



UNITED DEMOCRATIC MOVEMENT

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# DISCUSSION DOCUMENT

## UDM 5th National Congress and beyond

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## 1. State of the nation – an overview

In 1994 our country attained political freedom and began a process to dismantle Apartheid in all its forms. For the first time, all South Africans had a government they could truly call democratic.

A lot has been done since then to change the political, social and economic landscape for the better. It is true that much has been accomplished, but – for instance - when the ANC government claims to have built more houses, they should admit that more people have badly-built houses. And when the ANC government claims to have provided more services, they should admit that more people are receiving bad and unreliable services. When they claim to have built more infrastructure like roads, they should admit that it is just more tolls and more potholes.

When did we stop trying to be a world-class nation? To be the best? To excel? To measure ourselves not against the past but against our highest ideals?

When did Apartheid become the benchmark... for us to settle for inefficiency, corruption and mediocrity because “at least it's not Apartheid”?

We should be reaching for the highest goals, to give expression to the spirit of the Constitution. We should be aiming to build a country that unleashes its vast potential – where each person (irrespective of race, gender, class or geography) has the opportunity (and indeed, the calling!) to contribute to a thriving prosperous nation. A nation like no other.

The electricity crisis is an example of this attitude of mediocrity and delusion that typifies ANC governance. An electricity network that was the envy of the continent, which should have been maintained and meticulously expanded to service all the citizens of the country, has instead been allowed to fall into disrepair over the course of 20 years through a combination of bad policy decisions, political interference, as well as a lack of vision, planning and accountability. The ANC government were warned 20 years ago by engineers at Eskom of the critical need for expanding the capacity of the grid, but were ignored. The crisis was compounded by the unforgivable failure of the political leadership to acknowledge and address the crisis when it became apparent in 2008/9 that we were on the edge of a major disaster... instead the ANC's investment arm (Chancellor House) stepped in to abuse the opportunity to cash in on the construction of a new power station, thus corrupting the tender process. We don't even have the benefit of the power station itself, since its construction is years behind schedule.

While the UDM acknowledges the impact of the colonial and apartheid legacy on the South African economy, twenty years into our democracy there is clear evidence that poor policy choices, economic mismanagement and corruption have negatively affected our economy.

It means that massive poverty, high unemployment (especially among the youth) and growing levels of inequality have become defining features of our economy. In recent years our global and continental competitiveness has been on the decline as reflected in most studies and surveys.

The reality is that this country is fast becoming more of an unsustainable welfare state than a developmental state. This situation is typified by the swelling number of dependants on state-provided social security, while concurrently we witness a dwindling productive manufacturing sector and diminishing entrepreneurship. In 1998 there were 2.5 million recipients of social grants, which have grown to 16.7 million currently, and it is projected to stand at 18.1 million in 2018/9. This all happens against the backdrop of an escalating cost of living which leads to greater economic hardship for the average citizen.

The UDM maintains that well-targeted strategic infrastructure development is critical for the proper functioning of the economy. It is the cornerstone of sustainable social and economic development. The ruling party's infrastructure development programme is not properly planned and fails to address past imbalances and backlogs.

For instance, while government has budgeted and approved more than R800 billion over the next few years for infrastructure development, very little of this is allocated to rural areas and other previously disadvantaged communities in the townships, informal settlements and peri-urban areas. As a result, the infrastructure in these areas is in a state of disrepair. This causes people to migrate to large cities in search of better job prospects and better living conditions.

Even as some new infrastructure is being put in place there is a decay of the old infrastructure due to the lack of maintenance plans. In many parts of this country the only way to access service delivery is through mass protests. Sadly, it would appear that infrastructure development has become an excuse to pursue 'elite' projects. These elite projects contribute very little to uplifting the lives of the majority, whilst acting as a pipeline to channel kickbacks to individuals and companies linked to the ruling party.

We also witness, with growing trepidation, the skewed distribution of resources with a strong regional bias and an underlying sense of ethnic tendencies, a clear violation of the Constitution.

We must unequivocally express our dismay at the current state of the nation.

## 2. The economy

Our economy is the second largest in the African continent, but the Gross Domestic Product (GDP) growth rate has dropped during the second quarter of 2015 to 1.3%. The growth rate of the past 6 years is under 2%. This threatens the targets of the National Development Plan (NDP) and paints a bleak future. There is the looming threat of another recession.

Current debt to GDP stands at 45%, and is expected to stabilise at 49% in the next 2 years.

Since 2011 the Rand has lost more than 43% of its value against twenty currencies of countries trading with South Africa. Our current account has a deficit of more than 3.8% of the GDP for the past three years. We are importing more than we export.

Households spend more than 75% of their disposable income on paying off debts, and with interest rates on the rise, this means people will sink deeper into debt.

For a variety of reasons foreign investors are now thinking twice before they invest in our economy.

Government guarantees to State Owned Enterprises (SOEs) amount to R470 billion, of which half has already been utilised with no discernible improvement in their financial stability. Eskom, SAA and Sanral are some of the larger culprits. These guarantees, even if successfully applied, contribute to government's contingent liabilities (in other words, further exacerbating the taxpayer's debt burden.)

Government has used R5 billion from the contingency reserves (meant for emergencies) to fund consumption expenditure. For instance, to settle the national wage bill, thus financing unjustifiable above-average wage increases campaigned for by the ruling party's alliance partners.

Economic interventions that result in higher public debt, high inflation and more inefficiency defeat the purpose of stimulating the economy to create jobs and reduce poverty.

Like many others our economy is still subjected to the difficulties of the post global financial crisis. The poor therefore have limited access to economic opportunities and basic services.

To compound matters, the fiscus is losing massive amounts through corporate tax evasion, whilst average taxpayers are coughing up more every year.

During the last five state of the nation addresses, President Zuma outlined programmes for economic growth, job creation, poverty eradication, education and health. Many pointed out that these were empty promises which would never materialise.

