



THE NATIONAL DEVELOPMENT PLAN: VISION VERSUS REALITY



TWENTY-NINTH ISSUE NOVEMBER 2013

QUARTERLY

roundtable

THE HELEN SUZMAN FOUNDATION  
SERIES

# roundtable

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### Vision

Promoting liberal constitutional democracy in South Africa.

### Mission

To create a platform for public debate and dialogue – through publications, roundtable discussions, conferences, and by developing a research profile through an internship programme – with the aim of enhancing public service delivery in all its constituent parts. The work of the Helen Suzman Foundation will be driven by the principles and values that informed Helen Suzman’s public life.

These are:

- reasoned discourse;
- fairness and equity;
- the protection of human rights;
- the promotion of rule of law.

The Foundation is not aligned to any political party and will actively work with a range of people and organisations to have a constructive influence on the country’s emerging democracy.

*“I stand for simple justice, equal opportunity and human rights; the indispensable elements in a democratic society – and well worth fighting for.” — Helen Suzman*

*Hosted with the support of the Open Society Foundation For South Africa*



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## Contact Details

**Tel** +27 11 482 2872 **Fax** +27 11 482 7897 **Email** [eythan@hsf.org.za](mailto:eythan@hsf.org.za) **Website** [www.hsf.org.za](http://www.hsf.org.za)

**Postal address** Postnet Suite 130, Private Bag X2600, Houghton, 2041, South Africa

**Physical address** 2 Sherborne Road, Parktown, 2193, Johannesburg

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# Profiles



**Trevor Manuel**

**Trevor Manuel** is a well known activist, and sometime Minister of Finance, currently serves in the Cabinet as Minister in the Presidency in charge of the National Planning Commission.

He was Finance Minister during the presidencies of Nelson Mandela, Thabo Mbeki and Kgalema Motlanthe.



**Aubrey Matshiqi**

**Aubrey Matshiqi** is a Research Fellow at the Helen Suzman Foundation, specialising in national politics in South Africa.

He writes regularly for different publications including *Business Day*.

Aubrey is a former government spokesperson and a member of the Strategy Unit in the Premier's Office in Gauteng.



**Alex van den Heever**

**Alex van den Heever** is a Research Fellow at the Helen Suzman Foundation

He holds the Old Mutual Chair of Social Security Systems Administration at Wits University.

Alex has spent over twenty years working in health economics and financing, public policy, and social security.

He participated in the Melamet Commission of Inquiry into Medical Schemes and The Taylor Committee of Inquiry into Comprehensive Social Security.

He was involved in establishing and advising the Council for Medical Schemes.



**Iraj Abedian**

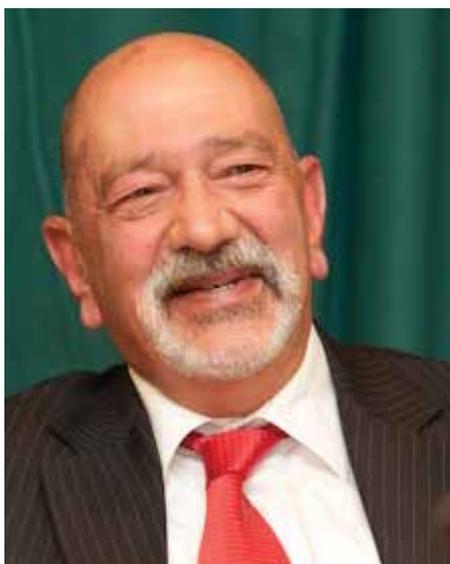
**Iraj Abedian** is the Chief Executive Officer of Pan-African Capital Holdings.

He is an economist by training and has extensive research and business experience in South Africa.



**Francis Antonie**

**Francis Antonie** is the Director of the Helen Suzman Foundation. He is a graduate of Wits, Leicester and Exeter Universities. He was awarded the Helen Suzman Chevening Fellowship by the UK Foreign Office in 1994. From 1996 to 2006 he was senior economist at Standard Bank; thereafter he was Director of the Graduate School of Public Development and Management at Wits University. He was the founding managing director of Strauss & Co.



Since being endorsed by the ANC as a ‘platform for unified action’, debate surrounding various elements of the National Development Plan (NDP) has intensified. On 4 November 2013, The Helen Suzman Foundation, in association with the Open Society Foundation for South Africa, hosted a roundtable discussion on the NDP. The keynote speaker was former Finance Minister and Minister in Presidency in charge of the National Planning Commission (NPC), Trevor Manuel. He was joined by research fellows of the Helen Suzman Foundation Aubrey Matshiqi and Alex van den Heever and Chief Executive Officer of Pan-African Holdings, Iraj Abedian.

**Mr Manuel** opened the discussion by outlining the nature and composition of the NPC and the environment in which it operates. This touched briefly on the relationship between the NPC and cabinet, drawing attention to the unique position the NPC occupies within government.

Mr Manuel went on to mention nine challenges addressed by the NDP, with a particular focus on issues related to employment and education. He also took time to outline some of the environmental challenges to the implementation of the NDP. The lack of trust remains one of the biggest obstacles to broad-based campaigns of transformation such

as the NDP. Reform initiatives of this nature require cooperation between various partners, and until certain levels of trust and cooperation are reached, implementation of the NDP is going to remain particularly challenging.

The global financial situation and sluggish economic growth in South Africa were also identified as factors affecting the implementation of the NDP. These problems have been compounded by slower than expected economic growth in South Africa which has given rise to a domestic environment that is not conducive to large scale economic reform.

Finally, Mr Manuel identified the capacity of South African institutions as a factor obstructing the efficient implementation of the NDP. Weak intuitions in both the public and private sector have impeded NDP reform initiatives in a number of key areas. The implementation mechanisms that have been established lack an effective institutional framework within which to operate, and have not been able to gain the traction initially hoped for.

After outlining some of the environmental challenges facing the NDP, Mr Manuel went on to discuss some recent examples of successful implementation. These included:

- The successful launch of the National Collaborative Education Partnership in July 2013;
- The progress made in implementing the Early Childhood Development initiative;
- The recently passed Employment Tax Incentive Bill;
- The progress being made by the Integrated Urban Development Framework in addressing land reform as a developmental issue; and
- The focus on creating a capable developmental state through the National School of Government.

The address was intended to give the audience and panellists an indication of how the NDP has progressed since its inception, and outline some of the difficulties currently being experienced. Following the address, the panellists were given an opportunity to discuss various elements of the NDP in more detail and seek clarification on any issues they may have identified.

## DISCUSSION

The first panellist to engage Mr Manuel was **Aubrey Matshiqi**. Mr Matshiqi suggested that the NDP in its current form represents a 'broad vision' for the future of South Africa rather than a 'plan of action.' He pointed out that most of the technical details crucial to the Plan's implementation are yet to be established and that the Plan lacks sufficient detail as to the means by which certain goals are to be achieved. Concerns were raised that the current approach of piecemeal implementation may cause conflict between various sectors of society. Implementing certain sections of the Plan before others will provide certain parties with an opportunity to advance narrow interests and may upset the equitable balance the Plan seeks to achieve. Following from this, a question was raised regarding the location of the of the NDP within government. Mr Matshiqi enquired as to where the intuitional base of the NDP is going to be located and how this may affect its implementation.

**Alex van den Heever** focussed his discussion on two areas in urgent need of reform. Professor van den Heever argued that the NDP does not provide the basis of a plan capable of addressing systemic issues related to Health Care and Social protection. The dysfunctional state of Health Care and Social Security systems in South Africa is largely due to a deeply fragmented institutional and policy framework. He suggested that these problems need to be addressed at a level of detail not provided for by the NPD. The failure to provide for systemic reform in these key areas leaves the broader objectives of the plan unattainable. Mr Manuel was asked how the NDP proposed to address the institutional framework currently underlying health care and social security systems.

