



UNITED DEMOCRATIC MOVEMENT

UDM INPUT TO THE NATIONAL PLANNING COMMISSION

**UNION BUILDINGS
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"Our democratic Constitution seeks to guarantee our freedom, but this can only be achieved if the socio-economic environment allows the Bill of Rights to become a reality for all South Africans. Freedom is not just a political condition; freedom is also a social and economic condition, political freedom, without social and economic; freedom is concept. Has political freedom gained in 1994 translated into social and economic freedom"

UDM Manifesto 2004

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1. Introduction

Significant strides have been made to better the quality of life of our people since we ushered in the new political dispensation in 1994. South Africans now enjoy Constitutional rights that they never enjoyed under the previous Apartheid regime. Democratic systems are in place, which ensure that the people of South Africa are able to periodically elect a government of their choice. The South African economy performed relatively well, although its growth performance has proven to be job-shedding rather than job-creating.

For many years, the South African economy relied on labour intensive sectors like mining, agriculture and the textile industry to provide employment opportunities for the poor. In 1994, the ruling party inherited an economy in which the previous regime was not reluctant to intervene, albeit under separate developments. However, due to the Ruling Party's misplaced confidence in globalisation and the free market system, incentives to these strategic sectors were hastily withdrawn, resulting in millions of jobs being lost.

The UDM hopes that these are some of the reasons that necessitated the establishment of this National Planning Commission. We also hope that Government will devise a strategy to incorporate its (National Planning Commission) proposals into the various programmes of State institutions and government departments.

While there are many areas that shackle the potential of the South African economy, this discussion paper makes proposals on how the quality of life of the South African people can be improved, and does so by focusing on three broad categories, the South African economy and job creation, rural development and education.

2. South Africa needs a new economic policy

Expectations about the economy and its growth potential were justifiably high when the first democratically elected government took over. It was assumed that the end of sanctions combined with international goodwill and aid, as well as the extensive natural and human resources of the Country would all contribute to a fast growing economy, capable of rectifying the damage done by the previous Apartheid regime.

Despite these high expectations, economic growth has performed poorly, further increasing the levels of poverty, unemployment and inequality. It is often argued that the economic fundamentals are in place, but the average economic growth of 3.3% from 1995 to 2010 is not enough to create jobs for the millions of unemployed South Africans. Since 1994 millions of jobs have been destroyed and the formal sector employment has contracted at a disquieting rate. The unemployment rate is estimated at approximately 23% when using the strict definition. The overall unemployment rate rises to approximately 40% when the expanded definition is used. The coexistence of high levels of poverty and inequality with extraordinary opulence undermines our people's freedom.

We need to recognise that a responsible government cannot leave the fate of South Africans to market forces alone. Nor can it sit back while the economy is underperforming; causing the quality of life of its majority citizens to deteriorate. In the final analysis, the needs of every South African citizen are rooted in the desire for a job and income.

Consequently, the high levels of unemployment are, to a great extent, at the root of every significant challenge South Africa faces today. By a responsible government we mean, "*A government that is willing to help all of its people become productive and self-reliant, capable of taking care of themselves and to contribute to the country's success.*" Put simply, **Government Must Do More.**

3. Economic policy proposals

South Africa needs an inspiring and shared economic vision of where we are going in the next ten to twenty years, in which all South Africans will feel that they have an important role to play in making the Country an economic, social and political success. Codesa negotiations only focused on political freedom. Consequently, economic policy formulation in South Africa has been left to individual Ministers to the detriment of the development of a comprehensively, and coherent economic plan for South Africa. This approach to policy formulation is not sustainable, because as soon as changes occur in Government, a new administration tends to disown previously adopted policies.

