



*Draft discussion document*

# Policy Conference 2020

## **Economic Justice: A Sustainable Development Goal Model**

*Our plan for South Africa to beat the past and build the future.*



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## EXECUTIVE SUMMARY

**An economically just society is one in which economic opportunities are available to all,** and people have the capabilities to make use of those opportunities. We are not there yet. South Africa is still an economically unjust society. Due to a history of apartheid as well as governance failures and corruption in the democratic era, there are skewed and shrinking opportunities. South Africa desperately needs a radically different approach to redress and inclusion. Over two decades of political freedom have not resulted in adequate improvement in the socio-economic prospects of the majority of South Africans.

**If we wish to create an economically inclusive and non-racial South Africa, we must address inequalities of opportunity to complement our hard-won political freedoms.**

Currently, we are failing to overcome our past; poor governance, corruption, and race-based policies have enabled elite enrichment and the disintegration of the state at the expense of broad-based prosperity. Since people do not move from one racial category to another once empowered, current policies enable them to benefit in perpetuity. For many people there is a recognition that race classification was an apartheid evil. But some also believe that it remains a necessary evil to address the economic legacy of apartheid. No political party has ever put before the public a policy which would address the legacy of economic exclusion while simultaneously freeing South Africans from apartheid race classification. If there is a possibility that we can achieve both these noble goals, we must do so.

**We know what stands in the way of economic inclusion;** there are longstanding inequalities which have their roots in an apartheid and colonial past, and which have been exacerbated by an incapable and corrupt state. The key drivers of inequality of opportunity in South Africa are well established, and include:

- A failed, crony state
- Poverty
- Unemployment, particularly long-term unemployment
- Low duration of time spent in education and low quality of educational outcomes
- Wealth inequality caused by low savings and investments, as well as the fact that the majority of South Africans were prevented from accumulating intergenerational wealth

- The breakdown of the family
- Inequalities in health
- Childhood stunting
- Spatial inequalities caused by apartheid spatial design, and perpetuated by failed land reform
- A history of legislated discrimination

**Addressing these challenges requires a “whole-of-society” approach.** It requires government, business, communities, families and individuals to work hand-in-hand to overcome them. One of the most powerful ways government can amplify its impact is to leverage private sector involvement through procurement; that is in the way it selects the companies it chooses to do business with. Where competing companies can provide goods or services at the same level of functionality and price, this policy would give preference to the company which makes the most positive socio-economic impact as measured by the SDGs.

**Our promise, however, is that competence will take priority in procurement;** as unfulfilled or poorly delivered contracts hurt those most reliant on government services.

**Current policies mistakenly rely on ‘trickle down redress’.** Trickle down redress is the idea that using corporates to transfer assets, positions, and contracts from one elite to another will promote economic inclusion. This strategy has not worked and has done little to address the true drivers of inequality of opportunity. Those who benefit most from current attempts at redress tend to be already well off, politically connected, and/or in skilled employment. This leaves the vast majority of South Africans excluded as beneficiaries.

The solution lies in an approach which would address the key drivers of inequality of opportunity highlighted above, as well as broader socioeconomic needs. This leads us to proposing the United Nations’ Sustainable Development Goals as the framework for redress.

**Corporate contributions to achieving the SDGs will make a greater impact to the lives of South Africans than the narrow requirements of the BBBEE scorecard.** The SDGs provide all countries with a framework to address 17 systemic drivers of exclusion in a sustainable manner.

1. **No poverty:** end poverty in all its forms everywhere

## **Economic Justice: Our plan to beat the past and build the future.**

2. **Zero hunger:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. **Good health and well-being:** Ensure healthy lives and promote well-being for all at all ages
4. **Quality education:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. **Gender equality:** Achieve gender equality and empower all women and girls
6. **Clean water and sanitation:** Ensure availability and sustainable management of water and sanitation for all
7. **Affordable and clean energy:** Ensure access to affordable, reliable, sustainable and modern energy for all
8. **Decent work and economic growth:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. **Industry, innovation, and infrastructure:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. **Reduced inequalities:** Reduce inequality within and among countries
11. **Sustainable cities and communities:** Make cities and human settlements inclusive, safe, resilient and sustainable
12. **Responsible consumption and production:** Ensure sustainable consumption and production patterns
13. **Climate action:** Take urgent action to combat climate change and its impacts\*
14. **Life below water:** Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. **Life on land:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
16. **Peace, justice, and strong institutions:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. **Partnerships for the goals:** Strengthen the means of implementation and revitalize the global partnership for sustainable development

The SDGs offer a useful, internationally recognised and supported framework for every stakeholder to identify and address the goals they are best fit to address. This is what we mean by a whole-of-society approach.