The final line of enquiry was provided by **Iraj Abedian**. Dr Abedian identified the NDP's failure to provide an explicit set of common national values as an area of concern. Mr Abedian argued that the prospects of developing nations depend, to a large extent, on the type of value system adopted by society. These 'national values' form the basis of dialogue and underpin cooperative efforts between various actors within society. History shows that extractive governments do not last, and it was suggested that South

Africa needs to be more aware of the dangers associated with an extractive culture among the political elite. Any long term development plan such as the NDP should include a set of values aimed at ensuring commercial, social and political interaction does not take place in a valueless environment. Mr Manuel was asked whether the NDP was capable of addressing these concerns.

## RESPONSE

Mr Manuel pointed out that the NDP is more than just a broad vision of the future but that its implementation needs to take place in stages. In the medium term, strategies need to be formed and institutional foundations developed, before narrow technical detail can be established and implemented. Mr Manuel made it clear that the lack of technical details in certain areas does not render the entire plan incapable of implementation. While the implementation of broad based reform will always be a challenging, the various interests of different sectors of society are capable of being balanced throughout a progressive implementation. In response to the specific questions about the location of the plan within government, Mr Manuel said that the intuitional base of the NDP will rest in the Presidency.

As regards to the points raised by Professor van den Heever, Mr Manuel conceded that the plan lacked certain technical details crucial to its implementation. He maintained that the NDP is designed to provide an overarching structure for broad based reform and was never the intended to address narrow technical concerns during the early stages of implementation. As the plan develops, various technical details can be established as they become required.

In response to the issues raised by Dr Abedian, Mr Manuel agreed that a national set of norms is essential to the efficient functioning of any society. It was, however suggested that the Constitution provides a ready source of national values and offers a preferable basis for engagement with issues of this nature. It was suggested that making South Africans more familiar with the values expressed in the Bill of Rights and pre-amble to the Constitution would be a better way of establishing a set of national values, than attempting to engage with these issues in economic development plans.



**G**ood evening, ladies and gentlemen. On behalf of the Helen Suzman Foundation, I want to welcome you to this evening's roundtable. Our topic is the NDP.

I want to take this opportunity to acknowledge the support the Helen Suzman Foundation receives from the Open Society Foundation for South Africa. I would also like to acknowledge the support of GIBS. For those tweeting, the hash tag is #NDP.

The National Planning Commission (NPC) is the government's initiative responsible for developing a long-term vision and strategic plan for our country. The NPC's mandate was given in the revised Green Paper which was released in February 2010 and was further elaborated on by President Zuma on 11 May 2010 at the inaugural meeting of the NPC.

The NPC formulated a document to attain a long-term vision for the country – this document is the NDP. Following consultation with the public, the NDP was presented to the President on 15 August 2012 at a special joint sitting of parliament. All political parties represented in parliament expressed support for the NDP.

The Cabinet Lekgotla received the NDP on 6 September 2012 and acknowledged it as the strategic framework which would form the basis of future government planning. The ANC adopted the NDP as the cornerstone

and blueprint for a future socioeconomic development strategy for the country at Mangaung in December 2012.

While there has been widespread support for the NDP, certain concerns and criticisms have been voiced. One of these concerns is government's commitment to the NDP as a Plan of Action.

Recently, the government has indicated that the New Growth Path, formulated by the Department of Economic Development, and the Industrial Policy Action Plan (IPAP) from the Department of Trade and Industry are both to come under the NDP umbrella.

*Although all three plans emphasise growth and job creation, these approaches appear to differ with regard to their prerequisites and their measures and their sources. The most notable feature is that there are contrasting understandings in the importance of labour market reform.*

Some have argued that these approaches are not immediately compatible, and that incorporating them under the same umbrella risks ignoring important differences. The question is then posed, will this not result in an incoherent policy?

Although all three plans emphasise growth and job creation, these approaches appear to differ with regard to their prerequisites and their measures and their sources. The most notable feature is that there are contrasting understandings in the importance of labour market reform. The Minister will address some of these issues.

A further consideration is how the NDP recognises and is compatible with global efforts to address similar developmental challenges such as job creation, poverty reduction, inequality and environmental degradation. The Minister has been involved with the Oxford Martin School, along with a diverse group of highly respected global leaders in the Oxford Martin Commission.



Their publication *“Now for the Long Term”* released on 16 October by the Oxford Martin School at Oxford is the product of a year-long process of research and debate undertaken by a group of eminent leaders on the successes and failures in addressing global challenges over recent decades. We hope that the Minister will also address some of these issues.

Ladies and gentlemen, it is now my very great pleasure to introduce our panellists. **Trevor Manuel** is a well known activist. He is also sometimes Minister of Finance. He currently serves in the Cabinet as Minister in the Presidency in charge of the National Planning Commission.

He was Finance Minister during the presidencies of Nelson Mandela, Thabo Mbeki and Kgalema Motlanthe. His tenure as minister was illustrious and I think the country owes him a great debt as he managed our economy through a very difficult period. I would like to welcome the Minister.

Our respondents, for which I have been very severely criticised by my staff and by the Minister, are all male and for this I must now publically apologise. These things sometimes happen.

**Aubrey Matshiqi** is a Research Fellow at the Helen Suzman Foundation specialising in national politics in South Africa. He writes regularly for different publications including the Business Day. He is a former government spokesman and a member of the Strategy Unit in the Premier’s Office in Gauteng.

**Alex van den Heever** is also a Research Fellow at the Helen Suzman Foundation. He holds the Old Mutual Chair of Social Security Systems Administration at Wits University. Alex has spent over 20 years working in health economics and financing public policy and social security. He participated in the Melamed Commission of Enquiry into Medical Schemes and the Taylor Committee of Enquiry into comprehensive social security.

**Iraj Abedian**, our third respondent, is the CEO of Pan-African Capital Holdings. He is an economist by training and has extensive research on business experience in South Africa. Since 1994 he has been involved in helping to formulate macroeconomic policy in South Africa and is a respected advisor to a number of public and private organisations. He is a former colleague at Standard Bank where he was Group Economist and where one of his tasks was to keep the unruly senior economists in line. He did that very well.

How I propose to conduct this evening’s roundtable is to give the Minister twenty-five or so minutes to speak. Thereafter I will ask the respondents to speak in five minutes.

So, without further ado I shall ask the Minister to begin our discussion and thereafter respond to the respondents briefly and then open it up to the floor, not only so that there is a dialogue between the panel and the floor, but also amongst the audience.

WELCOME



## Trevor Manuel

Good evening to all of you. Thank you very much for the opportunity and I hope we will have a good discussion this evening.

Iraj has downloaded the NDP. It is a good start but I want to draw attention to the fact that if you go to the App Store and look for National Development Plan 2013 there is an app and you can navigate it far more easily, and it will give you the updates.

I would just like to remind us of the positioning of the National Planning Commission (NPC) – it is the first Commission of its kind. I sit in Cabinet but we have 25 commissioners who are outside of Cabinet. That makes it a somewhat unique position laterally and so our role is largely, almost essentially, advisory.

But having a foothold in Cabinet allows us to engage with issues quite differently from the think tank. Perhaps at some point, if I get kicked out of Cabinet, I will have to try and compete with Aubrey for a Monday

column in the *Business Day* or something to be heard on behalf of the National Planning Commission. But until then, I think that it's a rather unique position.

The second issue is to position the National Planning Commission longitudinally. From the perspective of struggle for democracy, the first democratic elections in 1994, the adoption of the Constitution in May 1996, the signing of the Constitution into law in December 1996, and then a series of policy issues work done with varying degrees of implementation.

So what does it do? Very importantly, it has access to all of government's systems, all of government's information policy document. But it does not have the constraint of line function myopia. So we can look across, try and understand what the issues are, join the dots and make proposals on that basis.

There are quite a few challenges. One of them is that in the nature of the beast,

whether the beast is a corporate entity or a government entity, the line function knows best. I am sure in a corporation, the clash between the financial director and the audit committee is what adds spice to life.