In this regard, the UDM believe that the time has come, to hold a structured debate on the kind of economic policy South Africa should pursue. Therefore, it is essential to engage representatives of all socio-economic sectors, including all spheres of government, business, labour, churches and NGOs in active discussion to ensure maximal economic policy cohesion and consensus for progress and development. The proposed debate should review and deliberate on the extent to which the Codesa agreements served to either inhibit or facilitate the attainment of a better *life for all*. For example, the contentious debate on access to land This exercise would ensure that, among other things, the people of South Africa take ownership of its (structured debate) decisions, and thus alter the

status quo in which one political party enjoys a disproportionate influence on the pillars of the Country's policies,

Moreover, this structured debate would put an end to an era of political parties that arrogantly appropriate to themselves the right to control the Country's resources to achieve narrow political ends, giving rise to institutionalised corruption. The UDM believes that our economic goals should be prioritised, namely:

- a) Achieving a rate of real economic growth of 5 - 6% six per cent per annum, which we believe can be made sustainable,
- b) Turning the economy from "jobless growth" to "job-creating growth" by embarking on a job creation initiative that will not only reduce the current unemployment levels, but also create opportunities for new job seekers, This will be achieved with two broad strategies: Firstly, small business development should aim to unleash the job creation potential of small business by removing obstacles limiting or preventing their growth, Secondly, planned sustainable development programmes will be aimed at creating jobs through the development of new infrastructure and the maintenance of existing infrastructure,
- c) Alleviating poverty and reducing inequality predominantly through the creation of jobs and the expansion of business opportunities in our society, and assisting the poor to escape the poverty trap and become self-reliant and productive contributors to the economy. A Basic Service Subsidy to assist poor people to afford basic service rates, this should also address the current discrimination against the rural poor, with urban areas being favoured for housing subsidies.

3.1. Job creation

Since 1994, the present government has been unable to solve the economic problems of our Country and thus failed to provide impetus to sustainable economic growth and investment. The fact that the Minister of Finance expects an average real economic growth rate of 3,6% in 2013 and 4.2% in 2014 per year is not good enough for South Africa, particularly as we may not even sustain economic growth at that rate.

Unless we are able to achieve an average real economic growth rate of 5 - 6% per year over a long period, we will not be able to reduce the backlog of unemployment and poverty in South Africa, let alone create new and sustainable job opportunities or address inequalities in our society.

3.1.1. Small Business Development

The UDM believes that the creative spirit inherent in many South Africans must be unleashed to create jobs. This can be done through a policy of small business development, whereby citizens can become wealth creators. A creative business spirit and capacity can be fostered by identifying and overhauling obstacles like unnecessary legislation and regulations, creating access to capital, establishing accessible markets for products, and by appropriate education, training and skills development.

In this regard, we welcome Government's initiative to reduce the tax burden on small businesses by increasing the tax free threshold from R59 750 to R63 556 as well as the increase of taxable income at 10 percent from R 300 000 to R 350

000, This will help ease the tax burden on small businesses and stimulate entrepreneurial activity.

In addition, more alternative and innovative financing options must be facilitated to assist small entrepreneurs. These options should include the establishment of local stock exchanges, small and medium business investment corporations, community development banks, negotiations with investment and insurance funds for venture capital, and the establishment of credible micro-finance institutions.

3.1.2. Infrastructure Development

For almost two decades, microeconomic development has been neglected. We need a holistic plan for the development of South Africa. Although a number of infrastructure development projects have been initiated, most of the Country's infrastructure is deteriorating due to insufficient maintenance.

Deterioration is even witnessed in service institutions. Which are supposed to deliver an efficient service, for instance the company registrar's office, the patent office, tender offices, the Masters of the High Court and other courts. These offices are becoming increasingly inefficient. Poor capacity to spend infrastructure development budget allocations compounds the problem.

Government estimates show that in the year 2010/11 only 68% (R178 billion) of the R260 billion set aside for infrastructure development was spent. This was a missed opportunity to address the past backlogs in infrastructure development that exist in previously disadvantaged communities. Many informal settlements and rural areas experience a crisis, of insufficient resources and inefficient delivery, with government seemingly failing to respond to their desperate needs,

The UDM proposes that the state intervenes in the economy through planned sustainable development programmes that create jobs on a large scale while developing and maintaining infrastructure for the whole South Africa, These programmes would enhance economic and social infrastructure to increase the quality of life of all the people. The ultimate aim must be to ensure that our citizens live in communities that are economically and socially viable.