Where it is necessary to identify specific beneficiaries, they should be identified through means testing to ensure that interventions reach those who are truly in need. Means testing includes non-exhaustive indicators such as income status, geographic location, school quintile, net assets, number of dependents, and access to basic services.

**While the achievement of all the SDGs is important, it is necessary to articulate priorities.** Companies would be encouraged to set their own priorities in line with the areas they have the most impact on; taking into consideration factors such as sectoral priorities, the company value chain, and their business model etc.

**In government we would also need to set our own priorities.** Our priority interventions in government must be geared to address the key drivers of inequality of opportunity. They are as follows:

**Build a lean and capable state based on liberal democratic principles (SDG 16)**

- Reduce the number of ministries.
- Instill a culture of excellence in the civil service, and hire based on competence not connections.
- Establish an independent corruption fighting body with investigative and prosecutorial arms, each reporting to SAPS and the NPA respectively. The unit as a whole should be answerable to parliament.
- Require the appointment and removal of the NDPP to happen via a resolution of Parliament.
- Implement lifestyle audits for all politicians and government officials above a certain level, or suspected of fraud and/or corruption, as well as doing annual lifestyle audits for government officials selected randomly, by a similar process as that through which SARS identifies taxpayers for auditing.

**Increase employment (SDG 8)**

- Implement growth and investment reforms which drive job creation (expanded list on page 40).
- Introduce voluntary exemptions from sectorally determined wages for workers who have been unemployed for longer than 12 months in order to open up market for low-skill low-wage work.

**Pursue world class educational outcomes (SDG 4)**

- Increase the duration of time spent learning by limiting teacher strikes during school hours, ensuring girls do not miss school days due to menstruation, and eliminating school dropouts by adopting a 'whole school approach'.
- Improve teaching quality by promoting careers in education for top learners, introducing competency testing for teachers, attracting skilled foreigners into the teaching profession, increasing use of technology to support teaching, and linking teacher remuneration with performance.

**Reduce wealth inequality (SDG 10)**

- Improve levels of financial literacy.
- Ensure legislation supports employee share ownership.
- Explore pension fund for the unemployed.
- Ensure state pensions are managed responsibly with the primary goal to generate the highest returns possible for members.
- Lower the barriers to entry for accessing investment products.

**Address the breakdown of the family (SDG 5, 11)**

- Introduce shared parental leave.
- Enforce maintenance payments.
- Reduce teenage and unwanted pregnancies.
- Boost urban housing opportunities so families can live together.

**Ensure universal access to quality healthcare (SDG 3)**

- Provide a universal healthcare subsidy for citizens and legal residents to finance public or private healthcare.

**Eradicate childhood stunting (SDG 2)**

- Introduce food grant to ensure child grant stretches to the food poverty line.
- Provide information to recipients about appropriate nutrition.

**Minimise spatial inequality and provide for land reparations (SDG 11)**

- Redistribute state owned land, particularly in well located urban areas, in order to provide housing for the poor and employed who would otherwise not be able to afford inner city housing.
- Allocate greater resources to land reform than it currently enjoys in the budget, in particular relative to non-essential line items such as VIP security.
- Recognise, record and administer a continuum of rights to land. The DA supports recognizing a wider range of rights than those contained in the deeds registry system.
- Prevent arbitrary dispossession of land and ensure that the benefits which arise from communal land goes to those who live on it. We support the review of the Ingonyama Trust Act, which would lead to its amendment or repeal as per the High Level Panel report.
- Complete restitution claims filed in the original period.

**Zero tolerance for discrimination (SDG 10)**

- Recruit in order to consciously broaden the pool of applicants.
- Provide equal opportunities within the workplace for training, development, and mentorship.
- Enhance social cohesion by ensuring every South African is able to speak English along with one other indigenous language.

**It cannot be stressed enough that we must pursue inclusion through growth.** A growing economy is the frontline of the fight for inclusion. Without improving South Africa's economic prospects there can only be shared misery instead of shared prosperity.



**South Africa has no fiscal room to maneuver;** we cannot borrow or spend our way to a better future but there is enormous potential to attract investment. Without attracting an increasing share of the readily available global capital into South Africa, higher levels of growth will be impossible to achieve. Flatlining growth will result in economic stagnation, rising unemployment and the entrenching of poverty.