*The second particularly challenging issue in our constitutional setup is the concurrent powers between national, provincial and local government and the schedules to our Constitution actually describe them.*

In a governmental system you have very small all-knowing public servants and then you have a commission made up of people, some of whom were public servants not so long ago, who also have views on the matter, and they think it is that kind of issue we need to understand.

The second particularly challenging issue in our constitutional setup is the concurrent powers between national, provincial and local government and the schedules to our Constitution actually describe them. Take the case of public health, the few people as passionate about public health as Aaron Motsoaledi is.

However, when he looks at what is happening at a hospital somewhere at Flagstaff in the Eastern Cape, he does not have an immediate line of sight. He does not have control. The point of service delivery is that point which reports through hospital manager to the MEC. That is part of our challenge, and in many ways the same issue plays itself out in basic education.

Then you can look at local government when the same issue arises from time to time. So part of engaging with the issues of implementation is to understand that element of the challenge and to drive it from there.

I am not proposing for a moment Constitutional amendments, but it is very important that part of the discourse that we engage with is to understand what the limits and opportunities are presented

by that notion of concurrence which the Constitution.

Of course the other part of it is that those of us in national government would much prefer the term “tiers”, but our Constitution talks about spheres that are independent and interdependent, nice crafting, but exceedingly difficult to manage.

So that is it. You have heard the dates. The plan has 15 chapters, two of them are contextual, one deals with demographics and the other deals with the complexities in the global economy. Of the remaining 13, we started with a diagnostic made up of 9 key challenges that we tabled on 9 June 2011.

We set a broad objective, our interpretation of the Constitution was to eliminate poverty and reduce inequality. These different issues each require their own measure and are equally complex, but to some extent the poverty measure is somewhat easier. You can draw a line if the measure is per capita GDP and ensure that nobody lives below that line. Inequality is a lot more difficult and we have both of those as key objectives that we need to be able to measure on performance scales.

Out of the 9 challenges, we lifted 2. The first of those is that too few South Africans are in gainful employment, and whether you are looking at the measure in South Africa or you are looking at that against our peer group countries, we have enormous challenges.

The second is that the education system for the majority of black South Africans produces suboptimal outcomes. There is a course of relationship that seems to suggest that for many young black learners in townships and in rural areas, the marginal returns on their education are so low that the discouragement factors actually kick-in very early. So we have fundamental problems that find resonance in the social makeup of the country.

Those are issues that are there. We raised the 9 challenges. We took this out to intensive discussion including very exciting things. We had something called an “Online Jam” for 72 hours involving 10 000 young South Africans. We excluded all of those who were

31 and above from the Jam, because it is very clear that by 2030 the generation that we are speaking of must take full control. If we want them, we cannot present them with a future, we need to engage them on issues of the future.

Out of that process of consultation, including with all political parties, we added 4 additional areas of work including social protection, community safety, an inclusive rural economy and very clear proposals on the position in South Africa in Africa. So we have these 13 challenges and then all of these processes of discussion and adoption.

*The date of that joint sitting of parliament was 15 August, and then on 16 August was the tragedy of Marikana. I think in many ways all of us as South Africans are grappling with issues of trust that have been accentuated since those tragic events at Marikana.*

Now, I want to make the point in a while about how relatively easy that part of the narrative is and why it is a bit more difficult now. But just before getting there, I want to touch on the environment within which we are looking at implementation.

The date of that joint sitting of parliament was 15 August, and then on 16 August was the tragedy of Marikana. I think in many ways all of us as South Africans are grappling with issues of trust that have been accentuated since those tragic events at Marikana. They will forever be part of the political discourse in this country and it is very important to engage with the issues of trust after that.

It finds resonance in a number of ways. It finds resonance certainly in that it may have been shaped by the kind of coming apart of what was a social compact that had existed since the 1987 mine workers strike between the Chamber and NUM that has come apart. So you have a bifurcation of a trade union movement that makes the management of an industry as important as our mining sector exceedingly difficult.

But that also then finds resonance in splits in the trade union movement and a range of other issues. So it is going to be important to engage with those issues. They are not going to easily disappear and you cannot build and take on new challenges unless you can create an environment of trust.

The second part of that trust issue is of course business. It would be wonderful to have a single business organisation sit down, disagree robustly on some issues, agree on certain issues, step out there and go and implement. But business itself is trifurcated. I mean, who are we talking to? Are we talking to the Black Business Caucus? Are we talking to BUSA? Are we talking to Business Leadership South Africa?

All of them are very important organisations but for many of the changes, we actually need to talk to the members of the Chamber of Commerce and Industry, the little guys who do not take instruction from an organisation that they belong to but Management and Boards take decisions together. So it is a complex environment that we need to understand.

The third part of that trust issue is that the older large transversal NGOs, like the South African Council of Churches, have no presence. So who we talk to is very important because the plan is not a government plan – it is a national plan.

So the ability to have a set of organised interlocutors that make implementation easier is actually severely undermined. That is one strand of issues in the environment that is tough.

The second is the broader economic environment. We entered the 2008 economic crisis with a fair amount going for us. We had a budget surplus at the time. We had a huge demand for infrastructure to build the 2010 infrastructure. Some of it is a little bit difficult. This province does not like paying tolls and so on. We can talk about those things. However, that provided a momentum that saw us through the first part, but we are really battling to get beyond that and some of these issues are just very difficult. We need strong contractors to be able to do the infrastructure stuff we are doing now.

How do you deal with that within the context of having had to have the Competitions Commission deal with collusion in the industry? How do we deal with these kinds of issues because it is fairly to use a sledgehammer and shut them all down and have all of our contractor's trainees?

How do you get balances right where you want law and justice and to build a local capability? These are fundamental important challenges and when there's reticence I think it's pretty tough to drive big campaigns of transformation.

*We are pretty good at business processing centres, these call centres and stuff, but actually the Philippines has come along and knocked the socks off so many other countries because they come in lower.*

The other challenge is of course that our manufacturing, you know, it gets up, it goes, it then faces new challenges and that's difficult, and then some of the things we used to do in services, other people actually get better at.

We are pretty good at business processing centres, these call centres and stuff, but actually the Philippines has come along and knocked the socks off so many other countries because they come in lower. These are issues we need to deal with and the business environment is a pretty tough one. We need to be able to work through that, talk about facing challenges honestly, openly and work through it.

The third set of environmental issues is the broad body of institutions we have. All of them face challenges, need new energy renewal, whether you're talking of parliament, provincial legislatures, local authorities, the elected municipalities, whether you're talking of institutions like NEDLAC created to prevent the fallout is now facing new challenges in respect of its ability.

The fact that we don't dialogue, we negotiate is a big, big problem for us as a nation. We've got to try and get some of these issues on the table. I'm saying that not as an excuse.

It's important that we are able to engage with reality as we take forward some of the implementation.

I said that the narrative is a lot more difficult now. It is not as neatly packaged as some of the things we've been through but there is a fair amount happening on implementation.

I want to cite six examples of some of the things happening. The first of these is the education collaborative partnership. About a year ago Sizwe Nxasana, CEO of First Rand, but more importantly sitting in a foundation, engaged in a discussion with the Minister of Basic Education Angie Motshekga and then arranged with other groupings, organisations added.

They were placed in a position and it took a long time because they didn't want to fail. It probably took eight months to be able to work through it and get everything in place to announce the launch of the partnership.

The partnership is there and the partnership is working, not at top levels, they are working in districts and they are working in districts that function well and some of them are in rural areas and they are working in districts that are, to some extent ... trying to have those districts influenced by some of the better performers and this is going to take a long while.

But it does mean that somebody like, because Nxasana and Motshekga are joint Chairs of this initiative, and part of what he has to do is to get business people into the districts and learn as they go and apply other knowledge and these districts are spread across the province.

