

A Crossroads: proposals to accelerate towards NDP's Vision 2030

08 July 2018

1. Background

SA continues to stand at a crossroads, posing a very serious threat to achieving the NDP 2030 goals of full employment and a decent life for all. Urgent course correction is needed for revitalisation. This is the conclusion of the NPC's review of economic progress against NDP targets.

We make a distinction between the kind of programme needed to address poor performance and one that addresses a cross-roads. The latter requires greater focus in its leadership and planning to provoke course correction. Some of the proposals put forward below are already in motion, and, by design, nothing in the recommendations is 'new'. Our aim is to encourage greater focus on essential actions required to course correct, upon which the larger transformation agenda relies. This should enable the whole country to focus minds, of implementing agents but also of the citizenry to set expectations. We envision this as a short-medium term call to action, extending over 2018 and 2019.

The NPC prepared the paper in November/December 2017, and began engaging with leaders across Government, Business and Labour from January 2018 to get feedback on whether this approach resonates. Special attention was given to engaging with leaders who are affected or who would have to implement any of the proposals, which enabled us to hone them in and ensure effective alignment. Approximately 70 distinct stakeholders were directly engaged in this. The NPC now plans to release the economic review and revitalisation proposals for public comment.

The National Planning Commission believes that a critical set of focused steps could rapidly boost growth and employment creation back to rates of about 3% per annum within a two-year period if implementation begins in the first quarter of 2018. We believe this to be possible, as South Africa is operating below its current 2% potential growth rate: this means that a bounce-back could induce the economy to overshoot potential growth for a few years. Breathing space would be opened to enable investments to further raise economic capacity and get back on track to sustained progress towards our goals for poverty reduction and equity. The longer these actions are put off, the longer it would take to recover and the further we would chart off our NDP course. This is due to the erosion of confidence of all stakeholders and a deeper tearing apart of our already fragile social contract.

This approach is aligned to current efforts on investment and on the Jobs Summit.

- The Investment Envoys, related investment drive and Investment Summit will all benefit from communication on progress in relation to these proposals. They are not the job of investment promoters but they are foundational to their success.
- The Jobs Summit is framed to primarily focus on concrete projects and programmes, with an eye to the broader regulatory and policy environment. The revitalisation proposals are a critical foundation to the success of any potential projects. In addition, the proposals below help frame critical project areas.

We envision the NPC's next steps to include:

- NPC's role is to work with convenors of each main proposal to concretise precise deliverables and milestones, then monitor and communicate on deliverables, and identify

where further course correction may be needed. This approach was a very strong request from stakeholders.

- The NPC will continue to review progress in critical areas of economic policy over the course of 2018/19, enabling it to turn its attention to the larger transformation questions.

2. Principles for inclusion in the current revitalisation programme

The NPC believe that a revitalisation programme aimed at restoring confidence must be focused on the following:

- Addresses the most important governance concerns, which we believe are currently the most significant binding constraints to progress.
- Involves immediate achievable actions that are an essential foundation for longer term transformation and economic progress
- Sets in motion actions for which there can be measurable implementation, and not simply processes.
- Involves the engagement and participation of state and non-state stakeholders.
- Evokes early and significant private sector response. Any strengthening of public sector delivery should be designed to encourage private action, which will in turn be the central spur to rising growth rates sought.

In this programme, any proposal involving regulatory or policy intervention should require government to explain why the current legal frameworks and rules are not sufficient. We expect the only exceptions to be situations where there is a significant gap in sectors that are highly regulated and/or depend on government-issued licences to operate. The outstanding Mining Charter or Minerals and Petroleum Resources Development Act are currently prime examples. Clarity on government's intention in respect of land ownership is another.

Most immediately, a programme should prioritise focused implementation of existing policy and governance rules. The formulation of new policy or structures will generally have long lead times of two years or more. Credibility will be built on evidence of delivery and concrete improvement.

The four elements of this programme are aimed at restoring confidence through improved governance, boosting demand by leveraging existing capacity, high-priority education interventions and finding common ground through a soft revitalisation pact. These elements are mutually reinforcing.