**Ours is a growth first agenda, meaning that measures to promote inclusion cannot come at the expense of a healthy economy.** To this end, our approach to economic justice is careful not to detract from economic growth. Where evidence shows that an intervention is acting as a brake on growth, we would either suspend or remove it from our programme of action.

### CURRENT LEGISLATION VS ECONOMIC JUSTICE MODEL

Current legislation	Economic Justice: SDG model
Targets elites- a small group of people	Targets the vulnerable and disadvantaged. This is a much larger group in South Africa, the majority of which would have been classified as black under apartheid.
Enables corruption and patronage	SDGs identify areas of need and disadvantage. It is more difficult for benefits to accrue to those they are not intended for.
Narrow criteria, which ignores the many economic, environmental, and social contributions the private sector can, and do, make.	17 goals which if achieved will result in an inclusive and sustainable society. The comprehensiveness of the goals allows private sector organisations to contribute where they can make the biggest impact.
Parochial local model which makes compliance difficult and costly.	Globally recognised model which enjoys the political support of companies and governments around the world. Growing international best practice to assist with reporting.
Deters investment	Huge potential to drive returns as investors, shareholders, and analysts look for companies with strong SDG awareness and commitments.

# 1. INEQUALITY OF OPPORTUNITY:

## AN ENDURING LEGACY



**1.1 A FAILED, CRONY STATE**

**South Africa has passed the quarter of a century mark since the end of apartheid and the beginning of its democracy in 1994.** It is true, that this is a fraction of the time over which the majority of South Africans were politically and economically disenfranchised. And yet, twenty-five years is not insignificant; countries with a sense of urgency and who were determined to overcome their history, have demonstrated just what a difference a quarter of a century makes in uniting a country formerly divided by political and economic disparities.

**In 1965 when Singapore became an independent country its prospects did not look good. The situation just two decades later, however, could not have been more different.** In the 1960s Singapore had not industrialised and had no significant natural endowments, racial tensions were running high, and its people lived in gang-ridden streets and slums. In the first two decades post-independence Singapore was experiencing consistently high levels of growth; GDP growth in Singapore did not fall below 5%, and at its highest point reached 15%. It was not just headline economic indicators which improved, progress reached the average Singaporean; exemplified most by its housing situation. In the 1960s, 82% of the Singaporean population lived in squatters and slums. Liu Thai Ker, Singapore's master planner, stated that the Housing Development Board was so successful in its rehousing policy that by 1985 Singapore could claim to have "no homeless, no squatters, no poverty ghettos and no ethnic enclaves".<sup>1</sup>

**In the twenty-five years after their transitions, countries such as Singapore, South Korea, and Rwanda were winning the fight against a deeply unequal past.** Comparatively, due to corruption and an incompetent state, South Africa is losing the fight against economic injustice. Although these countries in the early stages of their development received criticism for violations of human rights, we believe it is possible to learn what we can about competent state building from such countries while founding ours on constitutionalism and liberal democracy.

**Instead of building a state capable of facilitating economic growth and fostering inclusion the failed crony state has been established:** important public institutions have been denuded of their authority and independence; trillions have been racked up in corruption, wasteful,

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<sup>1</sup> BBC News. (2015) Singapore at 50: From swamp to skyscrapers. Sharanjit Leyl. BBC News Online. 25 February. Available at: <https://www.bbc.com/news/magazine-31626174>

unauthorised, and irregular expenditure; in positions which are essential for service delivery and the effective functioning of the state unqualified, incompetent, and politically compromised cadres have been appointed.

## 1.2 POVERTY AND INEQUALITY

**The standard of living, measured by access to basic services, has significantly improved for the majority of South Africans since 1994.**<sup>2</sup> However, greater inclusion in basic services has happened against the backdrop of stagnant, and in some cases, expanding gaps in income.

Poverty is an income measure and reflects the minimum amount of income required to cover basic needs. The increase in access to basic services, from 1994 to the present day, was due to direct transfers from the government. This is important because in other countries increases in living standards (i.e. basic services) reflected that people were becoming richer on an income basis. This is not the case in South Africa. Many South Africans are still very poor. More than half of South Africa lives in poverty, specifically 55 percent of the country survives on less than R992 per month<sup>3</sup>, and less than R33 a day.

**This is an important feature to bear in mind- that the increase in living standards has been made possible largely through redistribution (i.e. the social wage) not through rising levels of employment.** In fact, there are now more adults not working than working which means that while there are more people than ever before who have access to education, healthcare, electricity, water, and housing; there are fewer and fewer people able to pay for these utilities and public services.