But there is so much information being generated out of the system and it is actually not a debate about big issues like curriculum and so on and so on. It's about getting systems right and getting processes of accountability and there are some measures that you can use. We know that in leafy suburbs school governing bodies work like a charm. Teachers are accountable. Schools email parents or find some way where parents don't have emails and in the rest it is just a very broken system.



trevor manuel

*That, for me, speaks to what we should be doing to drive the change. Not to beat up but to use that very public commitment and say here is the possibility of the prospect, let's create the partnership to drive the change.*

shall be our dominant motive in the South Africa of 1994 and thereafter.”

That is such a big commitment. I mean, the easiest thing to do is to beat up on the unions and so on. The key challenge for us is to take that commitment. When I contacted his offices this morning, because I was looking for the speech, he said, sure use it, tell people that that is our commitment.

That, for me, speaks to what we should be doing to drive the change. Not to beat up but to use that very public commitment and say here is the possibility of the prospect, let's create the partnership to drive the change. That's one area.

The second area where we are also working, the National Development Plan makes a big commitment to Early Childhood Development. It is a big divider. I mean, I'll admit to not having quite understood the issue at the time of drafting. But I now understand that without all of the elements in place that many in an audience like this would take for granted.

Nutritional support for pregnant and lactating moms, cognitive support in the home, in communities and infrastructure support, high quality well trained foundation teachers, all of these combined, and when we looked at it we discovered that this stuff sits in a number of different places in government, in nutrition, in the Department of Health, in Early Childhood Development, in Social Development, in Grade R, in Basic Education.

Some of these educators in very poor communities are funded piecemeal as part of Expanded Public Works Programme. We can't entrench the divide. We need a very different approach and that is what we've

Unless we can work applying the norms and ensuring that we have a single system of education, I think we fail successive generations and that's part of the challenge. Of course you've got to build into that some of the areas now changing as well including the teaching of maths and science. Taking this forward is important.

When the partnership was launched, the General Secretary of SADTU got up and made a commitment and I want to just share with you what Mugwena Maluleke on that occasion. He said:

“As a labour constituency we represent one of the key pillars in education. We promise today that we will do all in our powers to improve the quality of public education especially for the historically disadvantaged children and to ensure that they take their rightful place in the South African society and the global arena where change is so rapid, filled with promise and simultaneously fraught with potential hazards.

We do so and I argue that teachers as a group have power over man with a gun. It is not the power that can be made the fool. It is the power to decide whether service or self

now been able to do, put everybody together. But the next step, now that we've got better alignment, oh yes, and the Constitution in the schedules asks local authorities to provide the infrastructure space.

So we've got to fix the system. We can't bemoan it. We've got to fix it and part of what we need to do as well is to bring in those very competent committed dynamic men and women who lead the organisations as NGOs who always deliver the service and who have a knowledge base that needs to be part of this partnership going forward.

The third example I want to mention, and some people must have looked at this in disbelief and checked and then went online because they didn't believe what they saw on television on Thursday last week but the National Assembly certainly did pass, the Employment Tax Incentive Bill. It is there.

*The President will assent to start implementation in earnest in January. It is fundamentally important. I think it also sends a signal beyond the piece of legislation, the signalling effect of that legislation is fundamentally important to drive other changes.*

So this idea that there won't be any implementation of some parts of the National Development Plan until everything is agreed, think again. Go online. Check the TV. You've got many stations now. Check all of them.

The NCOP is going to pass this piece of legislation before parliament rises this year so that we can start implementation in earnest. The President will assent to start implementation in earnest in January. It is fundamentally important. I think it also sends a signal beyond the piece of legislation, the signalling effect of that legislation is fundamentally important to drive other changes.

The fourth area of implementation is of course the enthusiasm with which my colleague Lindiwe Sisulu is attacking the need to create a capable developmental state. I'm having to explain it to everybody.

The editor of a certain daily newspaper who shall remain anonymous sent me this text message: "Why were you wearing a green hood and another minister was wearing an orange hood? What did it mean?" I don't know. I came there. They asked me to dress like that.

But there's a great enthusiasm for the National School of Government. If we want competence, we've got to make the investment and drive and get the systems of accountability from competent individuals and part of our responsibility is to take away the excuses that they have for underperformance. It is part of the plan.

On that occasion, Lindiwe Sisulu said: "You've got to fix the engine room otherwise you can't get this thing running. The engine room has to be the public service." A whole range, a whole myriad of new regulations to deal with this issue is fundamentally important as we take that forward.

Ten days ago there was a conference to launch a process towards an Integrated Urban Development Framework. The plan has a chapter that deals with space and to a large extent we haven't been able to move beyond the Group Areas Act. It still shapes the way in which we live and how we interact.

Space is a fundamentally important transformation issue. I mean, we brought it through from the diagnostic. There is a big solid chapter on it and now we have a number of government departments and three spheres of government interacting with NGOs, mind you, on this Integrated Urban Development Framework.

It was announced. I didn't see much of it reported in the press but it is there. The document is available online. It has to be a process that invites comment because we have about six or so months to draft an entirely new framework.

In this province, Gauteng, the Premier raised her hand when she saw the results of Consensus 2011 and said you've got to take the National Development Plan, take the spatial issues and drive the change here.

*We want to go back and we want to get it going in Mpumalanga where there's a lot of land that was restituted but in the process of restitution taken out of productive use because families have just become impoverished landowners.*

We are ready. This is what we need to do in Gauteng because this is where the biggest inward migration is taking place and we must provide a different spatial environment for people to raise families for the construction of communities and it is something we are actually working on as we speak.

The last area, it might still be in early days but it is also going to be important, and this is to look at the land issues. Now, this Chapter 6 of the plan deals with land reform generally. We want to go back and we want to get it going in Mpumalanga where there's a lot of land that was restituted but in the process of restitution taken out of productive use because families have just become impoverished landowners.

There hasn't been adequate support. Farmers continue to grow wonderful subtropical fruits, export them and here you have land that has just been left to go to ruin and if we can begin a process of reconstruction.

We've got the Land Bank. We've got the Agricultural Research Council. We've got the Premier's Office. We've got the Provincial Department of Agriculture. We are talking to communities. I can't give you a timeline.

But there are also other examples. There is TSB near Malelane that functions quite well and we can try and get that model applied as we go so that the land reform issue can take on a very different meaning from just having people impoverished in rural communities.

I mentioned six examples but they are not six chapters leaving the remaining seven chapters undone. All of them are crosscuts. They are work in progress but as you proceed along this path the lines are a lot more jagged. It is not a neat narrative like the narrative that we were able to produce with the diagnostic or even the plan and that's where we are right now.

It is a lot of intensive work, and in the same way as I mentioned, the education collaborative partnership took eight months to just bring it to launch but the key actors wanted to know that nobody is going to walk away and turn their backs on the process or have their commitment flagged in the process.

It has been fundamentally important and I think that the big issue that we need to understand is that we are looking for a lot of innovation and the Public Service doesn't actually lend itself to innovation.

I mean, if your job has been the clerk in the Post Office stamping letters as they come through, and there are novels written about this, to change the pace of stamping is not in your interest. Why would you run out of work? I think there is a lot of the Public Service that's like that.

So part of what we have to be able to do with the National Development Plan is understand those kinds of issues, address them and give the space for people to innovate differently. Thank you very much.

**CHAIRPERSON:** Mr Manuel impeccably timed. Thank you for that exploration. The challenge now is – I would like to ask Aubrey to begin.



## Aubrey Matshiqi

aubrey

**W**ell, first of all it is not going to be difficult to meet the target of 4 minutes because you didn't say how long each minute is. Secondly, Iraj has made a bet with me that I won't be able to do it. Well, Iraj, if I make it I keep it. If I don't make it I keep it. It is as simple as that.

Here's what is important for me about the NDP. First of all, it must be turned into a plan. Largely it remains a broad vision and the engagement and the technocratic work that must be done to turn it into a plan is ahead of us.