3. Summary of proposals

PROPOSALS TO STRENGTHEN GOVERNANCE

1. **Restore commitment to fiscal framework** on both revenue and expenditure sides: restore fiscal framework to one that enables lower tax rates, higher collection rates and growing efficiency in public expenditure that delivers more for the same or less resources.
 - Restore tax collection capability
 - Raise the impact of current spending
 - Restore confidence in the budget process
 - Chart public sector bargaining to achieve a sustainable result
2. **Restore governance in top infrastructure state-owned entities**
 - Focus on state-owned entities with the most significant service delivery roles and/or largest component of government guarantees. Eskom is the top priority. Next priorities include South African National Roads Agency Limited (SANRAL), South African Airways (SAA), plus Transnet, the Passenger Rail Agency of South Africa (PRASA), PetroSA and the largest water boards.
 - Start with review of leadership on boards of directors and executive management, plus implementation of open procurement models.
 - Ensure financial sustainability of these entities, with Eskom as the highest priority
3. **Take credible action on corruption**
 - Introduce open tender processes where there is the most serious risk of corruption
 - Implement Financial Intelligence Centre (FIC) proposals to stop illicit financial flows
 - Take credible action on prosecutions against corruption
 - Commit to a national pact on corruption
4. **Stabilise and deepen an approach to promoting black empowerment.**
5. **Mitigate urgent threats to industry and jobs caused by governance gaps.**
 - Protect manufacturing from the threat of electricity cuts in municipalities with the most egregious outstanding payments.
 - Strengthen phytosanitary and health standards in respect of fruit exports.

PROPOSALS TO BOOST DEMAND BY LEVERAGING EXISTING CAPACITY

6. **Leverage corporate, public sector and state-owned entities' procurement for localisation and small, medium and micro enterprises (SMME) promotion.**
 - Implement a 30-day payment turnaround.
 - Make more meaningful commitment to leveraging procurement.
 - Design procurement rules that actively favour local manufacturers.
7. **Leverage Unemployment Insurance Fund (UIF) surpluses for measures that benefit the employability of contributors.**
 - Utilise surpluses towards job creation activities in a way that does not draw down on the Fund, and earns a safe and reasonable return.
8. **Expand Community Works Programme (CWP) and EPWP-related community care-related opportunities.**
 - Expand these opportunities by an additional 100 000 per year over five years to reach an additional 500 000 recruited into community care activities by 2022/23.
9. **Stimulate foreign demand for South African goods and services.**
 - Start with a focus on achieving our tourism targets, and add additional targets to expand tourist arrivals from China to reach 2 million annually by 2030. This could support over one-fifth of the job creation required by 2030.
10. **Ease visa requirements to facilitate business, scarce skills and tourism.**

DRIVE HIGH PRIORITY EDUCATION IMPROVEMENTS

11. Drive high-priority basic education improvements.

- Restore confidence in the appointment of school principals.
- Monitor school performance for grades 3, 6 and 9.
- Raise the standard of reading comprehension and numeracy in the Foundation Phase by:
 - driving a national campaign on early-grade reading that mobilises the entire nation; and
 - rolling out the DBE's programme for early-grade reading coaches, distributing their home language workbooks to low quintile schools.

12. Build youth training and internships to have sustainable employment potential.

- Expand work-based learning opportunities across PSET, including TVET, artisan and other training locations.
- Business to ensure that employment plausibly exists after exiting these learning opportunities.
- Build partnerships between TVET colleges and employers to bolster capacity of the TVET system.

13. Ensure equitable access for poor and working class to higher education and training.

- Students from households with incomes below R350,000 qualify for free tuition and materials if attending university or full time TVETs.

REVITALISATION CHARTER

- 14. A revitalisation charter** should align stakeholders on what needs to be done most urgently in the next two years. It will be based on this document aiming to draw together partners in society around a focused set of commitments to get the economy back on track to its 2030 NDP objectives. Stakeholder actions should not be delayed as a result of negotiation. The aim is to forge a mutual understanding and set of expectations, rather than to engage in deep negotiations on an overall package