It is clear that to redress the economic disparities of the Apartheid era we cannot afford to leave that responsibility to the ruling party or their chosen consultants. This is a matter of national importance and it must therefore be addressed by a national indaba on the economy – comparable in scale and depth to the CODESA negotiations – which resolved the Apartheid political conundrum.

Another major concern is that the current political dispensation has not succeeded in creating a culture of ownership and unity among many wealthy and entrepreneurial South Africans. The ruling party's failure to mould a united nation has led to a significant number of local wealthy, predominantly white, investors feeling insecure and excluded, therefore reluctant to invest their wealth in the country.

Government's failure to properly coordinate policy implementation between various departments have led to contradictory and harmful decisions. For example, the Minister of Home Affairs instituted new visa regulations that have caused serious damage to the economy.

The outstanding matter in the recent débâcle of the #FeesMustFall, is the source of extra funds required by government to substantiate 'free education'. According to Minister Blade Nzimande, R37 billion is needed to roll-out free university education over the next three years. However, this money is more readily available than what the government makes us believe.

Irregular expenditure and corruption is between 25 and 30 billion Rands per annum, which along with other measures we are proposing, could easily fund free tertiary education.

For instance, in 2011 alone, the country lost R 237 billion in illicit financial flows (IFFs), and in eight years, 2002 to 2010, over R 1 trillion. This besides preventative measures including the Financial Intelligence Centre Act (FICA), the Financial Advisors and Intermediate Services Act (FAISA) and the Financial Regulation Bill – FRB, according to African Monitor.

If government tackles Illicit Financial Flows (IFFs) for 2016/7 alone, there shall be sufficient funds to provide free quality tertiary education. This could be achieved without changing any law, but simply enforcing existing ones. It would further assure an abundant surplus for further planning, upgrading and qualitative transformation of tertiary education.

The UDM is calling for an Economic Indaba precisely because of some of these pressing national gaps. The matter of IFFs should be tabled in this gathering. It is obvious that reducing and finally stamping out IFFs shall not only benefit education. It will create a base resource from which billions of Rands can be utilised to address poverty, unemployment and inequality.

## **2.1. National Development Plan**

What we require is a clear-cut programme that unifies the entire society behind a common vision for the economy. We need a clearer road map of infrastructure development with more realistic targets, timelines and clear monitoring tools.

The ruling party has been given a mandate based on the National Development Plan which enjoys the support of many opposition parties. However, the NDP does not enjoy the support of the ruling party's main allies, Cosatu and SACP. This causes tensions between organised labour and the business sector. The ruling party is held to ransom from implementing its mandate because some amongst its public representatives have a different agenda.

This tripartite conflict undermines governance and compromises investor confidence, which leads directly to a rise in unemployment and poverty. It also creates the environment for opportunistic members of the elite to take advantage and pursue their own interests irrespective of the electoral mandate, like the current disputed procurement of nuclear energy.

There is a growing culture of lawlessness that is increasingly characterising us as an unruly and ill-disciplined nation. Every day we witness citizens building homes in places not designed for human settlement, thus leading to multiple social and economic crises. Spatial development for both urban and rural areas requires proper coordination with the involvement of citizens to avoid the cost of correcting uncoordinated development.

The UDM suggests that a presidential council on sustainable development with direct participation of the broader civil society should be created. This approach will place the citizens of the country at the centre of their own development as they seek to realise the vision of the country and promote a culture of ownership of its development direction. Central to the task of the council would be to consolidate and deploy the resources of the country towards a development path that is commonly agreed to.

Given the increased role the state claims to be playing in the economy, it is vital that we reach some form of consensus about state intervention in the economy.

## **2.2. Economic reform**

Even if government projections, through the NDP, were to reach the hoped-for 6% growth - which it will not with the current tax system - unemployment would still remain unacceptably high.

It is necessary to evaluate to what extent our current tax system is a deterrent to economic growth and development. In order to stimulate job creation, we require innovative approaches to taxation that encourage investment and provide incentives to local entrepreneurs.

There is a need for greater transparency and accessibility in the operations of the Tax Commission, because it does not seem to be fulfilling its mandate of creating a fair and equitable tax system.

## **2.3. Unemployment**

The expanded unemployment rate for the second quarter of 2015 stands at 34.9%, accounting for 8.4 million people. Despite this staggering number of unemployed people, this situation is not treated as the priority it deserves to be.

There are many ways in which the ANC government has caused or exacerbated the unemployment crisis. Some of the most prominent factors include their poor management of the economy, cadre deployment, falling standards of education. Other causes of unemployment are the use of cheap labour in particular from our continent, the influx of high-skilled foreigners, slow entrance to the informal sector, discriminatory labour markets, divergence between labour demand and supply, the use of labour brokers, inadequate public transport to reach workplaces, the casualization of labour, living conditions leading to unhealthy citizens, etc.

In a country with more than eight million people unemployed and more than sixteen million depending on social grants out of more than 53 million citizens, this presents a serious crisis. The Expanded Public Works Programme (EPWP), initially meant as an intervention to provide training and skills development, has largely failed to make the youth and the jobless employable. Instead it is being used by those in public office to dispense patronage to members of the ruling party.



#### **2.4. Inequality and poverty**

South Africa is indeed one of the most unequal societies in the world. The situation is compounded by the high rate of corruption by the elite, while the masses live in poverty. Such massive inequality contributes to an environment of criminality.

The gap between the rich and the poor is ever widening. Income is concentrated at the top and inequality between the urban and the rural areas is becoming greater. The majority of those trapped at the bottom end of this inequality are black South Africans. This results in apathy and deep-rooted despair.

Although social grants have assisted to a certain extent, it has created dependency on the state and does not fundamentally deal with poverty or the inequality gap.

People need to be empowered beyond social grants to a point where they are able to meaningfully participate in the economy.

### **3. Crime and security**

The safety of a nation demands well-informed citizens backed up by highly-trained professional security forces.

Government cannot afford to fail. Our security forces have not escaped the ugly consequences of partisan appointments, which has had a negative impact on their morale and productivity. It creates internal tension between and within sections in the criminal justice system and is a threat to the security of the nation.