**A rising level of dependency means that taxes retrieved from an already stretched taxpayer base will have to stretch to cover more and more people.** This is unsustainable. Our goal is to bring down the level of dependency in society, that is the ratio between the economically inactive and the economically active population. On average, 4 out of every 10 adults are employed in

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<sup>2</sup> Bostock, J. (2016) Life in South Africa: Reasons for Hope. South African Institute for Race Relations

<sup>3</sup> World Bank. (2018) Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities. March 2018.

South Africa whereas in more functional societies that number is 6 out of 10. The benefit of lower dependency levels means that we can provide stronger protections for fewer people, instead of weak protections for a rising number. Stronger protections also mean that people spend less time in need of assistance and quickly get back on their feet.

**In a country with rampant unemployment, the biggest economic differentiator between people will be between those who earn an income and those who do not.** It is therefore understandable that the most significant contributor to inequality in South Africa is income.<sup>4</sup> The difference in wages gained from employment accounts for much of the inequality; with many earning very little or nothing at all, and a few who are high income earners. Unsurprisingly addressing poverty and inequality of opportunity will fall to a large extent on our ability to bring more South Africans into employment.

**In the long term, and across generations, it is not just income which makes a difference, but also wealth generated.** Wealth inequality is worse than income inequality in South Africa. The reason wealth is important is because it reduces vulnerability and makes socio-economic status stickier. Wealth tends to create more wealth because financial assets have a higher return than other assets or endowments.

Whether South Africans generate income from owning a business or whether they receive a salary from an employer, in order to create wealth they will need to dedicate a portion of their income towards some form of savings and investments. Redistribution alone will not build broad, sustained wealth.

According to the 2017 Momentum/Unisa *South African Wealth Index* ‘the real value of South African households’ assets is estimated to have increased from R8 246.6 billion in 2016 to R8 730.9 billion in 2017.’ 88% of this growth is attributable to financial assets while non-financial assets, including residential buildings, contributed only 12%. This highlights the importance of accumulating financial assets in particular. For most people this means investing in products such as retirement funds or retirement annuities.

**However, very few South Africans save, and those who do save are not investing their money in areas with the potential for good returns.** The proportion of South Africans’ income

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<sup>4</sup> Ibid.

going towards retirement is declining. In 2017, South African metro dwellers invested only 10.8% of their gross income in retirement products, down from 15% in 2008. In terms of the proportion with a retirement fund or retirement annuity, this figure reached a peak of 66% in 2014 from 47% in 2009 but has declined to 60% as of July 2017.<sup>5</sup>

**The Savings and Investments Monitor further highlights that among those who save, the majority of savings tend to be either in banking accounts or through informal savings products.** 53% of black households save using *stokvels*, 32% use burial societies, and 16% are involved in grocery schemes. These savings vehicles illustrate that savings tend to be for emergencies. The consequence of which is that returns on these savings tend to be negligible.

Current estimates are that there are over 820 000 *stokvels* in the country with a combined membership of 11.4 million people, handling over R44 billion per annum. Most of the money is paid out monthly, to individuals, who spend it on consumables such as food and groceries.

Outside of retirement, few South Africans make investments with the purpose of accumulating wealth. In the table below (figure 1), we see that average annual returns are higher from financial assets such as shares (FTSE/JSE All Share Index) than from a non-financial asset like residential property. This is not to advise that South Africans should be investing in the financial market instead of property but that the former generates strong returns especially over the long term and that many households could benefit from gaining or increasing their exposure.

**Figure 1. Annual average returns by investment choice**

Investment choice	1 Year	3 Years	5 Years	10 Years	15 Years
FTSE/JSE All Share Index	2.63	6.16	12.97	10.50	14.79
RSA Residential Property	5.00	6.23	6.02	4.62	9.65

Sanlam 2017

Low financial literacy, inavailability of work-based schemes, and falling on hard times are all reasons explaining why the uptake of retirement products is not higher.

<sup>5</sup> Old Mutual. (2018) Old Mutual Savings and Investment Report. Old Mutual Savings and Investment Monitor. July 2018.

**It is important to remember that those who are poor are not a static group.** For millions of people it is a struggle to keep afloat and out of poverty. Schotte, Zizzamia and Leibbrandt (2017) propose that, based on their research, South African society can be divided into five income and class categories: An elite, of about 4% of the total population; a stable middle class of 20% of the total; a vulnerable middle class of 14%; a transitory poor group, to which about 13% of South Africans belong, and a chronically poor group of 49%. This is why interventions must focus not only on the chronically poor, but also on those who are at risk of slipping in and out of poverty.