4. Full set of proposals

PROPOSALS TO DEMONSTRATE COMMITMENT TO STRENGTHEN GOVERNANCE

Proposal	What is proposed?	Why this?
Restore commitment to fiscal framework on both the revenue and expenditure sides	<p>The fiscal framework needs to be clear, credible, sustainable and in service of the NDP 2030's top objectives.</p> <p>With this renewed credibility, re-establish aligned group of National Treasury, business and labour in representing South Africa to investors.</p> <p>Identify pathway to a sustainable fiscal framework based on lower tax rates, improved collection and growing efficiency that enables more delivery for the same or fewer resources.</p>	<p>This is the most significant and complex resource allocation that takes place, and acts as a foundation for financial outcomes more generally and the availability of resources for long-term transformation needed. This calls for a restoring of credibility</p> <p>The February 2018 budget puts a line under the deterioration of the fiscal stance. Its measures, especially in raising taxes, may have been necessary in the context and will offer needed breathing space to chart a path back to a framework that is more stimulatory.</p>
Restore tax collection capability	<p>Restore tax buoyancy, the tax collected at any rate of GDP growth, as a matter of priority, and de-emphasise tax increases. The long-run tax buoyancy ratio is about 1.1, but fell to 1.01 and 0.95 in 2016/17 and 2017/18 respectively.</p> <p>This will require a combination of actions, including a review of the South African Revenue Service (SARS)'s collection capability and its efforts to find new sources of revenue. Tax morality among individuals and companies will be state-owned entity governance. Proposals to restore confidence should revitalise growth, which should, in turn, lead to rising tax receipts.</p>	<p>Revenue collection is the main fuel for redistribution, service delivery and infrastructure investment. Where collection deteriorates, attention is needed to restore tax to optimal levels. It is far better to strengthen tax collection than to raise tax rates. Raising taxes takes money away from those who are committed to tax morality. It therefore fines those that pay, to the benefit of avoiders. Raising income and corporate taxes, on the other hand, encourages tax avoidance and can inadvertently result in reduced receipts.</p> <p>The February 2018 budget announced measures to raise tax rates to restore tax buoyancy to 1.13 by 2019/20. This was an immediate step to stabilise government finances. However, more structural and institutional improvements will be needed to create a sustainable fiscal path that involves lower tax rates and improved collection, as well as measures to improve delivery per rand spent.</p>
Raise impact of current spending	Strengthen public expenditure by prioritising improvements in efficiency and productivity, and reducing corruption. This should be prioritised over simple cost-cutting, especially not	It is well known that South Africa spends extensively on areas such as education and health, with relatively limited impact on outcomes. Given our constrained fiscal resources, it makes sense to focus on raising

Proposal	What is proposed?	Why this?
	where this may come at the expense of top priorities in delivering foundational social services such as basic education or primary health. There are four ways this can be done: reduce corruption, improve internal or operational efficiency, find better modes of delivery, and find more effective ways of balancing policies. Up to four focused high-impact interventions to hone in spending and raise efficiency in one of these four ways should be identified and implemented, with transparent monitoring.	<p>the efficiency and effectiveness of public sector spending. These improvements would, in turn, raise economy-wide productivity, and therefore economic growth rates.</p> <p>Private stakeholders can be engaged to inform and support approach to improving efficiency.</p>
Restore confidence in budget process and commitment to fiscal framework	Provide clear and credible leadership from the President, which is in alignment with the Minister of Finance, the Minister's Committee on the Budget, both in practice and appearance.	The national budget process is the most important allocation of resources, and also the most complex in needing to balance different interests, and short-, medium- and long-term objectives. There is a natural tension between the finance role and other functions in any organisation, but the complexity and far-reaching impact of national budgeting requires especially strong leadership and clarity in its communication to guide market actors.
Chart public sector bargaining to sustainable result	<p>Discussions to define a longer range strategy from 2021 should be initiated in 2018. This should be aimed at sustainable remuneration, better grading that enables staff to enter at the bottom layers, staffing structures aligned to delivery, and performance-linked benefits.</p> <p>This is likely to require a pact between the state, labour and other stakeholders.</p>	<p>Public sector remuneration has grown unsustainably, particularly in the context of a low growth environment. It hinders the ability to hire staff to enhance service delivery.</p> <p>Public sector negotiations tend to be framed too close to the time that an agreement is needed. A clearer, longer-term strategy is needed to ultimately balance the trilemma of budget constraints, employment growth needed for service delivery and public sector performance.</p> <p>Amongst issues that need attention are that the cost of staff in the lower grades has raised the cost significantly above market related rates. The result is that few are employed in the lower grades and yet are essential in support of service delivery. Additionally attention is needed to ensuring the right skill is in the right job.</p> <p>A strategy is needed to frame sustainable remuneration setting, a better distribution of staffing to strengthen service delivery, and performance-linked benefits.</p>