But the good thing about what the Minister has said, with regard to implementing part of the NDP even now, is that it means that government will along the way develop the capacity to implement in real time in accordance with the needs and interests of citizens. The bad thing potentially, in that what it chooses to implement without consensus, it might cause conflict with

regard to other aspects of the NDP between the social parties.

The second point I want to make is that the NDP is an opportunity both in a negative and positive sense. It is an opportunity for the key social partners to try and maximise their narrow interests to their mutual destruction and at the expense of the interests of our people.

In a positive sense, the NDP is an opportunity for us to make the short to medium decisions that we need to make in order to open up a space for us to do the long-term planning that is necessary. To do this, there are two things which are critical: pragmatism and radicalism.

Pragmatism means that in implementing the NDP, all the social partners will have to appreciate and appreciate sufficiently the fact that change will have to be delivered, firstly, under conditions that are not always

matshiqi

of their choosing and change will have to happen in the world as it is and not always in the world as they wish it to be.

Radicalism of course is about ensuring that in the end what the NDP delivers is a human condition that fundamentally changes the conditions of those who are the most disadvantaged amongst us.

But the question I would like to ask the Minister is this. He is correct when he says that the National Planning Commission does not suffer from the myopia of being part of a line function. That is a good thing.

The question it invites though is this. What is going to be the institutional base of the NDP? There are many choices there. You can have a single point that constitutes that institutional base such as the single point that was the ministry in charge of the NDP after 1994.

You can treat it as a transversal function located at different points or you can adopt an ad hoc position, a sort of implement as you go type of model, and the institutional bases will depend on what you choose to implement at a particular point. So that's the question it invites for me. What is going to be the institutional base from which the NDP is going to be implemented? Thank you.

**CHAIRPERSON:** Thank you, Aubrey, impeccably times as well. Alex, don't let me down.



## Alex van den Heever

One of the difficulties I have is to raise some specific issues around particular aspects of the NDP itself and my focus is really on two sections of the NDP which I think need to be sort of highlighted. They involve social protection and health care.

One of the reasons why it is actually important to raise these areas is because they are so fundamental to the economic development and growth of any society and economy, and to the balance that it has. All aspects that are dealt with in the NDP contribute to that balance.

The question that one must then ask surrounds what the implications will be going forward if a major section of the NDP is falling short of a coherent strategic plan. Aubrey talks about an adequate basis, that we are looking at a way to implement a particular Programme of Action.

My concern is that we are dealing with aspects of the NDP that actually do not

provide an adequate basis yet for a plan. I am going to raise two high-level issues.

I am going to begin with the issue of social protection. There is one pivotal statement that stood out in the NDP which is that, for instance, employment is the best form of social protection. This is an indication as to how most of the social protection section, and others, have actually been understood.

Employment is not a form of social protection. Employment is part of a normal balanced society. If it is out of balance you have to address it. Social protection strategies deal with people and protect you while you are employed as well as when you are not employed. They are strategies targeted at all sorts of vulnerabilities within society.

One of the consequences of having that particular view is, essentially, an unbalanced perspective on the massive reform of social security, social protection and health care that South Africa really requires, none of which is properly covered.

alex van den heever

I will raise only a few points. Firstly, a point was made about child protection, in that it operates with very fragmented institutional platforms. Well, this is the case for the whole of the social protection area. Social protection is fragmented between six or seven different departments.

Many areas in other countries are institutionally integrated, but we have fragmented the policy and the delivery. This matter is not even touched on in the framework and yet is a major systemic area of failure in our social protection systems.

*Currently there is no framework that actually addresses a system of guarantees that is part of the institutional framework of social security, including the systems, the buildings, the policy making frameworks, the legislative frameworks and the way that you can enforce your rights.*

Secondly, the other area that is particularly important is our understanding of a rights-based framework for social protection systems in the country. What does the Constitution actually refer to, and what is a rights-based framework? Social protection typically refers to systems of guarantees – a rights-based framework is where you can legally guarantee your rights somewhere.

Currently there is no framework that actually addresses a system of guarantees that is part of the institutional framework of social security, including the systems, the buildings, the policy making frameworks, the legislative frameworks and the way that you can enforce your rights.

About 35% of any GDP is actually spent on forms of social protection. That is usually divided between what is often termed as informal social protection for which you have no system of guarantees, and a system of guarantees.

So, if we look at that part of our social protection system that has a system of guarantees, it is actually quite small, and a large part of the system is essentially privatised. Privatisation is not a problem; the problem is that there is no system of guarantees around it.

Currently, we are allowing our systems that deal with retirement, old age protection, death, disability and health to slide into complete informality with no system of protection or guarantees.

My final point is about the health care system and its reform. Looking at the systemic collapse of the public health system it is clear that issues around the way in which the system is failing are not being correctly addressed.

It is not a matter of the Minister not being able to have a direct line of sight to a problem. In just involves going directly to Johannesburg Hospital Ward 6 and finding out why that person is killing babies. It is about systems that are introduced. It is about the governance and the architecture of the accountability frameworks that need to be put in place around the hospital systems. In fact, the Minister of Health actually has substantial control over the ability to establish those frameworks and yet they are not actually implemented.

So what I would argue is that in quite a lot of these areas, the areas where there are very clear areas of action that are about building the architecture of our Social Protection Framework, the report is silent.

An approach like a wage subsidy is not a social protection initiative. It is a labour activation strategy which, I would argue, is not a problem to introduce, but it is nowhere close to solving any of the systemic problems that we are dealing with in social protection.

**CHAIRPERSON:** Alex, thank you. And now Iraj.



## Iraj Abedian

# Iraj Abedian

I think the plan, first of all, is a wonderful start. What I like about it is our future makes it work, and because we all know whether in public or private sector, South Africa is terribly underperforming, we have to fix it.

So, for me, in this context and given the 9 areas they have chosen, one of which was corruption. I thought the plan came short in putting in a chapter, which is conspicuous by its absence, on the importance of values and ethical systems for prosperity and success.

In a recent book published in 2012 two very prominent political economists published a book *Why Nations Fail*. It drew a historic, as well as cross-country, cross-region evaluation of forces and sources of success and failure of nations.

It is quite clear from lessons of history, from our gut feel, irrespective of the “ism” that we follow, that a society needs a fully internalised set of values, ethics that we

relate to, we don’t have to talk about it, we just have to understand certain things are not on, and that certain things are right.

A chapter should have begun to say that the South Africa that we envisage in 20-whatever is not going to come about unless we all in business, in private sector, in NGOs, in universities, in our schools, in our philosophical works and in non-philosophical works, subscribe to a set of values that defines who we are.

Now that we are a rainbow nation, and because the research shows that the more rainbow we become, the more we will be brutalised by a colonial past and traumatised by an apartheid past. South Africa is not the only region that has had those traumas and brutalities. From Europe to Latin America, from Asia to Australasia, we all share that history. The ones that succeed and the ones that fail are differentiated primarily by two things.



*When government begins to fail others will join from the private sector to extract resources. Then when extraction happens it becomes a culture of governance in private and in public sector. That is the source of failure.*

The ones who have succeeded, despite their past and despite their diversity define a set of values that they can subscribe to so that petrol and chemical companies, the bankers, the asset managers, the construction companies do not destroy the prosperity of the nation, nor should the ministers, the cabinets and those in power, irrespective of their political pasts.

In *Why Nations Fail*, a main point is that governments that are reduced to extractive governments become a source of failure. When government begins to fail others will join from the private sector to extract resources. Then when extraction happens it becomes a culture of governance in private and in public sector. That is the source of failure.

For me, the NDP should have begun with the chapter about rebuilding. How do we put a mirror in front of this traumatised nation, which is underperforming and terribly out of its resource base.

The second point is on the importance of political institutions. The reality is that the political system that we have, which was wonderful when we started back in 1994, has become a source of capture.

The citizenry votes for a party, the party thereafter is not accountable to the nation, to the voters and therefore whether they are white or black, new or old, they become a source of extraction of resources; they suppress the economic potential. They do not unlock it.