**South Africa has a well targeted social security system.** Cash grants combined with the provision of basic services establishes a floor of minimum living standards for millions of people. However, many tend to remain trapped in this cycle of dependency because such transfers (grants and basic services) are insufficient to promote mobility.

### 1.3 UNEMPLOYMENT

**South Africa has suffered persistently high levels of unemployment for many years.** As early as 1997 South Africa entered the list of the top 10 countries globally ranked by unemployment. Still, unemployment is at the highest level it has been in 16 years, with 29% of South Africans of working age unemployed. The picture deteriorates further if the expanded definition of unemployment is taken into account, this takes the unemployment rate to 38.5%.

The expanded definition includes those who are no longer looking for work either because a) they have lost hope in being able to find employment, b) there are no jobs available for them in the area where they live, or c) there are no jobs which fit their skills profile. In the absence of a business or a job, millions of people will lack the income to meet their daily survival needs, let alone have enough to accumulate wealth for the future.

#### *Long term unemployment*

**Long-term unemployment refers to people who have been unemployed for 12 months or more. Over two-thirds of the unemployed in South Africa (71%) have been unemployed for longer than a year.** Those who experience long term unemployment tend to earn less once

they are employed, are in poorer health, and have children whose academic performance fares worse than similar workers who avoided unemployment. Furthermore communities whose residents have been in long term unemployment tend to exhibit higher levels of crime and violence.

There are two groups to be particularly worried about among the long-term unemployed in South Africa. The first is young people who struggle to find their first job, and therefore to get a foothold into the job market. The second group comprises of older persons who have lost their jobs and who struggle to re-enter the job market.

**Many of the long-term unemployed in South Africa last had a job more than five years ago.**

This phenomenon is particularly acute among 50-65-year olds, 47.5% of whom have been unemployed for longer than five years. Economists have suggested that the South African government may need to accept that certain age groups, above youth age, are not just unemployed but unemployable. We may not need to accept this if we stopped closing avenues for employment for those who already experience difficulty in finding employment.

#### *Unemployment and youth*

**Young people are particularly at risk of not finding work.** The unemployment rate among those between the ages of 15 and 24 years is 41.8% using the standard definition, and 70% on the expanded definition.<sup>6</sup> A report<sup>7</sup> into the drivers of youth unemployment reveals that chief among the factors is a) poor educational outcomes, particularly in basic numeracy and literacy which are critical basic skills for employers, b) a poorly coordinated further education system, which allows many young people to drop out and become vulnerable, c) persistent individual and household level barriers such as costs of work seeking, and limited social capital. This is all against a backdrop of low economic growth which results in low labour absorption rates.

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<sup>6</sup> Statistic South Africa. (2019) Quarterly Labour Force Survey Q3: 2019. Statistical Release P0211. October 2019.

<sup>7</sup>De Lannoy, A; Graham, L; Patel, L & Leibbrandt, M. (2018) What Drives Youth Unemployment and What Interventions Help? A Systematic Overview of the Evidence and a Theory of Change. University of Johannesburg. October 2018.

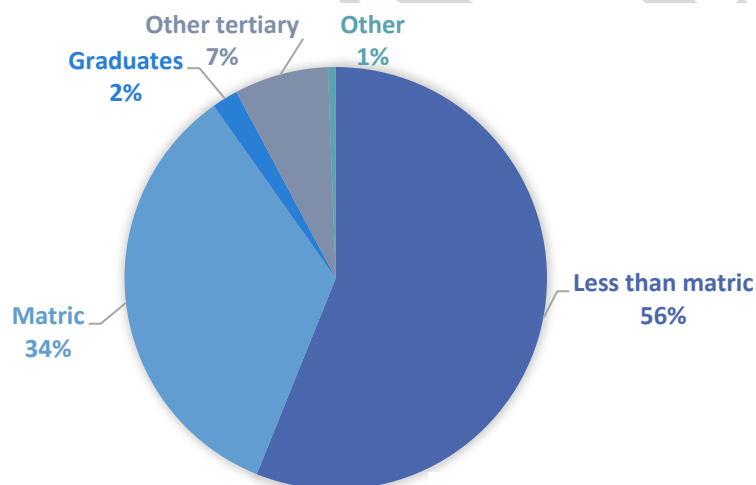


*Unemployment and education*

The ability to find employment is affected by one's education level, with those with higher educational attainment experiencing significantly lower levels of unemployment (see figure 2). The level of education reached matters not only for being able to find work, but also the wage received once in employment. In 2007 those with a degree earned R36/hour, matric R12/hour, and those with up to a grade 9 earned only R6/hour.

