data Capturer Project employed 2855 data capturers. KwaZulu Natal absorbed the majority of its data capturers into full-time employment. The DoH has more than 30 000 Community Health Workers (CHW). These CHWs are employed by the DoH and NGOs. Job creation and youth employment that accrues from the DoH infrastructure program, which includes facility maintenance, is massive and will be quantified.
- The DST is funding the Aeroswift program, which is integral to the next generation of additive manufacturing technologies. This program is expected to have substantial impact on existing manufacturing processes and technologies. The DST invested, under the National Biotechnology Strategy (2001), an amount of R2 billion to develop the South African biotechnology-related system of innovation. The top seven biotechnology companies invested in at that time are now generating just under R1 billion per annum. The DST supported South African participation in

a project sequencing the Eucalyptus genome, and the resultant technology advancement is maintaining the competitiveness of the forestry sector and also drives increased profits. The DST also funds a project that employs the “sterile insect technology” to dramatically reduce the pest population. This has made it possible for farmers to realise additional harvest benefits of up to R512 million. The DST is involved in projects to improve technology-based competitiveness of the established primary economic sectors through, e.g. ICT, automation, miniaturisation and the ability to mine, manufacture or beneficiate products on a smaller scale. Initial progress has been made in this regard through the establishment of partnership programmes such as the sector innovation fund initiative. The Post-Harvest Innovation programme and a similar partnership on mining and minerals beneficiation are examples of programs supported by the DST to extend the partnership model to priority sectors of the economy. These programs are well aligned with IPAP, and include forestry, sugar, aquaculture, and boat-building. Over the last decade, the DST focused its Research and Development (R&D) investment on promising mineral beneficiation opportunities, particularly where South Africa enjoyed technology development advantages and where studies have confirmed long-term increases in demand; e.g. the direct production of titanium metal powder and growing the fuel cell development capabilities. The DST provides support to approximately 2 000 SMMEs annually by promoting access to technological services via the Technology Stations Program (TSP), which is hosted by the Technology Innovation Agency (TIA). This enables SMMEs to access specialised equipment, knowledge and innovation support.

### Youth

■ Sectors in the Subcommittee are implementing plans to strengthen and implement policies and programs to eradicate drug abuse and alcohol-related risks as key component of youth development work. The Subcommittee will present an integrated implementation and funding plan plus progress report which will include drug-testing guidelines, the involvement of school-based support teams, oversight by national and provincial Portfolio Committees plus the development by the health sector of community-based programs for detoxification and rehabilitation. This will be done in consultation with the STC.

- The DBE and the DoH implemented a rights-based comprehensive sexuality education in schools. The two sectors have not made sufficient progress towards improving access to Sexual and Reproductive Health Services and family planning for the youth, despite the implementation of a schools health programme. Educators have been trained on sexual and reproductive health and SGB Guidelines plus Tool Kit developed by the DBE. 4 364 Life Orientation educators were trained on the implementation of sexual and reproductive health programmes for learners during quarter 4. The Department of Basic Education has, on 5 May 2015, released the Draft National Policy on HIV, STIs and TB for public comment. The DBE and DoH will submit to the Subcommittee a combined report on the implementation of rights-based comprehensive sexuality education in schools.
- In view of the DBE indicating that it is no longer responsible for the provision of sanitary wear for the Indigent Girl Child since the Department of Social Development is responsible for the said project. The Subcommittee will work towards the establishment of a community-based program that consolidates all initiatives that provide sanitary wear for the indigent girl-child with the involvement of communities, the private sector and the support of the Department of SMMEs.
- In 2014 the DHET reached learners in 6812 schools through the Apply Now Campaign. This complemented the Career Development Services Helpline (0860 356 635), Khetha radio program, social media platforms, the National Career Advice Portal (NCAP) and other career awareness events and activities. The DHET highlighted approximately 425 095 opportunities that are available to 2014 Matriculants within the PSET system at universities, public TVET colleges, and in various industries that collaborate with Sector Education and Training Authorities (SETAs). The sector develops and strengthens the capacity of its institutions to respond comprehensively to the challenges posed by the HIV and AIDS through the Higher Education and Training HIV & AIDS Programme (HEAIDS).
- The DST assigned 108 Interns to host companies as part of its internship program. The DST supported, by 30 June 2014, over 6655 postgraduate and post-doctoral fellows through bursaries managed through the National Research Fund (NRF). The DST funds about eighty (80) sites across all provinces to prepare, through activities of the National Science Week, the youth for science careers and to promote the building of research capacity. The

DST supports *Dr Math*, a mobile tutoring service which allows users to receive maths tutoring by accessing tutors on their cell phones via MXit network, Dr Math has over 25000 registered users to date.