My second point and the first point interrelate but are completely different. South Africa should be growing now easily between 6 to 9% despite the global problems. In fact I would argue that because of the problems that the globe has, we have an opportunity to grow much faster.

Why are we not growing? Because neither the private sector nor the public sector, neither the chief executives nor the ministers, with respect to Trevor Manuel, neither the MECs, nor the mayors and the councillors, operate in a value adding, ethical way. Not because they are unethical people, but because their ethics is not defined.

**CHAIRPERSON:** Iraj that was rousing. Thank you. I am going to ask the Minister to respond to the speakers and then we open it up for the floor.

**Minister Manual:** Unfortunately, due to time constraints, I could not touch on everything.

The interesting thing about the commission is that we opted not to have it narrowly defined by the electoral, so we have this 2030 projection. Yes, we can debate what the world looks like out there, but the key issue is what we frontload and get done.

Now we are sitting with the reality of an election next year and most plans, for example China and India are busy in their five-year plans which they seem to follow that narrowly, take a while. There are two things in process.

One is the Medium Term Strategic Framework. We are working on it now, and I think it has the support of government across the nine provinces. We can deal with what would be strategic out of this and then develop a much more granular implementation matrix.

One of the places we are working with, and the ECD (Early Child Development) might be a case in point, is Malaysia. They've got PEMANDU (Performance Management Delivery Unit) which is the Ministry for Implementation.

They have labs which are quite phenomenal. They have people sitting together out of their offices for up to eight weeks talking about what needs to be done, who does what, and when they step out they make public commitments to communities about how they would like change. If we can start on some of those things, it will be important.

The question about the institutional base is very important because what you should not have is a ghetto. One of the challenges of the RDP was that departments were allowed to get on with what they always did, and a bit like the Chairman's Fund, you give a bit of money and do some good things, and then you do bad things there.

The big challenge is to drive change within and to be held accountable for those changes. I fervently believe that it should remain in the Presidency. I cannot foresee what happens, but it is not a bad idea to have the deputy president of a political organisation also being



the deputy chair of a certain National Planning Commission. Perhaps there is something that might provide some institution traction for the implementation phase.

Alex, one of the big challenges that face the Commission is that it would be almost impossible to have the superior knowledge of all of the areas covered. There is a lot that is left out.

The point you raised about employment and social protection, if the formulation is there and I take your word for it, it would be unfortunate. You know that to some extent the protector of this chapter has been Vivienne Taylor and you worked with her on the Commission. You know how passionate she is. She is not going to let things fall through the cracks.

But, yes, there is a fair amount that we have to do to try and get the basis right. Part of the difficulty is that in the framework of rights you sometimes get people who analyse and who look at one line to the exclusion of everything else. For example: the work on Early Child Development.

Now I have seen this also in the context of children's rights and the Child Justice Bill. If you added it up, the cost of all of that was larger than the budget because people looked to how Sweden operates and think we are the same. Unfortunately, we cannot afford all of those systems.

So what can we afford and how, in the context of the Medium Term Strategic Framework, are we actually able to undertake the detailed analytical frameworks, put them side by side and then have a government, through the Ministry of Finance, take decisions in the medium term about how to effect the changes? That is the point that we must get to and that is the detail that Aubrey said that we need to get to, and that is going to be important.

*Social protection was not there in the diagnostic, is it something else, or depending on how you think about it, is it actually the undergirding for everything else?*

Iraj, we had a very interesting debate in the Commission, because if you look at the outputs from the diagnostic phase, the diagnostic had, as its 9th challenge, the issue of social cohesion and nation building, and we carried that forward.

The debate that we had was whether this sits along all of the other things, whether you do education and health care. Social protection was not there in the diagnostic, is it something else, or depending on how you think about it, is it actually the undergirding for everything else? If you do not have a value system then any sense of protection, any sense of social solidarity is missing because then it is every person for themselves. So, we had this debate and we could not solve it.

So what we have as the 15th chapter in the plan, the last chapter, is actually a set of proposals that deal with this. One of the authors you were referring to, James Robinson, actually sat with us as we tried to work through these issues, because the problem about extractive elites is a very real problem. I think we must understand how big a risk it is to our democracy.

What we have that very few countries have is a Constitution crafted in our lifetime. Our tragedy is the preamble to our Constitution makes all of the commitments. It asks us to recall the past, the injustices of the past. It asks of us to do things like raise the quality

of lives of all citizens and free the potential of each.

If you expand those commitments in their full meaning then the values are there. We were working on this while there was all this debate about what some people called the Secrecy Act, and one of our commissioners asked whether the preamble to the Constitution covered by the official Secrets Act? Why do our children not know it? Why do we not ensure that people understand these values and live them? We are a complex nation. We speak 11 languages. What binds us together?

The only binding force is actually that "South Africaness" that is described in the founding provisions in our preamble to the Constitution. That is why these issues are important and that is why we actually need a different programme. We spent part of this morning debating exactly how we can take this issue forward because in society generally the sense is do no harm.

Even in religious works like the Ten Commandments there are six thou shalt nots and the things that they shalt do are actually a lot more difficult than the thou shalt nots. But it is not about not doing harm. It is about actively campaigning for values and interrelationships and notions of social solidarity. That is, I think, very, very important in the plan.

Perhaps we didn't do justice to it in the 15th chapter and of course as readers go, unless you are Aubrey and Alex committed to research because this is what they do for a living, you know you kind of stop at Chapter 12, you don't get to the end, it's that kind of problem, but it is a big battle we've got to be able to work through, but thanks.

**CHAIRPERSON:** Thank you, Minister. I'm going to open up the discussion to the floor. This is an appeal, the dictatorship of the Chair still exists, you must please be focused both in terms of your questions and in terms of your comments. I would ask you to identify yourself for the record. I will take three questions in the first tranche.



# questions

**MR HARBER:** Hello. My name is Jesse Harber. Thank you for all the contributions. There was a lot in each of them to like. This question is primarily for the Minister but also for the other panellists. Do you think the plan deals sufficiently with distributional questions? Is it possible to effect serious social change while leaving intact the current systems of accumulation?

**MR OPPENHEIMER:** My name is Mark Oppenheimer from the Johannesburg Bar. My question is for Minister Manuel. Government is a broad church. There are people with a variety of ideological positions motivating for what they want done. I'm wondering what particular compromises are you going to have to make to ensure that your plan is actually implemented, given the fact that people come from these different positions and assumptions about what ought to be done?

**MS LUHABE:** Good evening. My name is Wendy Luhabe. I have a question on the Public Service and I have three concerns. The first concern is that we have an assumption that

*the Public Service is incompetent, which may be correct or incorrect. The second assumption is that we haven't struck a balance between appointing professionals and making political appointments. The third concern I have is that with each administration we lose a large number of people and with that we lose institutional knowledge, institutional memory and we start all over again, which I think, to a large extent, explains our underperformance in the Public Service as well as the challenges with delivery.*



**MINISTER MANUEL:** Jesse, your questions are rather difficult. I think part of what we don't have in society is a discourse. I mean, we have a discourse of the deaf. We don't meet in order to persuade each other of what society needs and that, I think, has given everything we do a very hard edge. One of my big concerns is the way in which we construct argument. We attach an epithet and then pillory and we never use data to

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support what we want. I think unless we can change those kinds of issues, these remain hard, mean standoffs that don't get resolved and I think the question is important. You can't deal with the challenges of either poverty or inequality unless you have a consciousness about this. Now some of these things I think, will be facilitated by the way in which we measure. In a very recent book by Sen and Dréze dealing with India, there's a fascinating story they tell. In a comparison between India and Bangladesh the GDP per capita of India is now about double that of Bangladesh. It grew very rapidly but on so many of the social indicators, infant mortality, life expectancy, school performance and so on, Bangladesh does better. So what we measure and how we measure it, I think is something that must inform the kinds of discussions we must have.