Physical and socio-economic infrastructure should be expanded and properly maintained.

Combined with an effective local governance system this should ensure efficient service delivery, Physical and socioeconomic infrastructure should be built on a larger scale focussing on houses, dams, clinics and schools, roads, airports, harbours and services to open new business opportunities, particularly tourist services.

Rapid infrastructure development and maintenance should be designed to stimulate economic development, growth and job creation, In this regard

government should be an important role player, coordinating the efforts of all spheres of government through planned sustainable development programmes.

These infrastructure programmes, managed by Public Works, and coordinating the efforts of other government departments, should aim to create much needed employment in the short term. These programmes would inject funding and incentives into infrastructure with the express aim of encouraging the growth of labour intensive small businesses, Revised business-government relationships in expanding physical and social infrastructure development should be explored, for instance in the building of roads. Mechanisms must be considered to engage private sector capacity in a partnership with the public sector. There is great potential to create jobs through emerging small businesses in such infrastructure programmes.

Expenditure on infrastructure development could be financed from the proceeds obtained from the successful implementation of a restructuring programme and the clever disposal of unused Public Works property. The framework of a Manageable Budget Deficit recommended in section 3,1,3 below means Government will be able to finance such programmes.

We recognise the need for rapid infrastructure development, primarily because it provides the basis for other forms of economic development. This would help close the gap between the "haves" and the "haves-not" by enabling our people through sustainable economic development to make South Africa a world-class nation.

3.1.3. Manageable Budget Deficit

The UDM supports the concept of a Manageable Budget Deficit, requiring fiscal discipline to ensure that government borrowing does not exceed reasonable limits, but allowing government the leeway to invest in infrastructure development, thereby creating jobs, to address imbalances and inequality. We believe that government is in a position to embark on such programmes because it has a constant overrun on its income side due to the success of SARS in collecting taxes. We would, however, like to caution against the use of the money to fund Government's day-to-day expenditure requirements. Budget deficits should be used, for investment expenditure to ensure inter-generational fiscal equity. Steps should be taken to ensure that people get value for money from Government Wasteful and irregular government expenditure should be identified and dealt with decisively.

3.1.4. Business and Investor Confidence

In addition to creating an environment that is conducive for the private sector to flourish, Government must place a heavy emphasis on attracting Foreign Direct Investment. The nonexistence of clear guidelines on how to deal with Foreign Direct Investment as witnessed in the Wal-Mart saga does our reputation as Foreign Direct Investment destination more harm than good. The UDM proposes that business and investor confidence, as influenced by perceptions regarding government and politics, be improved in the following ways:

- a) Apply a merit-based appointment system in government
- b) Promote a separation of powers between the Cabinet and Parliament, i.e. between the executive and the legislature,
- c) Role of Parliament and its committees must be enhanced, a government perceived to be under close scrutiny at all times will perform better and improve investor confidence,
- d) Ensure that municipal councillors do not demand exorbitant salaries and benefits which are out of line with service delivery for the communities they serve,
- e) Take steps to root out corruption in both the public and private sectors.

3.1.5. Labour policy

The unemployment crisis in South Africa has many causes that underscore the need for a comprehensive strategy. The primary objective must be an attempt to stem the tide of rising unemployment, with its obvious adverse consequences for social and economic stability. The aim is to ensure that each South African has the opportunity to be gainfully employed in order to contribute to the economy and society, irrespective of race, gender or class. The UDM believes that the SETA System has failed to effectively use the Skills Development Levy to address the skills shortage in South Africa.