### **Learner Pregnancy**

■ The DBE and PDEs are implementing a comprehensive programme focusing on Sexual Reproductive Health (SRH) and education outcomes to keep girls in schools. The Subcommittee will receive a progress report on the implementation of recommendations of the 2009 DBE report entitled **Teenage pregnancy in South Africa** – with a specific focus on school-going learners. The DBE has come up with a draft policy for the Prevention and Management of Learner Pregnancy. This policy is an alternative to the previous policy that punished learners for falling pregnant. The proposed new policy considered the rights of the learner to education, dignity and the right of privacy. The draft policy would be circulated to Provincial Education Departments.

### **A summary of progress made towards the achievement of the MDGs**

South Africa has done relatively well and is therefore in a position to achieve most of its targets towards the Millennium Development Goals (MDGs) in the following areas: promotion of universal primary education; promotion of gender equality and empower women; reduction of child mortality; improvement of maternal health; combatting of HIV & AIDS, malaria and other diseases; ensuring environmental sustainability; and the development of a global partnership for development. The country is not likely to achieve the goal of eradication of extreme poverty and hunger by target date.

## **ORGANISATIONAL FACTORS, IN THE ANC AND GOVERNMENT, INFLUENCING THE ABILITY OF SECTORS TO DELIVER**

### **Leadership**

The Subcommittee on Education and Health has provided the necessary leadership and oversight over this sector. Regular meetings and support of various sectors by the Subcommittee and the SGO has ensured

that these sectors are able to surmount challenges that arise from time to time. Poor leadership and management, especially at lower levels of government institutions, have a negative effect on the ability of government to deliver.

**Technical support systems for the Subcommittee** to research, compile documents, train members of leadership structures in the sector is necessary for strengthening of the Subcommittee at national and provincial level in order for the Subcommittee to perform to its maximum.

**Policy inconsistencies** by political leaders and executive managers pose political and administrative risks.

**ANC Executive Authority in government**, namely Ministers and Deputy Ministers, should be utilised maximally for the best effectiveness of implementation. The activation of policy pronouncement made by the President in 2009 that Deputy Ministers should have formal delegations and be given specific areas of responsibility could be realised through amendments to relevant legislation such as the Constitution, the Public Service Act and the Public Finance Management Act. This could provide the necessary legal framework for the Deputy Ministers to be more gainfully employed, especially ANC Deputy Ministers

**Maximum of use of ANC capacity in Offices of Ministers, Deputy Ministers, MECs and Mayors:** The ANC would perform better and service delivery would improve if the appointment and movement of strategic human resources, e.g. Chiefs of Staff and Special Advisers, were consciously used to their maximum political benefit.

**Ministers and MECs must be held to account by the ANC and society for the resolution of perennial human resource challenges in departments.** Executing Authorities must perform regular assessments of institutional organisation structures and staff job descriptions as directed by the Public Service Act and the PFMA.

**Sectors and departments must manage the engagement and use of consultants to improve service delivery.** Qualified staffs employed by various government departments must deliver according to their job descriptions. The ANC must lead in ensuring that government derives maximum benefit from appropriate use of consultants and that there is political leadership provided by Executing Authorities for their appointment and deployment by the administration.

### **Better management of financial resources and donor funds**

Poor management of funds available from the fiscus, as demonstrated by audit reports compiled by the Auditor General and poor management of donor funds compromise the ability by various sectors to deliver on their mandate. The Subcommittee will take greater interest in the management of financial resources and donor funds of sectors, especially Basic Education and Health, and report accordingly to the NEC.