Improving the quality of basic education at the primary and secondary school level, in particular with respect to literacy, numeracy and life skills would leave youth better prepared for the challenges of post-school education and the world of work.<sup>8</sup>

**Figure 2. Unemployed by level of education**



Source: Statistics South Africa. Quarterly Labour Force Survey

The majority of South Africa's learners attend what would have been black schools under apartheid. These schools today continue to exhibit stark differences from formerly white schools. Typical of such schools is that "teachers generally have less formal education than their former white school counterparts, while these schools typically also suffer from poor management, little parental participation and poor assessment. As a consequence, these schools produce poor

<sup>8</sup> Gustafsson, M. (2011) The when and how of leaving school: The policy implications of new evidence on secondary schooling in South Africa. Stellenbosch Economic Working Papers 09/11. Bureau for Economic Research. Stellenbosch University. September 2011.

cognitive outcomes, which are poorly rewarded in the labour market, resulting in low employment probabilities and low wages for those who do find jobs in unskilled occupations.”<sup>9</sup>

**There is a critical need not only to improve the quality of education, but to keep young people in education or training for longer.** Unfortunately, many children drop out of school between grades 10-12. In 2017, a total of 1 052 080 learners were enrolled in grade 10, yet only 409 906 learners eventually passed matric last year. This means only 38.9% of grade 10 learners actually wrote and passed matric.<sup>10</sup>

**For every cohort, by grade 12 at least 40% of the initial cohort has dropped out.** Considering what we know about the role education plays in unemployment and wages, and in turn the impact of unemployment and wages on inequality, this figure represents a significant portion of youth who will join the ranks of the unemployed or low income earners in the future, and thus perpetuating the cycle of poverty and inequality.

**The reasons behind school dropout rates are cumulative,** and a study of the predictors of dropouts reveals that being male, not living with one's mother, smoking cigarettes in the past month, and having lower levels of leisure-related intrinsic motivation were all predictors of dropping out.<sup>11</sup> The authors also note that “failing a grade was a significant predictor of dropout until the leisure experience measures were included”, suggesting that provision of leisure activities can mitigate the loss of motivation which results from failing. Although drop-out rates are lower for females, the reasons most commonly cited for leaving school are pregnancy and care responsibilities.

**School dropouts would not be a problem, if those who left school were being diverted into vocational training, but this is not happening.** Of those who drop out of school, only 1% hold some other non-school certificate or diploma issued by, for instance, a TVET college.<sup>12</sup> However, the need to divert to a vocational college before matric should not be so urgent taking into

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<sup>9</sup> Moses, E; van der Berg, S. & Rich, K. (2017) A Society Divided: How unequal education quality limits social mobility in South Africa Synthesis report for the Programme to Support Pro-Poor Policy Development (PSPPD). Research on Economic Policy (RESEP). Stellenbosch University. February 2017.

<sup>10</sup> Democratic Alliance (2020) #Matric2019: Real pass rate is 38.9%. Press Statement by MP Nomsa. 7 January 2020.

<sup>11</sup> Weybright E.H. et al. (2017) Predicting secondary school dropout among South African adolescents: A survival analysis approach. *South African Journal of Education*. Vol. 37 No. 2. May 2017.

<sup>12</sup> Hartnack, A. (2017) Background document and review of key South African and international literature on school dropout. DGMT. July 2017.

consideration that there are opportunities for vocational training within the school curriculum. Of the 24 non-language subjects of the Grades 10 to 12 curriculum introduced in 2005, as many as 16 can be considered vocationally oriented.<sup>13</sup>

**South Africa already spends a great deal on education, increasing resources will not necessarily lead to improved outcomes.** Kenya's spend on education, per capita, is less than that of South Africa and yet they achieve better outcomes. There needs to be a focus on putting children first; reducing the influence of unions on South Africa's education system, improving school management, providing effective training opportunities for teachers, increasing teacher accountability, and ensuring that there are no dropouts. Failure to do so will continue to result in an education system that is not much better than the Bantu education system which prevailed under apartheid.<sup>14</sup>

#### 1.4 THE BREAKDOWN OF THE FAMILY

**From the point of view of the family the migrant labour system created fractures in the family unit which have had long term psychosocial consequences,** in particular for the care of children. The industrialization of the South African economy in the late 19<sup>th</sup> century due to the discovery of gold and diamonds led to rapid urbanization as people moved from rural areas..<sup>15</sup>

**Consequently, as a result of a particular historical legacy and combined with South Africa's unique cultural features the family unit in South Africa today takes on various shapes and forms.** The 2019 General Household Survey found that one in five children (19.8%) in South Africa do not live with either one of their biological parents. Close to a third (33.8%) of children lived with both parents, and 43,1% lived with their mothers meaning 57% lived without their fathers. Sadly, 11,7% of children were orphaned, losing one or more parents.