Appointments based on narrow factional loyalty are a high risk to the security of the nation as a whole. Police operations, in areas like Marikana, Madibeng, Ficksburg and others, confirm a lack of training as well as a doctrine that is inconsistent with the country's constitution.

In addition, there are serious constitutional concerns surrounding the high density of heavily-armed private security forces in the country, often owned by foreign interests.

Our capacity on counter-intelligence urgently requires special attention. Daily, we are found wanting when sporadic violence visits our communities, risking the lives of ordinary citizens. Some of these risks our global diplomatic relations and create doubt among potential investors.

We have lost the confidence of other nations, which we had enjoyed at the dawn of democracy in 1994. It is difficult to believe that nowadays a South African visiting Britain has to undergo a strict visa process because lately we are viewed as a breeding ground for criminal activities.

Civilian oversight, as currently implemented has evolved into the appointment of civilians in the highest decision-making positions in a manner that undermines the ability of security forces to manage their operations effectively. Instead, civilian oversight should reside in the office of the Minister, whilst leadership of the security forces should be handled by trained professionals from within their own ranks.

#### **4. Housing**

One of the greatest indicators of the rampant poverty and inequality in South Africa is the current housing situation.

Housing is rolled out, but not enough attention is paid to what happens once these houses are assigned. Unemployed people who are given houses do not have the means to maintain their new homes and there is not sufficient infrastructural support of these settlements.

The UDM recognises that all basic human needs culminate in a proper shelter. It is the cornerstone of service delivery. The UDM will promote ownership and the acquisition of collateral, leading to economic empowerment. Housing will thus restore the human dignity and pride to all South Africans by providing adequate shelter.

#### **5. Health**

The state of our health system is a matter of national concern. Our primary health system faces serious challenges such as poor infrastructure, lack of quality service, and inaccessibility among others. The poor have to put up with these shoddy services since they cannot afford to pay for private healthcare.

In addition to the deteriorating quality of healthcare, healthcare providers are sometimes not paid, and those who are paid, are paid inadequately.

The collapse of our health system robs the country and its economy of an economically active population. South Africa has a high burden of diseases like tuberculosis and pneumonia coupled with the huge health infrastructure backlog.

## **6. Education**

### **6.1. Basic Education**

Our children are consigned to poor quality basic education, making it less likely for them to find employment or proceed to institutions of higher learning.

The schooling system does not respond to the demands of the labour market; it is not geared to address the shortage of skills in the economy.

Many rural children are learning under conditions that are not conducive to learning and teaching; they have to contend with a lack of infrastructure and a poorly-managed transport system. There are still a high number of informal and mud-schools despite targets to provide formal infrastructure.

Whilst we are still grappling with our collapsing state of education – in particular at the level of basic education – the country is now told that it must add Mandarin, a foreign language, to the already existing languages taught at our public schools. We are not even close to mastering our eleven official languages.

In addition, government has failed to set out a minimum standard for basic education. We believe that no true meaningful change regarding education can occur without giving definitive content to basic education.

### **6.2. Tertiary Education**

The recent student uprising is the culmination of 20 years of broken promises. Free education was a major campaign commitment made by the ANC in the first democratic elections. The ruling party's failure to keep that promise, while presiding over an explosion of student fees, have sown the seeds of discontent that have spilled over into the streets, the lawns of the Union Buildings, and the grounds of Parliament. As a democratic nation we have a moral obligation to provide our youth with the opportunity to gain the skills and qualifications necessary to make this a Winning Nation. It is not about handouts, but about investing in the future prosperity of our country.

Nor is it a question of a lack of revenue, but rather the skewed priorities of the ANC government. Vast sums of money are misspent, wrongly allocated, or outright looted by corrupt politicians and officials.

The education finance scheme fosters inequality. This scheme has in fact produced, and will continue to produce, a large pool of unemployed young people. Some are found idle on the street corners with no prospects for the future.

Recently, we have been exposed to the collapse of the National Student Financial Aid Scheme (NSFAS) due to corruption led by deployed cadres and with the participation of the student body aligned to the ruling party. Whilst graduates are relegated to joblessness, the select few occupy lavish office space in both the private and public sector, earning large salaries for mediocre performance, some with false qualifications.

Our technical and vocational education and training colleges are not properly marketed and thus do not draw great numbers of students when we need people who are empowered with the skills required to make our economy flourish. Where they do exist, there is corruption and a lack of transparency about the funding of students and programmes. As a consequence, the country is unable to count the number of plumbers, electricians and other artisans produced by these institutions.

Recently, City Press, has reported that millions of Rands meant for skills development through SETAs have been siphoned off into the coffers of the SACP (through its investment arm: Masincazelane), putting a lie to the SACP leader and Minister of Tertiary Education's supposed commitment to the plight of poor students. One is left with the impression that the sharing implied by the name Masincazelane means 'looting together'.

## **7. Land and property ownership**

Land ownership in South Africa has a painful history, since it played a central role in the racially divisive politics of the past. It is for that reason that land ownership must be dealt with fairly, and why the constitutional right to land ownership must be realised quickly and effectively.

Land ownership is intrinsically linked to economic emancipation; therefore it must feature high on the agenda of the Economic Indaba that the UDM is advocating.

The UDM maintains that the slow delivery of land occurs due to governmental inefficiency and maladministration, and not for ideological reasons.

We do not have a credible land audit report which details how much land is owned by the state (nationally, provincially and locally). We do not know how much land is owned by public institutions such as universities, or how much land is owned by foreign nationals.

The land question remains one of the fundamental strategic issues in a liberated country. The failure of government to deliver with regards to land has a severe impact on the lives of many South Africans, depriving them economically and emotionally of opportunities to become active citizens of the country. The lack of security of tenure conspires to make many South Africans second-rate citizens.

It is clear that the issue of land cannot be resolved by a single stakeholder. Rather, all stakeholders, including traditional leaders, need to be consulted.