But the short answer is that you can't continue with this model and you can't continue because essentially you have an unworkable model. We called it colonialism of the special type, Aubrey and I back in the day, and some of it was based in intergenerational wealth. Some of it was based on debt and it was very racial in context and we thought that you can actually just expand that and you can't. That, I think, is the challenge that confronts us. But I don't think we have sufficient discourse around it.

Mark, look, here you are correct about broad churches and stuff. Ultimately you need a rationale set of proposals. I think the Medium Term Strategic Framework will give us that because it needs to be supported by evidence. It is not just formulaic. There's a lot of politics in it. That's what the budget is about. The reason why I lost so many friends along the line is because when you budget you can't please everybody. I think that is ultimately where the hammer hits the anvil. That's where things get sorted.

If the executive supports the Ministry of Finance in their exercise of those choices and you've got the Medium Term Strategic Framework supported by some institutional arrangements, including these makgotlas we have twice a year involving the three spheres and government and so on, you're probably going to get an implementation framework. You can't do everything.

The stuff that Alex is talking about are big, big ticket items. You can't leave them as that. You've got to drive the change, how much change can you drive and how do you develop, take the case of social protection, how do you develop an indigenous South African model that is not Sweden but that demonstrates necessary social solidarity.



The social solidarity, drawing on what Iraj was saying, is something that you shouldn't want to debate, you must accept it as it is. If you look at some Latin American countries, take Brazil, Brazil has an interesting public negotiation that comes from the time of the generals, where they actually debate a minimum wage.

Of course government and employees on one side want to keep the floor low and the NGOs and the trade unions on the other side want to raise the floor and that's a negotiation, and people take it very seriously, because that has been the platform on which the Bolsa Familia was built and we need the same kind of discussion. If we want to deal with those issues it is important if to deal with some of the ideological questions.

The reason why a country like Brazil dropped its Gini as rapidly as it did was because of job creation. But by analysis from various parts of the spectrum you can see that those jobs don't meet – and you know, there's the ILO definition of decent work and there's a South African definition which is much, much higher than the ILO definition. A lot of the analysis in Brazil suggests that it doesn't even come close to the ILO definition.

What it does is to equip young people, school leavers who enter the labour market, that find a job and then begin the process of skills upgrade and that, I think has been very different in Brazil and hopefully we can take those issues forward.

Wendy, on the first issue, I think I've been in government a little while. I don't start from the premise that public services are incompetent. I have had the privilege of working with amazingly smart public servants and I think the relationship I've tried to nurture with them is that they are professional, I'm itinerant.

Sometimes you hang around for longer than you plan, like 13 years as Finance Minister, but they are the professionals and we need a relationship that allows them to exercise their professionalism through me. That I think has created an environment where I look good. I think I look good for most of it because they are competent and that's the kind of relationship that we must try and structure.

The second issue is on balance, and again, I agree with you. It is an expression of power. Power is something that is best handled like a fledgling bird; softly in your hand. If you don't understand that, if you walk in, fire people, change systems, change cars, do

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all of these things, it's because you don't understand this and perhaps our rules aren't clear enough about this.

But if you look at our diagnostic, we actually gave some attention to this particular issue and the issue is not just waiting for a change of administration, you know, midstream. In my next life I'm going to write short stories. Some of them will be true about some of these experiences because you arrive there and you say, well, that car not mine, I need my own car. These offices, I can't use it, you need to construct a new block for me and nobody has worked in the previous administration, never mind the policy.

So you've dealt with all of this craziness and if you think that's what has happened at national level, try the provinces. Part of driving a programme of norms and standards through the Ministry of Public Service and Administration is about trying to fix those things, and fixing those things must allow us to professionalise the Public Service, and the professional Public Service can serve the individual and personality is a small part of it.

You must actually have an accepted programme of work and policies that support that programme and that's what constructs a relationship. I don't think I've

ever employed a head of department who I didn't understand politically. Some of the heads of department who work for me are interesting people.

There's one man in a yellow suit and we get along very well. But it's not the same as taking an incompetent from somewhere and elevating that person into a position that they can't hold because it happens to be qabani. It is a very different approach and that's what I think we have to try and get right.



**MR ABEDIAN:** The first issue that Jesse raised – have you said enough to ... no, emphatically no. If you want to fix a question like accumulation, there are many pieces to it. But in any market economy the key engine of correcting accumulation issues, equilibrium or inequality issues is to equip the labour force to participate on their own. Social protection must be a backdoor type of social security. Not the mainstay of 40 million people being on a monthly handout. There is something deeply wrong.

If we have a timeline of 2030, I agree with Aubrey, we should be radical. How are we going to be radical? I would say, look our schools are rotten. Our teachers are not



qualified by all the research that we know. Retire them. Don't sack them. Retire them with pension, full pension and tomorrow replace them with imported best maths and science teachers that you can get, because our deadline is 2030.

If you want to deal with accumulation by 2030, by 2018 we should have graduates who 80/85% of them can comfortably get into the labour market. You might ask me, and some leftists they keep telling me, what about the demand? I say you equip them. Just like the Filipinos and Pakistanis and Indians, when there is no local demand they will go and earn better salaries in the UK and wherever they can find it. You might say well UK is in a recession. I have news for you. There are more Indians and Pakistanis in the UK than the British and in the United States because of the ... flexibility. So the issue of accumulation, if you want to address it within the timeline of NDP, tomorrow morning, because we know what the problem is. But have you got the political will, the national will to retire the incompetent teachers?

You will have absolutely no doubt – because I'm not accusing anybody, the research is there for all to see, and if it is not let's put them in a room, I'll test them if they can pass some basic maths and science.

**CHAIRPERSON:** He used to do that in the bank as well. He somehow survived. I'd like to know what the leftwing of the Helen Suzman Foundation is going to say.



**MR MATSHIQI:** The question on the Public Service made me think of a question and it's a question about the NDP in state capacity. But there's the preamble. It is my assumption that development is not linear in fashion and content. That's the first thing.

The second thing is that one of the goals of the NDP must be a capable state. At the moment we are not a capable state in relation to the challenges that face the country. But to get there and to implement the NDP successfully there are things we must do while at the same time we develop internal capacity for the state.

So there's an extent to which developing that internal capacity of the state, while you are trying to implement the NDP successfully, means the state will not be delivering optimally. The question for me is this. Firstly, to what extent is the political system a hindrance to developing that internal capacity?



Secondly, an important element of the political system is the alliance. To what extent are development and dynamics inside the alliance a potential hindrance not only to the implementation of the NDP but to building requisite capacity, given the fact that the National Planning Commission is a product of a particular political moment?

It is a political moment in which those on the left of the ANC in the alliance were modelling on the idea of the East Asian development state which means one of the challenges facing us is whether we accept the model, and if we do, how do we customise it to suit our conditions in this country. But it seems that right at the centre of what needs to be achieved relates to the alliance.



**MR VAN DEN HEEVER:**

Just to Jesse. In response to the distributional issues, I think, what I would regard as a concern, when looking at government at the moment as well as the NDP, is understanding where distributional issues fall in relation to overall government strategy and policy.

The question, you've got two forms of redistribution that you deal with. One is vertical, from high income to low income and

others are horizontal. So essentially your risk pool is from me to myself, me to other people today in an insurance arrangement and both of those require institutional structures that are capable of delivering that redistribution effectively and efficiently.

If you have bad platforms that can't deliver it, let's look at the concept of the social wage which is, for instance, raised within the NDP. A social wage is meant to be an amount of money that is allocated to people implicitly through the government and is allocated to people with less or without incomes. So it is meant to be a cross-subsidy to them, a vertical cross-subsidy.

Well, the problem is that if the health service doesn't work and is operating at 10% of its potential capability, then you are losing much of that so-called social wage. So the efficiency of the delivery of a redistributive programme is very important and we've got services and we've got cash grants and financial transfers to people in households. If the cash grants are stolen by the organisation distributing them through selling improper insurance products to people which are deducted before they can hold of them, that's a problem in a redistributive scheme that is arising from the institutional platform itself.