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Restore governance in top infrastructure state-owned entities	<p>Restore governance in the top infrastructure state-owned entities with significant service delivery roles and/or the largest component of government exposure to guarantees.</p> <p>Eskom needs to be the top priority.</p> <p>This refers to:</p> <ul style="list-style-type: none"> • an appropriate role for the state in oversight, ensuring credible capability and non-conflicted state-owned entity boards, the stable appointment of non-conflicted and appropriately experienced CEOs and top executives (or appointing an interim turnaround executive structure where needed) • procurement transparency • commitment to sustainable business and financial models • clarity on mandates in support of delivering on the NDP including decisions on envisioned market structure and regulatory approach 	<p>This focuses on the top state-owned entities impacting on service delivery and/or government guarantees now posing a risk to national financial stability.</p> <p>By far the most urgent attention should be focused on Eskom, for which government has exposure of R220.8 billion. Concerns in respect of exposure further extend to SANRAL (R30.1 billion) and SAA (R11.8 billion). Concerns in relation to service delivery would further extend focus to Transnet, PRASA, PetroSA and the water boards.</p>
Credible action on top locations where there is risk of corruption		
Open tender processes	Implement open tender processes and transparency in procurement, focusing on areas of top risk. Examples include Eskom coal and Transnet locomotive procurement.	Extensive evidence of corruption in tender processes requires that they be made as transparent as possible, in the effort to restore faith in governance and to ensure that public funds are well spent.
Stop illicit financial flows	<p>Action to address losses due to the largest illicit flows, and halting them in future through the following measures:</p> <ul style="list-style-type: none"> • Introduce a risk-based, real-time benchmark pricing tool in SARS's customs risk engine • Emulate the tax successes and practices in the customs and excise area to promote stronger information sharing between customs authorities across global jurisdictions • Introduce a Unique Consignment Reference instrument (as detailed by the World Customs Organisation) • Roll-out country-by-country reporting for multi-national corporations 	<p>There is evidence of significant illicit flows, mostly as a result of transfer pricing and trade mis-invoicing. This results in substantial tax avoidance.</p> <p>The risk tool flags prices for commodities that are not aligned to the benchmark price, allowing customs to vet the consignment before it even reaches our borders.</p> <p>It is necessary to emulate the tax successes and practices in the customs and excise area, thereby creating an environment where there is a single multilateral instrument, coupled with political support for its implementation and monitoring.</p> <p>Increased financial regulation closes the loopholes for moving wealth through the</p>

Proposal	What is proposed?	Why this?
	<ul style="list-style-type: none"> Implement beneficial ownership registers that consolidate the information across various form of legal entities 	<p>financial sector, resulting in wealth shifting illicitly or illegally, using trade as an alternative mechanism (abusive transfer pricing, trade mispricing and trade-based money laundering).</p> <p>The enforcement and implementation of the Unique Consignment Reference will ensure that a large proportion of consignments is checked and vetted, propelling members to share information, coupled with the necessary monitoring mechanism</p> <p>A beneficial ownership register will ensure that politically exposed persons and their families cannot hide behind the corporate veil of secrecy through trusts, nominees or corporate layering. Instead, the register will identify the ultimate beneficial owner and therefore beneficiary of large transactions involving state-owned entities, mining and tele-communications rights (or entities), and tender fraud in the public sector.</p>
Prosecutions	Credible leadership installed in the National Prosecution Authority (NPA) as required by the High Court. Evidence of credible action on the most significant areas of corruption.	A clampdown on corruption will only be made credible if perpetrators are prosecuted.
National pact on corruption	Government and key players within civil society to lead the process of a national pact on corruption, with commitments from all major stakeholders. This extends to illicit flows, corrupt transactions and collusive behaviour. An agreement on consequences is needed, including the relaxing of <i>locus standi</i> rules in civil cases permitting a broadened base of litigants to recover abused public money.	There is evidence of grand corruption across public and private stakeholder groups. While the state should show leadership, a commitment across government and its entities, the private sector, trade unions and religious and community sectors is needed.
Stabilise and deepen approach to promoting black empowerment	<p>Stabilise approach to black empowerment: Most immediately, it is necessary for an engagement between government and the private sector to resolve outstanding issues on the Mining Charter and for the amendments to the MPRDA to be concluded.</p> <p>Government should explicitly state its commitment to a stabilising approach to transforming business ownership to offer greater certainty to related investments. Commitments from the corporate sector are required to drive deeper competition</p>	Ongoing and frequent changes to broad-based black economic empowerment (B-BBEE) in terms of legislation, regulations, requirements and policy pronouncements by a number of different departments and players results in uncertainty for companies, and the perception of shifting goal posts. By reducing the extent of changes over time, including possible changes (even if they do not materialise) would give clarity to companies on what is required. Upfront reporting requirements are important to ensure that companies are aware of how