## **8. Mining sector**

Recognising that the past distribution of mining and minerals resources was inequitable, the UDM acknowledges the constitutional obligation to ensure equitable distribution.

Minerals and energy can play a pivotal role to address poverty, yet our mining sector is ravaged by an array of challenges including but not limited to, 1) the continued devastating state under which the mining towns find themselves, 2) prolonged industrial action, 3) legislative uncertainty and 4) downward spiralling commodity prices. This sector also houses the largest section of unskilled labour.

## **9. Environment**

The environment issue is of critical national and international importance. The threats to the survival of our environment and the people who inhabit it make the issue a top national priority. The practice of proper use of land and resources is understood, but high levels of poverty in many parts of the country have led to the destruction of the environment; soil erosion, water pollution, and deforestation are widespread. As a result, desertification is threatening our country. It is critical that we uplift the poor and rescue our environment from permanent destruction. At the same time storms and adverse weather are becoming commonplace due to global climate change. This further exacerbates the threat to our environment.

The socio-economic implications of the destruction or degradation of our environment imposes a serious obligation on everybody to play their part to protect our environment. Environmental concerns require a holistic and non-political approach because it affects all players, irrespective of social standing. Any activities by anybody that harm the environment impact on the lives of all the people of South Africa.

The task of saving our environment calls for the elevation of the problem as a priority that warrants a “Marshall Plan” to save our natural heritage by identifying, building and rewarding individuals, institutions as well as community-based organisations that rescue and conserve our natural heritage. A specific opportunity exists here to make use of the many community radio stations. They are doing sterling work on reflecting community issues, and are well-placed to raise awareness about environmental, health and related issues. Government advertisements towards this would also help to make these stations economically viable and break the artificial advertising monopoly of the SABC.

This entails broadening the knowledge, and awareness of environmental issues and commitment to its protection and development to encompass the poor who may have previously viewed issues of environment as a preoccupation of the wealthy. It must be made known to all our people that the promotion of environmental concerns and strategies is geared towards the improvement of the quality of life of all our people without exception.

## **10. Marikana**

It is a name that has to come to represent one of the bleakest moments of our young democracy. It a tragic example of what happens when the vested economic interests of the elite on the one hand, clashes with the belligerence of aggressive labour protests, on the other hand. Both of these trends have been actively tolerated – and even encouraged – by the tripartite alliance.

When all is said and done the colossal failure of leadership during this tragedy and its aftermath, has exposed the tripartite alliance for the sham that it is. The so-called 'broad church' uniting under the umbrella of the ANC-alliance is strife-torn with bickering and infighting, which has spilt over into society with disastrous consequences.

Marikana should be viewed with foreboding as a warning of the storm that may come if we fail to address the socio-economic and political failures inherent in the current government and the ruling elite behind it.

## 11. Corruption

Established democracies make it their mission to root out corruption in all sectors of society but in South Africa government's soft approach on corruption seems unconcerned with the danger it poses to long-term socio-economic development and political stability.

In fact, this culture of corruption is celebrated within the ruling party and those involved are viewed as heroes to be idolised and emulated. ANC deployees who are found guilty of corruption are rewarded with re-deployments, and rarely face the consequences of their actions.

Corruption is so prevalent in our government, that we have a name for it: institutionalised corruption. In the past few years the ANC government has shown a fondness of engaging in 'elite projects' (amongst many others, building soccer stadiums, the Gautrain, Gauteng's e-Tolling system, etc.). Whilst some of these serve a good cause, we are doubtful of others. The UDM believes that government has its priorities all wrong. How can these elitist projects be a priority whilst millions of South Africans still need access to a basic human right such as clean water?

The priority must be to use the resources of state to deliver basic services. Instead government seems hell-bent on their elite projects that often seem designed as nothing but a method for the ruling party and its cohorts to get their hands on lucrative state tenders - as we saw with the Arms Deal.

In the past few years, we have witnessed wave upon wave of service delivery protests, some very violent, with people complaining about the lack of jobs and services in their communities. Unfortunately, the ANC government responds to legitimate grievances by sending in the police, instead of constructively engaging the community. This mentality reminds us of the Apartheid regime.

We must thank the media for their vigilance and showing us the lies and deception of those in power. There are tripartite alliance leaders in cabinet who have portrayed themselves as champions of the poor but who live in imperial opulence. If it had not been for the media, we would not know that these so-called pro-poor hypocrites drive million Rand cars and stay in the most expensive hotels in the land.

Let us reflect on a few of the most glaring recent examples of corruption.

In 2006, the ANC stood to gain from state contracts by being both player and referee when its investment arm, Chancellor House, bought a 25% stake in Hitachi Power Africa. Hitachi Power Africa and its parent, Hitachi Power Europe, jointly won contracts worth R38,5 billion in 2007 to supply Eskom with power station boilers. In October 2010, the Minister of Finance announced that government would guarantee up to R300 billion in loans for Eskom up to 2017. The implication of this deal is that the taxpayer is helping Eskom to fund the ANC. In other words, the ANC benefits from Eskom's electricity price hikes through Chancellor House. Reports indicated that Chancellor House will receive R50 million over eight years in profits from Eskom's Medupi and Kusile Power Stations.

In 2011 moves were afoot to grant rights for shale gas exploitation in the Karoo. The Batho Batho Trust (an ANC trust started by Struggle veterans in 1992) has a 51% stake in Thebe Investments, the local empowerment partner of Shell SA. Thebe is well placed to benefit from an industry that could be worth an estimated \$200 billion (R1.6 -trillion) should Shell succeed in a bid to tap the reservoir of natural gas beneath the Karoo.

In 2012 the South African Communist Party (SACP) opposed the construction of the Gautrain. However, media reports (which the SACP have yet to publicly deny) show that its investment arm benefited from the train's construction and operation. According to media reports, in July 2008, the J&J Group (co-owned by former trade unionists Jay Naidoo and Jayendra Naidoo) bought an 8% stake in the Bombela Concession Company, which had been awarded the contract by the Gauteng government to build and operate the Gautrain - and the SACP's investment vehicle, Masincazelane, has shares in J&J. Are our communist brothers showing a thirst for the benefits of capitalism?