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<sup>13</sup> Gustafsson, M. (2011) The when and how of leaving school: The policy implications of new evidence on secondary schooling in South Africa. Stellenbosch Economic Working Papers 09/11. Bureau for Economic Research. Stellenbosch University. September 2011..

<sup>14</sup> Moses, E; van der Berg, S. & Rich, K. (2017) A Society Divided: How unequal education quality limits social mobility in South Africa Synthesis report for the Programme to Support Pro-Poor Policy Development (PSPPD). Research on Economic Policy (RESEP). Stellenbosch University. February 2017.

<sup>15</sup> Sooryamoorthy, R., and Mzwandile Makhoba. "The Family in Modern South Africa: Insights from Recent Research." *Journal of Comparative Family Studies*, vol. 47, no. 3, 2016, pp. 309–321.

**The family is important because it is the most basic social unit in society, and when functional is the primary source of emotional, economic, social, and cognitive support for children as well as adult individuals.** However, while many reports and studies indicate the benefits of children growing up with both parents, the idea of all children growing up in a nuclear family may not always be feasible or desirable.<sup>16</sup> But a stable home environment with adults who are present and engaged in the well-being of the child is crucial.

**The absence of a parent, typically the father, from the home brings not only emotional and social challenges but often financial ones too.** There are many fathers who take care of their children's needs even when they are not physically resident with them. But for those who do not, the financial challenges of raising a child places enormous strain on the primary care-giver. According to the 2011 Census 90% of people who default are fathers.<sup>17</sup>

**Financial considerations aside, other forms of care as part of fatherhood should be encouraged other than ensuring that fathers provide financial support.**<sup>18</sup> For unemployed fathers who cannot afford to pay maintenance, the inability to provide financial support is often used to restrict access to the child and thus the ability to perform other parental functions. Non-financial involvement and socioemotional maintenance should be considered as part of the Maintenance Act whether or not the parent in question can provide financial care.

**The sharing of childcare responsibilities is also critical for the professional and economic prospects of women. Females continue to be at risk of poverty and experiencing inequality of opportunity** due to persistent differentials in employment and earnings potential, which in turn are due in large part to the fact that women continue to disproportionately shoulder childcare responsibilities.

**Inequality reports reveal that females find it harder to find a job and earn less than men when they do.**<sup>19</sup> This is in part due to the fact that women tend to shoulder the bulk of childcare responsibilities. The skewed societal and legal weighting of childcare responsibilities is a gender

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<sup>16</sup> Kopano Ratele, and Mzikazi Nduna. An Overview of Fatherhood in South Africa. *State of South Africa's Fathers*. Sonke Gender Justice and Human Sciences Research Council. Chapter 3, pg 29-47.

<sup>17</sup> Statistics South Africa. (2011). Census 2011. Pretoria: Stats SA.

<sup>18</sup> Grace Khunou. Fathers and Child Maintenance in South Africa. *State of South Africa's Fathers*. Sonke Gender Justice and Human Sciences Research Council. Pg39-41.

<sup>19</sup> World Bank. (2018) Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities. March 2018

inequality issue for both men and women. For women it contributes to economic disparities which begin as early as high school- the majority of young female learners cite the need to take care of family as the predominant reason for dropping out of school.<sup>20</sup> Later in life, childcare responsibilities reduce the amount of non-household work women can take on, as well as their pay when they do formal work. For every rand a man makes, a woman makes R0.69 in median hourly wages.<sup>21</sup> In South Africa, women only occupy 22.9% of the positions in senior management and 7% of executive director positions on boards.<sup>22</sup>

**There is no reason to believe that if women were free to choose, that the demographics of every workplace would mirror those in society.** Many women, free to choose, may still choose to prioritise childcare. The ability of women and families to choose is our paramount concern, not the engineering society to a predetermined outcome.