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	<p>and better access to opportunities by historically disadvantaged individuals. BUSA's "Approach to Black Economic Transformation for Inclusive Growth" is a good starting point.</p> <p>This should include a shift from black economic empowerment (BEE) companies who are importers to greater levels of local production through the black industrialist programme. (See proposals on procurement below).</p>	<p>they are to be measured and to ensure that much-needed transformation takes place across the corporate landscape. The BEE codes need to be stabilised so that firms can arrange their businesses accordingly.</p> <p>Resolution on the Mining Charter and the MPRDA would unlock significant investment at a time when the resource prices are back on an upward trajectory. The approach to land distribution needs to be resolved, as well as effective transformation in the agriculture sector through coherent and integrated support packages to black farmers.</p> <p>There is still limited access to opportunities for historically disadvantaged individuals, caused by high levels of concentration and limited competition and rivalry. Procurement can enable the growth of black-owned companies through improved supply chain development, building world-class capabilities and being part of global value chains. So can the active promotion of competition by authorities and by corporates themselves.</p>
<p>Mitigate urgent threats to industry and jobs caused by governance gaps</p>	<ul style="list-style-type: none"> • Protect manufacturing from threat of electricity cuts. Identify municipalities with concentrations of manufacturing activity and with the most egregious outstanding payments to Eskom that are at threat of being cut off. • Immediately implement commitments to strengthening phytosanitary standards in respect of fruit exports. Strengthen DAFF plant health capacity, including private sector secondments 	<ul style="list-style-type: none"> • In these cases, firms have generally paid their electricity bills, but will be cut off where the municipality has not, in turn, paid Eskom. This poses a threat to an already fragile manufacturing sector. • Fruit exports are an important source of job creation. Phytosanitary and health standards are a requirement for market entry and often a tool of market protection. Action to support the industry is not moving timeously, and act as a firm brake to exports.

PROPOSALS TO BOOST DEMAND BY LEVERAGING EXISTING CAPACITY

Proposal	What is proposed?	Why this?
Leverage local corporate, public sector and state-owned entity procurement for localisation and SMME promotion	<p>Implement commitment to 30-day payment turnaround.</p> <p>The corporate sector and government should come together to make commitments on leveraging procurement, with agreed targets that will be jointly monitored.</p> <p>Procurement should specifically be leveraged to promote local industry. Preference points for B-BBEE should not cause the displacement of provision by a local manufacturer by imports.</p> <p>From the side of government, a commitment will additionally be made to raise local procurement, without raising cost, make the procurement process more transparent to reduce potential corruption, and strengthen buyer-supplier relations and supplier development programmes.</p>	<p>The 30-day payment ensures the availability of essential, but hard-to-obtain working capital to smaller and medium-sized firms.</p> <p>Leverages the buying power of large private and public sector entities to deepen global market share and promote business entry. These commitments already exist, but are not being meaningfully implemented.</p> <p>Currently, B-BBEE procurement gives preferential points to black-owned firms, and may displace local producers where that black-owned firm is an importer. The approach should prioritise local producers.</p>
Leverage UIF surpluses for measures that benefit the employability of contributors	<p>Stakeholders represented on the UIF Board (government, business and organised labour) could come together to set criteria for the utilisation of surpluses towards employment-creation activities, on the basis of safe and reasonable return, even if a low return, that do not deplete the Fund.</p>	<p>Within existing surpluses and mandates, UIF stakeholders could meaningfully impact on job-stimulating programmes.</p> <p>The UIF now has assets of R125 billion, with significant surpluses as shown in Figure 26. In 2015/16, the UIF paid out about R5 billion in benefits, but took in about R15 billion in contributions, and earned about R13 billion in capital gains and investment revenues. The UIF Act allows it to support employment schemes and policies to promote growth, although there are no clear rules on how surpluses may be used. To date, the UIF has had limited involvement in employment support programmes, spending less than 2% of its investment revenues in 2016 on employment and training schemes.</p>
Expand the CWP and EPWP-related community care-related opportunities	<p>Expand these opportunities by an additional 100 000 per year over five years so that the programme expands by an additional 500 000 opportunities in the fifth year. Examples of community care are early childhood development for children under the age of four, community health workers, occupational</p>	<p>Build on existing programme and budgets to create jobs and improve service delivery. This connects government and communities.</p> <p>The opportunities created should not displace public sector occupations.</p>