In 2012, despite strongly contesting the controversial e-Tolling system, the Congress of South African Trade Unions (Cosatu) has apparently benefited from the project to the tune of R24 million. Cosatu's investment arm, Kopano Ke Matla, reportedly holds a 3% stake in road construction company Raubex, and Raubex received R800 million from a project which forms part of the Gauteng Freeway Improvement Project or the toll roads.

## **12. Pillaging of resources**

The mentality of crime has found its way into the heart of the elite, where a decades-long looting spree has inspired a culture of impunity and corruption. It is no wonder that over 10000 police officers are under investigation, when at the very top the highest offices in the land are involved in pillaging the resources of the country.



The consequence is that the country's security is compromised. Our security forces are incapable of guarding our territorial borders, which leads to crimes such as illegal fishing, stock theft and poaching being committed across our porous borders.

### **13. Public administration**

Public administration has reached a crisis point with little hope of improvement. The ruling party has created and presided over a patronage-oriented administration rooted in bureaucratic corruption designed to sustain the ruling elite and the politically-connected.

The dysfunction of the state manifests itself everywhere, and patrimonial rule seems to be the order of the day

Political power is personalised through complex and widely dispersed networks of favour and patronage. Authority no longer emanates from political democratic institutions, but from politicians themselves as the ruling party chairpersons in provinces and regions become more powerful.

The ANC's cadre deployment policy has usurped appointments in state institutions (from municipalities to parastatals and public enterprises) with no regard for that skills and capabilities of individuals. Knowledge, competence and skill are replaced with political ideology and informed by factional alignment.

Year in and year out, the auditor general's reports confirm that this crisis is staggering. The report recounts the scandalous mismanagement of public funds and the deterioration of physical infrastructure.

The inability to act against corruption and the squandering of public resources, coupled with the lack of political will to decisively intervene in rooting out corruption, has caused a backlash in the form of violent protest. In his budget speech for the financial season 2015/16 in Parliament, the Minister of Police acknowledged that 15 740 public protests were recorded.

These public protests are predominantly inspired by poor service delivery, which is a clear sign of a dysfunctional state and a ruling party detached from the people.

The UDM firmly believes that the public administration must be professionalised to avoid blurring the lines between the state and party, and to ensure accountability and responsiveness.

## **14. The public broadcaster (SABC)**

The media is defined ideologically as a support structure of society, precisely because it helps to determine the agenda of society. The media plays a role in shaping our thinking, how we relate to each other, what we eat on a daily basis, and how we view the political discourse.

We have witnessed disturbing signs where the ruling party censors the public broadcaster, attempting to make it the personal voice of the ruling party and the state propaganda machinery.

This was done by tampering with the editorial independence of the SABC. The appointment of party loyalists to key positions in the SABC is a glaring example of how the ruling party is attempting to hijack the public broadcaster to turn it into a puppet of the ruling elite.

The unending fights about the governance and management of this important public institution seems to be a deliberate tactic to enable the ruling elite to do as it likes.

If political interference and lack of competence due to factional appointment is allowed to continue, public broadcasting will totally collapse.

## **15. The Public Protector**

The Public Protector like all other Chapter Nine institutions was created to support our constitutional democracy.

The ruling elite's consistent and vicious attacks on the office and the person of the Public Protector is unacceptable. These relentless attacks started immediately after the Public Protector released her report on the massive squandering of public money for the so-called security upgrades at Nkandla. This has since been emulated by public servants with the attack by the erstwhile Group Chief Executive of PRASA.

The UDM is therefore in favour of strengthening the Chapter Nine institutions particularly through encouraging cooperation and responsiveness within the political frameworks.

## **16. Arms of government**

### **16.1. The judiciary**

Every democrat supports the independence of the judiciary, the rule of law, freedom of the press and other such concepts that are characteristic of a healthy democracy. We know that a compromised and weak judiciary is a recipe for a lawless society; its independence must at all times be promoted and protected.

We have seen that the judiciary is under attack in South Africa for enforcing the socio-economic rights of the poor and at other times for pointing out when government, specifically the executive, acts unconstitutionally.

In the same vein, the judiciary has found itself in the firing line of the ruling elite. Judges are accused, with absolutely no evidence, of colluding with faceless individuals to determine cases affecting members of the ruling party. The ruling party maintains a derisive disregard for the rule of law, as well as the proper function of the judiciary in a constitutional state.

The UDM supports a notion of vibrant constitutional dialogue where the spheres of government interact with, and respond meaningfully to, the judiciary when it rules on all matters affecting the government and in particular constitutional matters.

## **16.2. The National Prosecuting Authority**

In any sound democracy the independence of the National Prosecuting Authority (NPA) must be defended to sustain justice and equality before the law.

Currently the prosecutorial independence of the NPA is questionable and we may drift towards a state where the political elite is immune from prosecution. The decision of the National Director of Public Prosecution to drop the charges against the National Deputy Director of Public Prosecution is legally questionable and cannot be defended.

## **16.3. The legislature**

Our parliament has been rendered a lapdog of the dominant faction within the ruling party. Parliament's independence and constitutional responsibility over the executive is seriously compromised by blind loyalty to those who occupy the high benches of the ruling party.

It appears that ruling party parliamentarians no longer take instructions from the constituencies they claim to represent. They also do not seem to understand the separation of party from state.

While it is true that a party secures a parliamentarian's seat, the ANC's enforcement of strict party discipline effectively makes their MPs mere mouthpieces of the largest faction and weakens legislative oversight. This cancer is found in legislatures at all levels of government.

This is why the UDM promotes electoral reform where Parliament is constituted of a mixed constituency/proportional system where members of parliament are held accountable directly to their constituencies and not to their party alone.

#### **16.4. The crisis of leadership starts at the top**

Since the inception of democracy it has never before happened that Parliament discusses on two different occasions a motion of no confidence in the same President.