3.1.6. Urbanisation

According to recent estimates more than 50% of South Africans live in urban areas. This level of urbanisation clearly indicates that the process of urbanisation in South Africa has not yet been completed, and that we are in urgent need of an urbanisation strategy. This strategy should include at least the following:

- a) Identify urban geographical areas where new communities can be established
- b) Determine where and how existing urban areas can be improved and expanded.
- c) Find ways to maintain and protect existing urban infrastructure and build new infrastructure.
- d) Determine a new urban housing policy, including aspects such as density, land tenure, property rights, permanency of a job, etc.
- e) Develop innovative new mass urban transit systems.
- f) Protect surrounding rural areas (farmland, forests, etc.) from urban sprawl.
- g) Provide in the needs of urban populations, e.g. water, power, sewerage, schools, health care and open spaces.

3.2. Rural development

The urbanisation strategy should recognise that South Africa needs an urbanisation strategy that will assist the development of rural areas as well. Many rural areas are experiencing a crisis with regard to resources and service delivery. Strategies should be developed to assist emerging farmers, in particular, by focussing on access to resources including capital, land, infrastructure and training. Government's role should create an environment conducive to entrepreneurial and agricultural development.

The UDM believes in the introduction of government programmes that employ and train the unemployed in agricultural, tourism and community development projects. These programmes should be transformed into self-sustaining, privately owned businesses that have the potential to grow, accumulate assets, and create employment. Infrastructure in rural areas should be elevated to ensure that it is on par with Country's developed parts.

Adequate support should be given to rural municipalities that have a limited revenue, raising capacity and those that suffer from skills shortage. These would help deal with past imbalances and backlogs and create the much needed employment opportunities in rural areas. The role and institution of traditional leaders should be recognised and protected.

3.3. Equal empowerment opportunity

The UDM recognises the aspirations and needs of the previously disadvantaged people of South Africa to participate meaningfully in the economy. The UDM believes that specific groups that should be targeted by such an economic strategy should include the youth, women, and rural poor as well as informal settlement dwellers. The present Black Economic Empowerment (BEE) model only empowers a select few" It is racially divisive and excludes most people, irrespective of race, who need to be economically empowered. BEE is perceived to be a buzzword for self-enrichment by the new elite.

The UDM proposes that Government formulates policies that seek to empower all South Africans, in particular economically marginalised groups and the rural poor. It is vital that South Africans share an economic and political vision focussed on partnership between all the people of South Africa, We believe that the gap between the "haves" and the "haves-not" can be narrowed by unleashing the creative spirit inherent in our diversity.

4. Poverty alleviation

The current policies of government have not succeeded in reducing poverty, and in some cases have even contributed to a deepening of the level of poverty in South Africa. Poverty alleviation to address poverty, caused by an economy in transformation, should be realised through a basic service subsidy to assist poor people to afford basic service rates. The process should be monitored and adjusted as the positive effects of short-term and long-term job creation strategies manifest itself in the lives of ordinary South Africans.

5. Anti-corruption and clean governance

South Africa is constantly confronted by scandals of corruption and abuses of power that damages service delivery. This ranges from top ranking officials to levels lower down in the economy and even "petty" corruption, involving traffic police, theft of examination papers, etc. Many officials with "struggle credentials" have looted State resources. In some instances loyalty was rewarded with protection against investigation or prosecution. The UDM proposes that Government moves swiftly to eradicate corruption in the government, recognising that those entrusted with the public service will not only be ineffective and mistrusted if they disregard the law but bring the whole institution of government into disrepute. By doing so, Government will improve the morale; image and attitude of

government officials and, thereby restore the public's confidence in them. To ensure clean governance the following principles should be implemented:

- a) Government officials and politicians must serve the people and not themselves, There should be zero-tolerance for corruption and abuse of power,
- b) Integrity, commitment and hard work are required from all in government and in the private sector,
- c) A Sense of pride in and ownership of government must be encouraged and nurtured in all South Africans by establishing a new ethical framework of incorruptibility, accountability, transparency and impartiality in governance.
- d) The best quality must be ensured in all appointments, so that merit, responsibility and integrity will be guaranteed, and excellence rewarded.
- e) Effective procedures must be established and implemented to investigate and prosecute those in the public and private sector involved in corruption.
- f) Independent anticorruption task teams must be established in each province to determine the level of corruption and to immediately introduce recovery steps. Guilty officials must be prosecuted. While the development of effective economic development policies is of critical importance in the fight against "the triple challenges of poverty, unemployment and inequality, "investment in human capital development is the most effective tool to place a country on a path to sustainable development. The following section tackles education.