Proposal	What is proposed?	Why this?
	<p>therapy, local installation, repair and maintenance junior technicians and tech/digital services support and similar at community level. This would start to bring the scale of special employment programmes in line with the NDP's targets, in a way that enhances youth employability. This could cost an additional R3 billion in Year 1, and rise to an additional R15 billion in real terms by Year 5. It is possible that these funds are already budgeted for. For example, the budget of the Department of Cooperative Governance and Traditional Affairs (COGTA) for the CWP is about R4 billion per year over the MTEF, but only one third is spent. This is still significantly less than the NDP objectives, but also significantly better than current performance, so a good mid-term goal to 2022/23.</p>	
<p>Stimulate foreign demand, with immediate prioritisation of tourism</p>	<p>Drive stimulation of foreign demand in areas where there is existing capacity that could expand employment, like tourism.</p> <p>The top focus should be to act with greater resolve to drive regional integration and promote trade and investment in Africa. A second top focus is a commitment in 2018 to an enhanced set of targets for trade and investment with China.</p> <p>The Department of Tourism's 5-in-5 strategy must be elevated and driven forcefully, with the goal of adding four million international tourist arrivals by 2021. To this should be added an enhanced target for tourist arrivals from China. We propose an early commitment to expand Chinese tourism to South Africa by an annual average of 26%, with a target of receiving 2 million Chinese tourists annually by 2030.</p>	<p>Addresses falling global market share. This would have the effect of spurring demand and employment, stimulating local linkages, earning foreign exchange and reducing the current account deficit. Africa and China are South Africa's biggest trade and investment growth opportunities.</p> <p>The immediate focus on China recognises 2018 as the 20th year of diplomatic relations, and China's commitment to industrialisation and diversification in Africa. China is a fast-growing market for South Africa and is now our single- largest market. However, we mostly export iron ore. It is a good time to lift up commitments to expand and diversify investment and trade.</p> <p>Tourism has an immediate impact on direct and indirect employment, fills excess capacity, offers an opportunity for promoting local products and does not induce trade competition.</p> <p>China has a large, fast-growing market of overseas tourists, and the Chinese government has committed to working with South Africa to improve balance of trade. By comparison, it is expected that tourism growth from other overseas markets will slow.</p>

Proposal	What is proposed?	Why this?
		<p>The Department of Tourism has a target of expanding international tourist arrivals by four million between 2016 and 2021, rising from 10 to 14 million, or a compound annual growth rate (CAGR) of 6.9%. About 70% of these arrivals are from Southern Africa, arriving by land. The targeted growth for different regions ranges from a CAGR of 6% to 15%. Due to dramatic lifestyle shifts in China, it should be expected that far greater growth than the targeted CAGR of 9% (or 223 000 Chinese arrivals by 2021) could be achieved. If tourism grows by a CAGR of 5% from 2021 to 2030, and we add a further target for Chinese tourism, the target for international tourist arrivals would rise to 24 million annually, of which 2 million would be Chinese.</p> <p>Overall, this should contribute an additional 416 000 jobs by 2021 and 1.4 million jobs by 2030, directly and indirectly.</p> <p>This proposal is one way of focusing effort for high-impact results on the NDP employment and growth target, which is exceedingly difficult to achieve.</p>
Ease visa requirements	Ease visa requirements for business, scarce skills and tourism.	The aim is to facilitate the movement of people in and out of the country to stimulate economic activity. This should attend to regulatory requirements, as well as process efficiency.