As a nation we should discuss Mr Zuma's exist strategy; we must find an amicable way to relieve him of his duties. In the process we need to create a viable process to deal with the challenge of leaders who refuse to account. Such a process would help us avoid a repetition of this crisis.

Such a sustainable solution should include two things:

- A change in the Electoral Act that allows South Africans to directly elect their president in the 2019 elections in order to improve direct accountability.
- In terms of the executive, candidates for cabinet must first be vetted in public hearings to ascertain whether they are fit for office.

#### **16.5. Bloated cabinet**

The crisis of leadership at the very top is immediately apparent in the enormous cabinet which President Zuma has assembled. It is designed to repay political favours from the pockets of taxpaying South Africans. Not only are we paying more in salaries and expenses, we also pay for some of their inadequacies, their ineptitude, and in too many cases, their blatant corruption.

Given the fact that approximately twenty-four ministers and a number of senior government officials come from the same region (i.e. most of the security cluster departments, economic development and finance clusters, judiciary and key social departments) it stands to reason that people perceive it as the most favoured region in the country when it comes to resource allocation.

This laager mentality has even affected the relationship between the Tripartite Alliance partners, the ANC and its Youth League. Our cabinet must be representative of the demographics and regions of the country. If the president had chosen to draw these twenty-four ministers from right across the country, we could have maybe understood the concept of having a large cabinet representative of all regions, but as

it stands, it looks as if President Zuma had to create posts in order to repay his political debts in KwaZulu-Natal.

### **17. The tripartite alliance – mixed messages**

We do not have sound leadership in executive government to articulate the national interests of South Africa. One of the characteristics of our current leadership is its inability to differentiate between the party that was voted into office and its friends (the tripartite alliance) and government.

The current ruling party was voted into office with above 60% based on the promise to implement the National Development Plan. However, the ideological differences within the tripartite alliance have proven a stumbling block in the implementation of what the nation was promised. At times we aren't even sure who governs the country due to tripartite alliance infighting.

The centre of government has shifted from the Union Buildings to Luthuli House with a pseudo prime minister issuing instructions from there. That centre of power is contested by another located at COSATU House, where both the SACP and COSATU are housed. This arrangement is completely undemocratic and comes at the expense of service delivery to the people.

### **18. Deployment policy - root cause of corruption and poor service delivery**

With poverty, unemployment, inequality and corruption at an all-time high, now more than ever we need to return to the collective and inclusive approach. Surely the exclusion of many, with requisite skills and knowledge in the name of the so-called deployment policy, does not help the nation to successfully confront these challenges?

The ideal of a better future for all South Africans will remain nothing more than a dream if this selective deployment process is not halted. It is immoral and unjust that a select few among the elite benefit at the expense of the masses.

The economic transformation we require to uplift all South Africans can only be achieved by trustworthy leaders that are not in the deep pockets of the upper class.

It is time for the people of this country to lay claim to their freedom and drive their own socio-economic development.

## **19. National social cohesion**

Racial and gender imbalances remain twenty-one years into democracy. Since the departure of the first president of the democratic South Africa, nation building seems to have been overtaken by greed and a desire to loot as fast and as much as possible.

The attack of police officers on the one hand and brutality of police on the other, xenophobia, general lawlessness, lack of discipline and lack of respect for government; reflects a society that is deeply divided. The Reconstruction and Development Plan was dropped long ago and at the same time we witnessed the rise of immoral leadership; it resulted in an angry nation.

Much still has to be done to bring into being a common South African identity. This identity should not only talk to, for instance, national symbols and sport, but also to the morals and values of an ethical society. We need to create a proud nation.

## **20. Participatory democracy**

It is not an impossible ideal to create a united and prosperous society. However, it will require active citizenry as a cornerstone of the nation-building project.

Citizen involvement and activism in the determination of their own destiny should not be relegated to an exclusive right of the ruling party. Opposition parties and their supporters and indeed all citizens are within their rights when demanding accountability (through democratic processes) from those who hold power.

To realise the full promise of the constitution, in particular the bill of rights for the vulnerable, we need constituencies and communities that can harness their strength in order to secure their own interest.

It appears as if the demobilisation of many of the popular organisations of the 1980s has weakened the capacity of the vulnerable communities to ensure that their rights are realised. Where organisations have been formed, sometimes with the help of a sympathetic non-governmental organisation, some communities have been able to forestall prejudicial legislation or executive action, such as the popularly called "Secrecy Bill".

Loyalties derived from patronage may lead to the appointment of people who are not best suited to hold certain positions, thus compromising the quality of service to the people. Patronage is inherently a threat to democracy. Many people linked to the ruling party and its leadership have been implicated in wrongdoing, but face no consequences despite ample evidence. This suggests a tolerance of illegality among ANC leaders, undermining the foundations of the

constitutional state and democracy. We therefore need to strengthen formal and informal processes of citizen participation and ways of holding people accountable. One of the most effective ways of making citizens participate are through forums and public debates. When we share ideas in this manner, we empower each other with the necessary information, which in turn help us to hold public representatives accountable.

We need to reconnect representative democracy with the direct participation of citizens, and formal political actors with their constituencies. Democracy needs to be an ongoing process of listening to and learning from one another. This will broaden and deepen democracy and provide social weight behind the rights that are being violated or inadequately respected and enforced.

We should agree on a range of core issues, like clean government, non–violence, quality education, constitutionalism and build a coalition on a non-sectarian basis to clamp down on the corruption and abuse of power by the ruling elite.

If at times it seems that our country is gradually finding itself rudderless, it is because there have been numerous occasions when decisive leadership had to be provided, but was not.

This situation has its roots in the lack of direct participation of the citizens in their own affairs. Whilst our current electoral system is a form of democracy, participation is limited because citizens have no direct access to those who represent them in government and the legislature. South Africans should consider electoral reforms that will enable them to directly elect their representatives and hold them accountable.