### **Better distribution of financial resources between various levels of government**

National departments are by their nature focused on policy formulation plus monitoring and evaluation; whilst provincial departments, districts and institutions are responsible for delivery of services. Most funds, including donor funds, should be therefore allocated to facilities, districts and provinces, as service delivery takes place in facilities. Basics of decentralisation of management of services must be implemented, as there are instances where funds from donors, e.g. billions of Rands for education and health programs, are alleged to have been either returned to the European Union or dumped on service providers and consultants because of the lack of capacity of national departments to spend. This happened despite many provinces having a dire need for these funds for their operational activities.

### **Instability caused by the high turnover of senior managers**

The high turnover of sector deployees and senior management including DGs is a hindrance. The Subcommittee will analyse the turnover, especially of political heads, heads of departments and Directors General, in sector departments at district, provincial and national levels and determine the effects of the said turnover on the ability of government to deliver on its mandate. Findings and recommendations will be communicated to the NEC for consideration.

The following cross-cutting issues are stumbling blocks to delivery by government departments, especially for the health sector:

- Poor human resources planning, development and management.
- Poor financial management, including inappropriately appointed Chief Financial Officers and lack of financial management skills.
- Failure of systems in procurement or supply chain management.

- Poor planning, delivery and maintenance of infrastructure, especially maintenance thereof.

### **INTEGRATING ISSUES OF GENDER AND DISABILITY IN THE WORK OF THE ANC AND THE CONTRIBUTION OF SECTORS TO EMPOWERMENT AMONG DISADVANTAGED GROUPS**

The Subcommittee on Education and Health has consistently and deliberately sought to integrate issues of gender, disability and youth into its plans and programs.

### **ASSESSMENT OF THE CONTRIBUTION OF THE WORK OF SECTORS TO FRATERNAL RELATIONS AND COOPERATION IN SADC, AFRICA AND THE WORLD**

The ANC Subcommittee on Education and Health has no formal program of collaboration with former liberation movements in SADC countries and beyond. However, the Mandela-Castro Health Collaboration is a program of medical training whose success depends on the good relations that exist between the ANC and the Communist Party of Cuba.

All sectors of the Subcommittee participate in various fora which promote bi-lateral and multi-lateral relations at the level of government, e.g. UNESCO and the World Health Organisation. This has not been translated into activity that benefits the ANC directly. The same is true for work that is being done with other governments in Africa, in BRIC countries and in other parts of the world.

The Subcommittee will submit a report on its contribution to the work of the ANC in promoting cooperation, especially with former liberation movements and those who supported the ANC struggle and programs against apartheid. It will also report on plans and progress made in ensuring that ANC political work is done and Party-to-Party relations are promoted during visits to other countries through structured interactions with political leaders of parties allied to the ANC.

### **IDENTIFYING CRITICAL PRIORITY AREAS AND PROPOSED AMENDMENTS OF PLANS AND PROGRAMS FOR QUICK WINS TOWARDS THE ACHIEVEMENT OF TARGETS BY DECEMBER 2017**

The Subcommittee regards as critical the commitment of the ANC to radical social and economic



transformation. The following priority areas and intervention measures have been identified per sector to give effect to that call and for quick wins to ensure that the mandate of the ANC is implemented with greater urgency from now on and after the NGC:

### ■ **ANC Subcommittees on Education and Health**

The Subcommittee will identify human and financial resources that are at its disposal and use those to its maximum benefit. These resources include activists that are working in the public and private institutions, policy units, research bodies and those deployed abroad. The Subcommittee aims to do the best with what is available to execute its mandate.

The following will be attended to with a renewed sense of urgency:

- Implement a plan to ensure that all sectors account for all the commitments made to deliver on each of the resolutions reflected in this report and submit reports to the NEC where indicated.
  - Ensure that all provinces are assisted to have functional Provincial and Regional Subcommittees on Education and Health, and that these report regularly on the work of the subcommittee including the work being done in ANC branches and with the Alliance.
  - Implement a plan to ensure that the Subcommittee responds to directives contained in resolutions, especially those whose deadlines were missed.
  - Implement campaigns such as the Quality of Learning and Teaching Campaign (QLTC) with a renewed sense of urgency.
  - Energise ANC branches to embark on campaigns to ensure that SGBs, Clinic Committees and hospital boards are truly representative of and account to communities.
  - 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.
- **ANC structures in provincial and national legislatures**
  - These structures have started to submit reports on their execution of tasks that emanate from meetings of the NEC Subcommittee. This will be institutionalised and maintained.
  - ANC Members of Portfolio Committees will be required to report in line with the mandate of the Subcommittee. Their reports include their performance of oversight over the Executive, their contribution to law-making, e.g. drafting legislation on making schooling compulsory, and their work in Provinces and local communities.
- **Cross-cutting priorities for all government sectors**
  - Encourage plus assist sectors to establish or strengthen systems in departments for good governance and delivery to last beyond 2017.
  - Reintroduce practical or on-the-job training for all college and some university students, viz. compulsory rotations, bed-side training and work during vacations for technical and medical students.
  - Consolidate all Reproductive Health issues and re-formulate the plan to integrate the work of education, health and social development.
  - Identify and resolve factors that are responsible for the inability or failure of government to implement ANC resolutions on the re-opening of colleges, especially nursing and teacher training colleges. These factors include the absence of appropriate policy and the necessary enabling legal framework for the re-establishment of the college sector, which includes TVET and community colleges.
  - Consolidate strategies, plans and efforts of all sectors in the subcommittee for effective delivery and maintenance of infrastructure, appropriate technology and equipment for schools, clinics, hospitals, colleges, universities and relevant science and technology sites; and conclude the macro infrastructure plan for the university education sector by March 2015.
  - Encourage all sectors to identify and support innovation in addressing both social and technological challenges.
  - Promote and support the local, provincial, and national commitment to increase investment in research and development to achieve the 1,5% of GDP in Manifesto.

## ■ **Basic Education**

- Engage trade unions for members to accept re-deployment and re-skilling.
- Working towards strengthening programs in Maths, Science and Technology, the sector will introduce Technical Mathematics and Technical Science in 2016. It will also provide support to the Intermediate and Senior Phases laying solid foundation required to succeed in studying the MST subjects at the FET level.
- In order to realise the objective of making Learner Teacher Support Material (LTSM) available and to provide a textbook for every learner, in every subject, in every grade, the sector will build the capacity of the State to develop, print and deliver LTSM.
- In order to promote Inclusive Education, the sector has initiated a process of developing the South African Sign Language (SASL) curriculum for grades R to 12, whose implementation will follow a phased-in approach starting at Foundation Phase and grade 9 from 2015 to end with implementation at grade 12 in 2018. Training focused on more than 250 teachers and Deaf Teaching Assistants from the implementing grades in 45 schools will be implemented from 2015 onwards.
- Information Communication Technology will be prioritized for implementation at schools to act as an anchor for the radical transformation of the basic education.
- Teacher Development will be prioritised to enhance teacher performance and quality of learning and teaching support through increasing the depth of content knowledge of our teachers.
- Reading Promotion and Library and Information Services will be prioritised to enhance learners' knowledge and skills, help them to succeed academically and prepare them to be active members of their communities.
- The National Education Collaboration Trust will be used more to galvanise members of communities, teacher unions, traditional leadership and businesses into district steering committees to work with the district offices, schools and communities in order to drive improvement activities in the target schools.
- 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.
- 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 frequent 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**

- Prioritise the finalisation of policy for free higher education to all undergraduate level as a matter of urgency, with the aim of implementation by 2018 provided funds are available to support such a decision.
- Finalise the policy on Community Service for

all students by July 2016 and commence with implementation by December 2017.

- Fast track the conclusion of the work of the various committees and structures to ensure that progress is made by December 2017 on the project of shifting of Nursing and Agricultural Colleges currently under a provincial authority to a national competency in line with the constitution.
- Engage all relevant structures of the ANC and government to avail resources to ensure that good progress has been made by December 2017 on the recapitalisation of all former colleges not utilised for educational purposes.
- Publish in the Government Gazette by January 2015 the statement on Policy and Procedures for Measurement of Research Output of Public Higher Education Institutions and finalise Policy and Procedures for Measurement of Research Output of public HEIs by March 2015.
- Finalise the Higher Education and Training funding model and framework by March 2015 and implement the approved framework by the end of March 2016.
- Urgently put in place sustainable mechanisms which include law enforcement agents to enforce the criminalization of non-registered bogus colleges.
- Prioritise the conclusion of the development of the Central Applications Service architecture and operationalize the system of centralization of applications for Higher Education Institutions by March 2018.
- Back to school campaign must be extended to include Higher Education Institutions.
- 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.