DRIVE TRANSFORMATION THROUGH HIGH PRIORITY EDUCATION IMPROVEMENTS

Proposal	What is proposed?	Why this?
Drive high-priority basic education improvements		Education will have single-biggest impact on improving employability, reducing poverty and inequality
Restore confidence in the appointment of school principals	Take the opportunity to appoint new principals according to the spirit of the NDP.	There is significant evidence to show that school principals play a critical role in school performance. The number of school principals retiring each year is on the rise due to a bulge of older principals. This creates a window of opportunity to ensure that the right people are appointed to lead our schools, something to which the NDP pays much attention. The 2016 report of the Ministerial Task Team examining the selling of posts serves as a reminder

Proposal	What is proposed?	Why this?
		that corruption in appointment processes is a real risk that must be actively combatted.
Monitor school performance	Re-introduce annual testing of school performance for grades 3, 6 and 9 as from 2018.	Better systems to gauge the performance of primary schools are essential if principals are to be held accountable and reliably evaluated. Assessments conducted and marked within schools play an important role, but, as emphasised by the NDP, there is also a need to reintroduce a “system-wide measure of quality for all primary schools” along the lines of the ANA programme, which was halted in 2015. The new system should obviously avoid the pitfalls of ANA. Officially, all relevant stakeholders, including teacher unions, support this move and have been hammering out the details for over a year. This process must lead to a new testing system soon, and all parties need to accept that even an imperfect system is better than no system at all.
Raise standard of reading comprehension and numeracy in the Foundation Phase	<p>Forge a national pact to drive the Read to Lead Campaign on early reading: key public, private and civic stakeholders align and commit to a small set of concrete objectives and deliverables to address early-grade reading using proven evidence-based interventions. By 2025, every child should be able to read for meaning in their home language and in English by Grade 3.</p> <p>Immediate action should proceed on the following:</p> <ul style="list-style-type: none"> • Roll out the DBE’s Early Grade Reading Programme to build and deploy qualified, competent and experienced coaches, including the systems to successfully recruit, train and appoint them. • Distribute graded reading material in Home Language and English as a First Additional Language to Foundation Phase classrooms, and integrate 	<p>By Grade 4, about 75% of children in low-quintile schools are behind on the curriculum, and 78% of Grade 4s cannot read for meaning in any language. There is therefore no foundation for the majority of learners from low-income households for effective learning.</p> <p>The Minister of Basic Education launched a Read to Lead Campaign in 2015. This campaign should be elevated and given far more prominence. All stakeholders should commit to participating in it.¹</p> <p>Learning to read for meaning is the most important skill children acquire in primary school. Evidence from the Early Grade Reading Study initiated by the DBE in conjunction with the University of the Witwatersrand and international partners shows that learning outcomes of children only improve when teachers are equipped with the right books and lesson plans and – crucially – are supported by a coach who visits them in their classroom.</p> <p>Over a two-year period, their approach led to an improvement of an equivalent of 40% of one year of learning. The DBE is now ready to expand beyond study phase to roll out to the wider school system. Building a foundation of qualified, competent and experienced coaches, including the systems to successfully recruit, train and appoint them, is</p>

¹ Guidance is offered at <https://www.education.gov.za/Programmes/Read2Lead.aspx>.