The research conducted by Community Agency for Social Enquiry (CASE) and released in April 2014, has made serious findings that may question the legitimacy of elections processes. Amongst others, it found that the electorate is subjected to political intimidation through, amongst others:

- Manipulation of people using misinformation and threats regarding pensions and grants;
- Interfering with access to meeting facilities;
- The disruption of meetings;
- Assaults and threats of physical harm; and
- Punishing people who associate with rival political parties through the denial of jobs, contracts, services and development opportunities.

In addition, the research report concludes that, voters and electoral processes are manipulated and opposition parties are undermined through:

- Fraudulent voter registration; and
- The targeted use of government resources to promote parties immediately prior to elections.

## **21. Electoral regime**

At the centre of our problems is our current electoral system which robs voters of participating meaningfully in the affairs of the state. A purely proportional representation system allows political parties to have more power and authority than the electorate, and it does not give full expression to the will of the people.

Parliamentarians are not held accountable to the people and should they not perform up to standard voters are left powerless and at the whim of party bosses.

Although the aim of proportional representation is to allow space for all groupings in society to be represented, it may have the unintended consequence of fragmentation, which is not limited to the proliferation of political parties.

The UDM has for some time promoted a mixed electoral system that draws from the strengths of both the proportional and constituency based electoral systems.

Demarcation has been used as a political tool and the Demarcation Board seems to be working to favour the ANC. It seems as if new wards boundaries are set as a deliberate attempt to split the strongholds of opposition parties.

## **22. On realignment of politics**

The process of the realignment of the political landscape remains fluid and, as in the past, the UDM has adapted to changes within the political landscape at any given moment.

In all our discussions we have been committed to the principle of improving the quality of lives of the people of South Africa (as a national objective agreed to by all parties during the negotiation process in 1994). This point of departure informs our insistence that the long-term objective of an alternative government must address the needs, and receive the support of, the majority citizens of our country.



The UDM's point of view has always been that the realignment process will culminate in the emergence of two major political parties in the centre stage of national politics in our society. Experience in established democracies elsewhere give credence to this view, for example Britain, France and the USA.

The realignment process has been driven by the UDM and, as you are aware, led to the founding of the Multi-Party Forum (MPF). The MPF has met from time to time in the past and we have worked together with other political parties towards a common goal. The ousting of the former Chairperson of the Independent Electoral Commission, Adv Pansy Tlakula, is a good example.

The process of political realignment is ongoing and we will see what the Municipal Elections in 2016 hold - in the short-term – and what happens thereafter.

## **23. Local government**

### **23.1. The state of local government**

Given the prevalence of historic inequalities between the urban and rural communities, which resulted from the apartheid system of social engineering and the impact this had on the disadvantaged majority of South Africans, the UDM believes that the debate on local government should be approached as a national issue of importance, that precedes and transcends the forthcoming local government elections.

While noting the importance of the existing White Paper on local government, it cannot be denied that the majority of South Africans have no clue what the document is about because they have not been consulted.

This situation is compounded by the fact that even in the limited elite consultation that took place, ANC loyalists dominated the process. Thus the process is not owned by those it is intended to serve. The question of rural development is a vexed one in South African politics because of the legacy of past colonial/apartheid administrations that excluded the rural areas from the mainstream of the economy, relegating them to the status reservoirs of cheap labour.

This approach resulted in skewed and uneven development, which concentrated infrastructure and resources in the major metropolitan centres where the primary and secondary mining and manufacturing sectors are based. The government white papers gloss over the question of rural development without dwelling on the details of

the administrative and governance structures which will make rural development possible.

The debate on rural municipal demarcations has brought to the surface a lot of questions, which have not been answered when the decisions on demarcations were taken. It also exposes the lack of adequate and clear consultation on the role and powers of Traditional Authorities in the rural areas, with regard to control of areas in which development must take place, and their scope and capacity in the facilitation of development in the areas of their jurisdiction.

The ruling party and its allies contend that the demarcation of primary municipalities is cast in stone because it emanates from a constitutional provision concerning local government. They also argue that this was a consequence of agreements reached at Codesa. If this is true, the unanimous rejection of municipal boundaries demarcation in rural areas by the traditional leaders, testifies to a collective lack of information and knowledge about those Codesa agreements, which can only mean there was no adequate consultation with the traditional leaders, on such an important issue, which impacts on their powers and roles in the areas of their jurisdiction.

Neither is there clarity on the administrative roles of municipal local government and traditional leaders' structures regarding developmental activities on land under the jurisdiction of these leaders. There is a pervasive duality of power and control in the rural areas, between elected and traditional structures, with a strong bias in favour of elected rural structures, which is perceived by the traditional leaders as a surreptitious ruse by the government to gradually erode their power and role, to a point where they will be rendered extinct.

If these perceptions are justified and the government, on objective analysis, is seen to be viewing traditional authorities as outdated and should give way to modern elected democratic structures, then this is a matter which must be debated openly, with all role players in particular the traditional leaders and the people who live in their areas of jurisdiction and who subscribe to the institution of traditional leadership. It is hardly fair to engage in furtive deceptive manoeuvres to erode the traditional institutions as this undermines the trust of rural communities in democratic governance.

The solidarity of the people of our country in their historic defeat of the oppressive Apartheid regime was fuelled by the belief in and the desire for the redistribution of the resources of our country to empower the suffering people and communities in meeting their basic needs.

It was their desire which formed the basis for demanding the restructuring of the institutional framework which had for centuries been maintained by force, to impose material and social imbalances in our society. In practical terms the demand for restructuring should focus on the need to address the imbalances in the distribution of resources between urban and rural communities, the equitable and efficient provision of rural services such as proper housing, water, sanitation, electricity, sustainable land reforms and community infrastructural development.

It was because of declared commitments to these social demands that the ANC was able to receive overwhelming support in the 1995 local government elections. The ANC launched the Reconstruction and Development Programmes (RDP) as a vehicle for responding to these needs.

However, it was not long before the ANC elite decided overnight to abandon the RDP and adopted without proper consultation, the GEAR policy through which the government has seen fit to renege on the promises and commitments it had made to those who brought it into power. In both urban and rural communities, the current condition is that of infrastructural collapse, rising crime and unemployment rates, lack of economic growth and institutional collapse in such critical social areas as health and education.

