

## **Job Summit- short note**

### **Radically increasing job creation through competitive tendering of all state assets, leases, licences, rights, et al.**

The state is the custodian of all national natural resources such as minerals, fisheries, the EM-spectrum, water, et al. In addition the state is a significant land owner and controls the issuing of numerous other licences/rights.

If all state rights were to be competitively concessioned against job creation, revenue and other indices there could be enormous potential for job creation. Currently the nation's mineral rights are disposed of on a first-come-first-served basis and rights to the EM-spectrum (bandwidth for telephony) have been disposed of in an opaque manner. The same applies to the disposal of most other state rights/licenses where job creation, revenue and development are not optimised through transparent and competitive tender, that also addresses transformation.

Given that the skills, capability and capacity for managing an optimising competitive concessioning are broadly the same across all sectors, it would make sense to centralise this function in a national Bureau of Concessions (BoC) under Treasury, that would then work closely with the line ministry on specific tenders, as is done in several other countries. Clearly not all state disposals should go through a centralised BoC, particularly the smaller lower value ones, and hence a first step in establishing a BoC would be to decide on which disposals of state rights/licenses would be managed by it. However, some obvious large value disposal sectors, that could stimulate job creation, are:

- Bandwidth (EM-spectrum) licenses
- Mineral rights
- Water rights (above a threshold volume)
- Fishing rights
- State land usage leases (above a threshold)
- State servitudes
- IPPs
- Financial services (banking licenses)
- Et al

An indicative concessioning matrix could broadly look like:

<b>Element</b>	<b>Weighting/100</b>
Job creation	30
Revenue to state	30
HRD & R&D	10
Transformation (BEE & EE)	20
Pubic infrastructure	10
Total	100%

*Note: these would be varied depending on the nature of the tender*

The appendix is an extract from a 2015 ANC ETC document “Economic Transformation for a National Democratic Society” for the NGC.

## **Appendix**

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

*“Tenders must be issued in an open and transparent manner that does not compromise our objectives”.*<sup>1</sup>

---

<sup>1</sup>53<sup>RD</sup> Conference

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