Proposal	What is proposed?	Why this?
	<p>them into the lesson plans in low quintile schools.</p> <ul style="list-style-type: none"> • Support the national reading for enjoyment campaign – Nal’ibali to reach a critical mass of children and adults. • Accelerate roll out of access to affordable, high quality early learning services to 3 and 4 year old children through the ECD Coalition of Donors working with the Department of Social Development. 	<p>critical if we are to ensure that every child has a fair chance of success at school.</p> <p>There is a deep shortage of appropriately graded reading materials in the home languages in low-quintile schools. The DBE has now developed a full set of graded readers in Setswana and isiZulu and for English as First Additional Language. This new set of materials should be delivered to all Foundation Phase classrooms and integrated into lesson plans.</p> <p>Evidence shows that reading enjoyment will be a critical contributor to improving comprehension. This is borne out in the PIRLS data which shows a major achievement gap between learners that enjoy reading and those that don’t, as well a much higher achievement for learners’ whose parents read stories with them. This Nal’ibali campaign focuses on reading enjoyment. It is already implemented in 420 ‘Story-Powered Schools’ in rural KZN and EC (reaching 99 000 learners); through 2 343 reading clubs reaching over 63 000 children in communities; through 6 000 ‘FUNda Laders’ (community volunteers) that are reading for joy role models; and through the production of multilingual stories distributed through newspapers and magazines, mass media campaigns on radio (in all languages), and a billboard campaign (DGMT 2015; Krashen 2015; Howie et al 2016).</p>
<p>Strengthen youth pathways from learning to earning</p>	<p>Build on successful public and private sector labour market interventions that connect youth in PSET as well as NEETs to workplace based learning opportunities. Examples include Harambee or Gauteng’s Tshepo 1 million.</p> <p>Business and government are to ensure that real work opportunities are available for student and graduate interns, and for students engaged in learnerships and apprenticeships.</p> <p>Business and government are to build on emerging public-private partnerships in provision of TVET programmes.</p>	<p>There has been minimal net employment creation for youth under the age of 25 over the past decade. South African historically disadvantaged youth especially have poor access to first work opportunities. Private and public sector cooperation are needed at a significantly greater scale to bridge this gap.</p> <p>TVET enrolments have doubled without concomitant capacity development. Some companies have introduced joint offerings with both TVET Colleges and Universities that effectively expand the responsiveness of the PSET system. These should be encouraged and expanded.</p> <p>The DHET targets for promoting workplace opportunities for those in PSET are 140 000 by 2018/19, rising from 107 504 in 2015/16. The CEO YES campaign has set targets of one million internships over three years. There should be a reasonable prospect of being employed after the</p>

Proposal	What is proposed?	Why this?
	<p>Targets for workplace-based learning opportunities need to be set, balancing realism and ambition. In the first instance, find middle ground between low DHET PSET workplace-based learning opportunities, targets and very high CEO YES internship targets with the aim of improving the impact of PSET. The objectives should be to lift the PSET throughput rate and post-PSET employment chances.</p>	<p>opportunity. This will require business and government commitment to employment creation and also to working with the higher education and training sector to ensure that students obtain realistic career guidance and that their courses are relevant to labour market needs.</p>
<p>Drive equitable access for poor and working class students to higher education and training</p>	<p>Government has committed to free access to university and TVETs for households with annual incomes below R350,000. The commitment is to phasing this in over five years. In 2018, approximately 84,000 first time entry university students and approximately 90% of TVET students will receive these bursaries. Those with NSFAS loans, now in their second and third year of study in a three year degree will now receive this support in the form of a bursary. Registration fees will be covered by NSFAS and will no longer be paid directly by students.</p> <p>DHET has further committed to strengthening NSFAS administrative systems to reduce delays, which by April 2018, were still in evidence.</p> <p>There are emerging efforts by the private sector to narrow the funding gap for students that do not qualify for NSFAS and such services should be encouraged.</p>	<p>The number of students in HET from low income households has expanded substantially since the advent of democracy. To have the desired effect on life chances, graduation rates need to be dramatically improved. The introduction of fully subsidized HET and innovative private sector financial solutions for poor and working class students will dramatically reduce barriers and stress on the students and their families and raise the chance of completion.</p>

PROPOSAL FOR A REVITALISATION CHARTER

Proposal	What is proposed?	Why this?
Revitalisation Charter	<p>A social charter is needed to strengthen alignment around the NDP.</p> <p>it should align on what needs to be done most urgently in the next two years. This can be done with an eye to also aligning key issues of national importance to embed the vision of a decent life and shared prosperity. This should enable a setting of realistic expectations and focus civil society attention on a clear set of realistic expectations on how life should improve for all South Africans to achieve the NDP 2030's objectives.</p> <p>The Revitalisation Charter will be based on these proposals aiming to draw together partners in society around a focused set of commitments to course correct towards NDP 2030 objectives.</p> <p>Stakeholder actions should not be delayed as a result of negotiation. The aim is to forge a mutual understanding and set of expectations, rather than to engage in deep negotiations on an overall package.</p> <p>This revitalisation charter should be monitored to ensure alignment, coordination and implementation. The presidency will propose an approach, and stakeholder views on the best approach will be solicited.</p>	<p>A Revitalisation Charter would draw stakeholders together on areas of common purpose. This helps to focus minds in a context of great social divisions, a deep need for improved service delivery, and far greater society- wide contribution to economic and social progress.</p> <p>The social partners have all expressed concern about an experience of extensive negotiation and limited implementation.</p>