In the urban areas we witness the proliferation of informal settlement structures without due consideration of environmental and town planning standards. The total neglect of the requirements for integrated economic development in the planning and construction of residential areas undermine proper planning for roads, transportation and efficient social service delivery.

## **23.2. The crisis in local government**

The prevalent culture in most present municipal administrations is that of inefficiency and corruption, which emanate from the partisan orientation of councils. This had led to the total neglect of codes of conduct in various aspects of service delivery administration.

The UDM policy is that anyone elected to a local government structure must service the needs of the entire community with impartiality and to the highest standards of efficient administration. This is extremely important because institutional chaos and non-accountability in various areas of the public sector derives from the subordination of standard administrative norms. This undermining of municipal administration is committed to serve the interests of a corrupt and unofficial network, at the expense of ordinary citizens whose interests are neglected and disregarded.

The problems facing local government differ from province to province, city to city and from one area to another in the rural communities. Despite these variations there is a general pattern of factors underlying inefficiency and non-accountability in Local Government. This situation has been compounded by the poor calibre of councillors, as well as support staff put in office for political reasons. It is common knowledge that most of local government officers lack appropriate skills and training to run their departments efficiently.

### **23.3. Inequitable distribution of resources**

The distribution of resources between the urban and rural communities is inequitable. The government seems to still adhere to the Apartheid uneven developmental patterns which concentrated resources in urban communities while relegating the rural areas to economic backwaters of neglect, impoverishment and unemployment. In the housing sector there is a clear unequal distribution of resources because the housing policy and its subsidy schemes focuses on urban dwellers and excludes the rural taxpayers. Although we appreciate that annexed rural areas by urban municipalities will benefit in the short term, it must be pointed out that the national government has no long-term national strategy for development in the rural areas.

The present approach creates the impression that unannexed rural communities will not benefit from local government resource allocation and service deliveries. However, the truth of the matter is that people in rural communities need water, roads, sewerage systems and electricity etc. Government has not been able to provide answers to all the questions arising from the proposed annexation of rural communities to municipalities to which they are adjacent.

#### **The questions are:**

- a) Will the government provide the necessary infrastructure in the annexed territories, which will be comparable to the existing one in the municipal area to which they are annexed?

b) How does the government address the perception of the people in the proposed annexed territories that they will be used to beef up the ailing finances of the village boards which are responsible for the general decline and rot in these small rural towns?

c) How does the government respond on the other hand to the fears of the urban municipal dwellers, who believe that they will be taxed to provide financial resources for the upgrading of the annexed undeveloped territories.

All these questions give credence to the contention that government makes far-reaching decisions unilaterally in the corridors of power without proper consultation with relevant stakeholders.

#### **23.4. Local services**

Throughout the country many communities are still waiting for the promised hospitals, schools, roads, water, electricity and other basic services that they were promised. The people are tired of waiting. We can see the evidence of their frustrations in the increasing number of protests throughout the country.

- **Water and sanitation**

Despite current programs to bring water and sanitation to the people, the backlogs remain too large. The UDM is in favour of developing a system that not only provides for current needs, but is also capable of coping with increased future consumption.

Household water supply must become a reality for every South African family. This responsibility lies with Local Government, which must be actively assisted and funded by National Government to develop the capacity to discharge this duty effectively and efficiently.

Infrastructure development and maintenance to achieve the above goals must be made possible with National Government providing a portion of the funding and skills-transfer to Local Government.

- **Electricity**

The main policy drivers for change in this industry shall be based on increased economic efficiency gains and cost effectiveness. In respect of the generation of electricity, the UDM believes that the present monopolistic practices and tendencies in the generation, distribution and supply must be discarded.

The UDM recognises the historic role of Local Government in the distribution process of electricity. Revenue generated in this fashion shall remain in the treasury of Local Government.

The UDM is committed to the distribution of electricity to all households on a safe, affordable, user-friendly and consistent basis. Furthermore, the effective management of the network will be ensured and a system that is geared to the demands of the future will be developed.

- Refuse removal

The UDM's policy is that refuse removal is managed in such a way that recycling and reusing/recirculating of natural or other resources be encouraged. It is also the policy that a differentiated waste tariff structure is implemented to encourage users to recycle.

- Roads

The ANC-government appears oblivious to the fact that the overall backlog in road repair and maintenance has become desperate.

Government investment on public transport and infrastructure is pathetic, as illustrated by deteriorating roads, with the road infrastructure maintenance backlogs running into the tens of billions of Rands. The UDM is convinced that improved government investment in this type of infrastructure will create thousands of jobs, whilst improving the safety of commuters and travellers, and finally that improved transport infrastructure contributes directly to economic growth by lowering the costs of doing business in South Africa.

## **24. Our way forward**

This Congress presents another opportunity for us. We have, and must continue to position ourselves appropriately given the current state of the nation. We cannot only identify the challenges without providing solutions.

We need to:

- Inspire citizens to build a better South Africa;

- Mobilise and campaign for electoral reform so that the people can elect leaders who are honest and ensure participation of the people in all forms of government whilst enhancing accountability of all public office-bearers;
- Fearlessly and consistently defend the Constitution and uphold the rule of law;
- Respect for the values and the principles of the people of South Africa;
- Broadening people's participation in the economy thus ensuring sustainable development;
- Growing the economy and increasing productivity to create decent work;
- Fighting poverty and expanding care for the vulnerable;
- Improving the quality of health care and education;
- Improving service delivery;
- Advancing the national agenda and creating a better world.

These are amongst the issues that must define the UDM and its Ascendency Profile towards its second decade and its 6th National Congress in 2020.

Delegates from branches across the length and breadth of South Africa are gathered at this 5<sup>th</sup> National Congress and they must not fail to deal with all these issues in detail, and it must emerge with a clear road map for the UDM for the next five years and beyond.

**I thank you**