6. Education

The South African Constitution recognises the right of every child and citizen to basic education. However, in South Africa, there is clear dichotomy between the quality of education the haves and the have-nots receive, with quality being the prerogative of the haves and the have-lots. The standard of education children from poor backgrounds receive leaves much to be desired In this regard, the UDM supports free public education from primary school until Grade 12, as well as more Government assistance for students studying in select tertiary and professional subjects, such as Engineering, that will contribute to the overall economic and social development of the Country. Also, specific pilot schemes aimed at current school leavers to ensure that they enter the labour market with relevant skills should be launched.

The high levels of functional illiteracy and innumeracy, and the uncoordinated attempts at skills development constitute a great obstacle to the development of South Africa. Foreign investors shy away from South Africa, due to some extent, the low levels of education and skills of its workforce. An education system that would elevate the skills of the South African workforce is needed.

Government should consult widely in shaping an education system that will unlock its human capital. Recognising that we live in a dynamic environment, Government should ensure that the Education Policy is updated continuously. Education transformation has been occurring since 1994. Therefore, we should retain those elements of policy on which there is general consensus among the key stakeholders. This process should not sacrifice consistency and stability, but should improve the quality of education. Education policy has become centred on the personality of an incumbent Minister of Education. This results in continuous policy changes and creates instability in policy, leading to low morale and

confusion among the stakeholders. Education policy should not be centred on a single personality but rather on the needs of the Country.

In light of these complex challenges, the UDM supports increased budget allocations Government has given to the Department of Education over the years, However, more resources should be directed towards the development and maintenance of educational infrastructure, A lot of work still needs to be done in Education, especially in terms of infrastructure, human resources, curriculum development and performance management.

6.1. Educational infrastructure

It is unreasonable that all young people are expected to become achievers, when in too many schools they still suffer a lack of basic requirements like potable water, sanitation, electricity as well as adequate and accessible school accommodation. In addition, human resources, physical infrastructure such as laboratories, as well as teaching materials are inadequate.

The UDM believes that the Government should reconstruct the educational infrastructure by focussing on the following:

6.1.1. Human and Physical Resources

6.1.1.1. Teacher training

Recognising that Apartheid Education policy produced two sets of teachers, there is still a need to improve the skills of current teachers, in order for them to implement new Education Policy in line with the Constitution. Therefore it is necessary to ensure that teachers are properly equipped to implement the new syllabus, through intensified in-service training and workshops. Qualified and dedicated teachers play a vital role in the quality of education, Government should ensure that teachers are fully equipped and supported to fulfil this important role.

6.1.1.2. Management

Systems should be implemented to ensure that School Governing Bodies (SGBs) and stakeholders are able to monitor and measure the performance of teachers, lecturers, principals and senior management in the Department. This monitoring system should take into account indicators of access, equity, efficiency, management delivery.

6.1.1.3. Physical infrastructure

Expenditure on the development and maintenance of school buildings, water, sanitation and electricity should be increased. It is in conflict with our Constitution that the lack of potable water and adequate sanitation at schools remain reprehensibly common while, billions of Rands of the capital budget for investment in school infrastructure goes unspent. This clearly points to a lack of capacity or commitment at Senior Management level in the present system. Education physical infrastructure should receive high priority in the proposed Planned Sustainable Development programmes aimed at

job creation and the, nitrated social and economic development of communities.