So the institutional platforms have to be developed to effect delivery. Now the NDP at the moment doesn't deal with, in my view, the institutional frameworks and it doesn't deal with either of the two distributional objectives as a key strategic requirement in society and I would want to make it very clear that one's not looking for Sweden's social security system.

You design your social security system in context and every social security you design well is affordable and doesn't exceed your normal levels of capability. What you will find in most social security systems, social protection, as I indicated, constitutes about 35% of GDP, and within that, most countries just have different ratios of formal to informal social security within that 35%. They do not have macroeconomic implications.

So the Swedish system is just a higher proportion of the overall level of social protection. It is just the higher level of formal social protection. Now in South Africa we have a very low level of formal social protection which means the distributional effect both with the people who are earning incomes.

In other words, people who are accessing contributory pension funds today who are being ripped off by the current system are

as damaged within the framework as people who are actually the recipients of public goods and services and cash grants where a lot of the value of that is being eliminated.

So those are very important aspects of a strategic approach to distributional objectives and we don't really have a coherent strategic approach to both the design and the components of that.



**MINISTER MANUEL:** I think it's going to be an important theme as part of a discussion going forward. This is the issue of distribution. I don't think that we must for a moment suggest that it is easy. The Gini Coefficient of

China is now 0.47 and that of the US is 0.44. China three years ago was incredibly equal, incredibly poor. Now large parts of it are fairly wealthy but very, very highly unequal.

Understanding these issues in the context of a global environment presents challenges for this generation and successive generations because inequality is a big, problem and as part of it, the issues that are in discussion here, are fundamentally important. How do you deliver services? How do you get them through?

# Comment

# comment



I'm not in disagreement with you that when a public service fails it actually impacts very directly on the notion of social wage because people are excluded because they have access to public health care. Private health care, for instance, aren't impacted on in quite the same way. These are big, big issues and the interconnections are important.

Overall the organisation in society outside of the plan, but something that requires a lot more attention, in my view, is what is happening with micro-lenders. It is very interesting. The Archbishop of Canterbury fingered Wonga and after he fingered them very publicly he discovered that the Church of England is actually a shareholder in Wonga.

But he made a very important point that what used to tide people over were things like credit co-ops that existed in the parish, and enabled accountability and his campaign is to try and get these things back, because inevitably where the social cushion doesn't exist we need to facilitate communities supporting each other.

I have made the point before. At Marikana there were 14 micro-lenders, 14 of them. There wasn't a single worker who was injured or killed at Marikana who saw 50% of their net before all of these deductions. In the Gauteng province it averages 6 deductions per month. It is so destructive because it puts pressure also on wage bargaining because people would like to take home

more but they try and make ends meet by unsecured lending. It's a big, big problem.

On the other side there are also the same micro-lenders. In addition there are informal lenders because when the family doesn't get enough remittances they then go to the trader to borrow sugar, salt, some coffee etc, etc and something else in cash on the side and so they find themselves in debt. If the worker is indebted, the family is indebted.

We can't begin to talk about distribution by looking at wages without looking at the destruction of wages and quality of life in society now and it's something that I think that all of us the elite are much too silent about. It is legislation but I think we need a different social consciousness about what is happening in the lives of the poor in South Africa.

On some of the issues, Alex, on the restructuring of the pension system moving towards compulsory systems with portability and so on, this is work that started when I was still in the Finance Ministry.

It is much too slow but it is work in progress. We need to get the systemic changes driven, understand exactly where the resistances are because the pickings are very rich in this area, as you know, and then the vest voices are very strong.

I want to just touch on the political system because I didn't respond to it earlier. It is a big issue. I don't know which parts of it

we can address. As somebody appointed on a party list I have been assigned a constituency. I spend a lot of time in the constituency. I do a lot of work. My focus in the constituency is education. But I know that there are councillors who are directly represented in wards who never are present in the community.

I make the point that we think it's merely the political system. Our local government system has a split between direct and PR. Directly elected Ward Councillors in the Municipal Systems Act they are meant to have a minimum of four public meetings a year reporting back.

I can say without fear of contradictions across party political lines, to our eternal shame, it doesn't happen. We don't have the mechanisms to enforce it and I'm not talking of Bekkersdal because you're not even going to find it here. Uniformly the system doesn't work.

It's a fundamental problem where you've provided for it in the electoral system and supported by legislation it doesn't work and it's getting those kinds of things right that I think will begin to provide a test for us. If that happens, then perhaps the systems of accountability are going to be different. The system, I think, is to – I mean, I don't know.

Let me just talk out of school. I was having a discussion with a fellow MP who happens to be from another political party and this is how the discussion went. He said you know there's an interesting challenge that we have in our party. We recruit professionals.

We set out – there are some artificial designs of the kinds of people we want in parliament and we are bloody good and what we do. We know how to ask questions. We know how to research. We are good in portfolio committees. We know how to do these things but there's no relationship between what we do in parliament and the communities out there. You guys in the ANC you've got community support but your MPs don't have the skill sets that are required by a modern parliament.

So the point about institutions is a fundamentally important issue. It might be in the bluntness of the approaches, as Aubrey I think is suggesting, but it might actually be in the way in which we look at our Constitution. We look at how the institutions are created, take parliament, provincial legislature, elected municipalities as that three-tiered sphere institution of public representatives and then we stop.

There are some very interesting challenges because there's the assumption that you have the separation of powers even in local government. So the mayor and members of the mayoral committee are going to be held to account by their comrades from the same party in open council for their failure. Tell me about it.

I mean, I'm a member of parliament. Since 2009 I don't know whether on four occasions I have gotten up in parliament, as a member of parliament should, to answer questions that have been asked of me by members of parliament. Tell me about it.

We take the institutions for granted and we don't make the institutions work and that is our problem. I'm raising it because I think that if we don't give attention to the detail of this, we fail successive generations. We take everything for granted. Thanks.

**CHAIRPERSON:** This is my unfortunate business now because the dictatorship has now passed from me to the people next door who are saying we must begin to adjourn. I know that there's still a lot of discussion that is needed.

This is the beginnings I think of a larger discussion around the NDP. The Minister knows we have a dedicated researcher Eythan Morris devoted to work on the NDP. It is an ongoing engagement with policy. We have our research fellows who make the impact on our work as well and I thank them.

But above all, this evening I want to thank you, Minister, for giving us the time, for coming here, for explaining both the



context within which the NDP is taking place and also what the substantive issues and challenge are which we are all part of and which we must all address in our own lives.



**MINISTER MANUEL:**

Before you say thank you, just let me make an offer. While I'm a nice guy take advantage of me. There's a text and we will send it. Zama will remind me and we will send it and you can

upload it onto the foundation's website.

You can then invite the people who took the trouble to join us here this evening who didn't have the time to ask their questions. Eythan, I think, will manage this. I'm taking advantage of him too. We can try and have a dialogue about some of these issues through the foundation if people are interested. Thanks.

Please feel free to email any questions or comments on the NDP to Eythan at [eythan@hsf.org.za](mailto:eythan@hsf.org.za).

**CHAIRPERSON:** Thank you. There are two last matters. I firstly want to thank the Minister and our speakers. We appreciate enormously the time you have given us and the way you've dealt with the issues.

Lastly, on HSF business, it's always my invidious task here to make the appeal for funds. Please become friends of the foundation. We offer a range of services here at a range of prices. You've all been given the marketing manifesto. Please sign-up. I would hate this to be the last roundtable we ever have.

The other is a notice which will go out tomorrow, because we never confuse the database, one invitation at a time, but the invitation will go out tomorrow for the Helen Suzman Memorial Lecture.

I'm delighted to say we are very privileged and honoured to have Judge Zak Yacoob giving this year's lecture and we hope you will all attend. Once again, I want to thank you all for coming this evening.



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*Helen Suzman*

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