- 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 1 July 2015.
- Education Alliance must have a programme to support the Post-School Education and Training (PSET) system.
- Monitor HEIs to ensure they are not are using the national benchmark test as a hindrance to the transformation agenda.
- 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.

### ■ **Health**

- On the implementation of the National Health Insurance (NHI)
  - 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.
  - Implementation of the NHI starts at PHC level, as that would be affordable.
  - The matter should be discussed comprehensively at a broad meeting of the Subcommittee on Education and Health.
- On the establishment of the NHI fund, this matter must be finalised by health and Treasury.
- On the Expansion of free Primary Health Care
  - 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).

- ❑ Community Health Workers (CHW) must be absorbed into formal government employ.
- On HIV and Maternal and Child Health
  - ❑ 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 campaign against HIV and AIDS.
  - ❑ 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.
- On Tuberculosis (TB)
  - ❑ Having identified Tuberculosis (TB) as a national priority, the sector will intensify the fight against TB 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 Merafong (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
- On Healthy Life Style
  - ❑ ANC Branches must have health portfolios to implement programs that promote at no cost healthy lifestyle of members, their families and communities in wards where the ANC operates.
  - ❑ 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.
- ❑ The health sector must 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 Subcommittee needs to advise the ANC about socially-acceptable use of alcohol.
  - ❑ The ANCYouth League must play a leadership role in the fight against drug and alcohol abuse and gangsterism by organising youth camps involving affected youth.
- On improving the Quality of Public Health Care services
  - ❑ There must be consequences if managers are not doing their work.
  - ❑ Improve conditions of work and support staff and systems.
  - ❑ Government departments must do lifestyle audits of staff in procurement. 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". The ANC must discuss programs which allow the movement and government to return to basics of management and leadership.
- On the cost of private health care
  - ❑ 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.
- Resolve policy and legislative issues and establish National Pricing Commission.
- Engage MECs and Premiers to ensure speedy establishment of Offices of Health Standards Compliance in each province.
- Urgently resolve policy and legislative impediments and fast-track the assumption of responsibility of overall management by the

National Department of Health of central hospitals.

- Actively engage relevant persons and structures to fast-track legislation so that the sector establishes the National Health Commission before December 2017.
- Intensify dialogue with all stakeholders including the alcohol industry, the entire social sector and the economic sector in government and fast-track the passage of legislation aimed at abolishing the marketing of alcohol products.
- 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.

### ■ **Science and Technology**

- Ensure the finalisation of the MeerKat radio telescope as forerunner to the SKA phase 1.
- Draw on the work and experiences of the Departments of Science and Technology and Basic Education in providing connectivity to schools across the country and capture lessons from the Cofimvaba pilot on use of technologies to improve the quality of learning and teaching in rural schools, in support of key departments such as Basic Education, Health, Rural Development and Higher Education & Training in key technologies such as ICT, e-Health, sanitation and STEM.
- Promote and support the realisation of first stages of an indigenous pharmaceutical manufacturing capacity.
- Prioritise Ketlaphela, a project designed to ensure that South Africa builds capabilities for manufacturing of essential drugs and vaccines.

- Strengthen partnerships for technology transfer, product development and research to develop new diagnostics, drugs and vaccines through collaboration with the private sector.
- Finalize and publicize the Human Capital Development Strategy.
- 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.
- Ensure that, because of their cross cutting nature, strategic goals of Science Technology and Innovation are incorporated into the plans and priorities of the Economic Transformation Committee (ETC) to support efforts aimed at the diversification and transformation of the South African economy.
- 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.
- Ensure that there is research on education issues to inform policy.
- Accelerate the process of evaluating the remuneration of academics to attract younger people into academia.

## CONCLUSION

The Subcommittee is satisfied that all sectors have made good progress in implementing resolutions of the 53rd ANC National Conference. It has noted the lag in the start of formal translation of resolutions of conference into government policy and programs; and suggests that the ANC Policy Subcommittee should, after each conference and NEC meeting, consciously lead the process of integration of resolutions of the ANC into government policy and programs, without altering the mandate obtained from the masses in the preceding national election. The ANC is on track to achieve most of its goals of implementing its plans by December 2017.