6.2. Teaching materials and resources

Additional funding should be made available to ensure that every school has the required learning materials and resources, This should not be limited merely to textbooks, but will include the provision of libraries, laboratories, computers and other relevant technologies that serve as teaching aids.

6.3. Higher education institutions

Recognising that we now have a reduced number of tertiary institutions in South Africa at high cost to the communities, Government should be committed to bringing institutions of education closer to communities.

Government should ensure that all institutions of higher learning are geared to ensure that they produce school-leavers and graduates that are equipped with balanced job-related and life-skills to enter the job-market and the greater society. The values of an educated citizen should be underpinned by a patriotic sense of duty towards democracy and the responsibilities it entails.

Higher Education must be on par with international standards. It must equip graduates to become professionals in line with the latest international research and development techniques. South African graduates must be able to compete globally. Therefore, it is important international experts and academics are brought to South Africa to impart their skills to the South African Higher Education Institutions, and bring them into the network of global Higher Education Institutions.

All education institutions should promote a culture of continuous learning. Adult Basic Education and Training should be enhanced with emphasis on employable skills, and not just mere literacy and numeracy skills. In this regard the private sector can play an important role by ploughing back into communities, with the knowledge that this is an investment in a better skilled workforce.

6.4. Curriculum development

All curricula should be underpinned by the values and rights enshrined in the Constitution, and should aim to foster respect for these rights and values, such as equality, dignity, as well as religious, racial, language and gender tolerance. Curricula should be geared to produce responsible and productive citizens. In line with international norms, learners should be made to understand their individual duties and responsibilities in a democratic society. Similarly, learners must be committed to develop their Country in every sphere of society.

They should be made to understand the principles of sustainable development, including knowledge of the Country's resources and how they should be utilised and managed for this and future generations' prosperity.

The UDM believes that curriculum development should be an inclusive process involving all stakeholders. It should adapt to changing needs in the job-market and

society. Career-orientated advice and education should be enhanced to ensure that children are assisted to determine their future professions timeously and are capable of identifying and attaining the various goals on the way towards their employment in that profession. A Curriculum Development Committee composed of all stakeholders, which would culminate in a White Paper on National Curriculum should be established.

6.5. Establishing a spirit of excellence

We should promote a spirit of excellence in all schools and educational institutions, Schools should be places of discipline, order, neatness and productivity. There should be strict adherence to dress codes by both learners and teachers, Government, the community, teachers and schoolchildren should unite in a spirit of excellence, determined to make every school part of the foundation of a world-class nation.

As professionals, teachers should be expected to contribute actively towards creating an atmosphere conducive to learning both in and outside the classroom. The serious occupation of teaching must not be expected to tolerate the Idle, the malingerer or the educationally bankrupt. The Code of Conduct for teachers should be adapted to allow swift and decisive action to be taken against those who abuse their positions.

Similarly, learners should be expected to adopt a culture of learning and to appreciate the value of time. Emphasis should be placed on discipline in order to promote learning and each school authority should be expected to develop effective and constitutionally acceptable means to discipline pupils where required. We must ensure that learners are actively engaged at school during school hours. School inspectors should be brought back to deal with erratic attendance by pupils, teacher laziness and administrative issues. This should be coupled with a strategy to encourage parents and members of the community to play an active role in the affairs of the school.

Crime, especially sexual harassment and abuse, at schools should receive zero-tolerance. Offenders will be removed from the institution and punished.

7. Conclusion

The UDM is astutely aware of the fact that no single set of policies can serve as a panacea for South Africa's development needs. An eclectic approach is required to enable us to have appropriate responses to most challenges facing South Africa today. However, servant leadership, integrity, good governance coupled with the implementation of existing programmes would bring us a step closer to becoming a Winning Nation In his book. The Four Pillars of Leaders, Dr John Maxwell aptly describes the principle of integrity that a leader needs in the following way, "Integrity commits itself to character over personal gain, to people over things, to service over power, to principle over convenience, to the long view over the immediate. Put plainly, we are calling on Government to go BACK TO BASICS!