**However, the legal framework and policy play a big role in shaping how society and the private sector view the sharing of childcare.** An important step towards gender parity was made in the beginning of 2020 when new parental leave policies were enacted. Previously, fathers were afforded three days family responsibility leave which they could use to take time off when a child is born, compared to women who were provided with four months maternity leave. As of January 2020, fathers now receive 10 days of parental leave; while it is a step in the right direction it lags far behind other modern and flexible parental leave schemes globally.

**The impact of childcare on employment prospects and earning potential is significant.** The latest survey by recruitment service provider, Career Junction, reveals that fewer than two out of 10 women receive full pay from their employers when they go on maternity leave, 4 out of 10 women receive no compensation at all. It is no wonder that more than a third of respondents felt that "their gender and parental responsibilities are holding them back from advancing in their careers."

Furthermore, when female professionals do take time off work to care for children beyond maternity leave, they rely on annual leave, family responsibility leave, or calling in sick. Only 7% of females said that their partners step in to assist with a sick child. This seems to echo the finding

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<sup>20</sup> Hartnack, A. (2017) Background document and review of key South African and international literature on school dropout. DGMT. July 2017

<sup>21</sup> NBI (2019) NBI Gender-Pay Gap Dialogue. Transformation and Social Cohesion Programme. March 2019.

<sup>22</sup> Ibid.

that while only 31% of women respondents were single parents, 84% indicated being the primary caregiver.<sup>23</sup>

**Leave, for all legal parents, has the power to contribute significantly to the recognition and redistribution of care work and to transform deeply rooted inequalities between men and women.** These policies can be an effective mechanism for changing the gendered dynamics of caregiving at home, while promoting women's equal pay and advancement in the workforce. Which in turn, may relieve men of the pressure of necessarily having to be the financial provider.

## 1.5 HEALTH INEQUALITY

**As with education, South Africa has two types of healthcare.** Excellent, indeed, world-class, private healthcare but poor, inadequate and sometimes even dangerous public healthcare. Tragedies like Life Esidimeni, and the fact that in three of our provinces the Health Departments have had to be put under administration in recent years all point to just how broken public healthcare is in South Africa.

**Public healthcare has become a microcosm of South Africa's legacy of insiders and outsiders.** The deep inequalities which exist in our country play themselves out painfully in the health system.

**The majority of South Africans make use of public health facilities which are overly burdened;** with crumbling infrastructure; often with critical medication stock-outs, long waiting times in queues and public healthcare professionals who are evidently over-stretched. South Africa has a ratio of 1 clinic to 16 971 people, as opposed to the guideline of 1:10 000. South Africa also has a ratio of 0.7 doctors to every 100 000 people, well below the average of OECD or BRICS nations. On the other hand, 16% of South Africans rely on the private health system; while in many instances it provides a reliable and higher standard of care, it often does so at increasingly high rates which lockout more people from medical schemes and lends itself to exploitative practices.

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<sup>23</sup> TimesLive (2019) Many women get no maternity leave pay at all, while very few get full pay. Sunday Times South Africa. 6 August 2019.

South Africa is one of the countries which spends the most on healthcare, with an accumulative budget of over R222 billion across all departments and its entities. A department with a budget this large should – at the very least – provide an adequate level of care. However, we know this not to be true.

**The 2018 General Household Survey measured satisfaction with healthcare services at both public and private institutions disaggregated down to provincial level.** Though the provincial profile of the population differs across socio-economic factors, there is distinct unity in terms of perception of service quality across all provinces. Households who used private health care providers reported more satisfaction with the service provided than households who made use of public health care. Satisfaction with services amongst users of private health care was extremely high with 92.6% of users indicating that they were very satisfied with the services received. In contrast only 53.8% of users of public health care providers indicated that they were very satisfied with the services received. Much of the dissatisfaction with the public health sector can be attributed to the state of public facilities in South Africa and the challenges faced by health care workers to provide quality care under extremely bad conditions.

**Socioeconomic inequalities exacerbate health inequalities;** as poor communities often face challenges to their health associated with their living and working conditions which include unsafe, unsanitary, and overcrowded living spaces, and poor food security. In turn, ill health reinforces these inequalities by diminishing the productive capacity of individuals which results in less time spent at work or looking for work.

We must ensure that Section 27 of the Constitution is realised and that each and every South African can confidently access reliable and excellent health services.

## 1.6 MALNUTRITION AND STUNTING

**Many children do not receive the adequate support they need in order to grow into healthy and fully productive adults capable of living their lives to the full.** Early childhood development encompasses the cognitive, social, emotional, and physical development of the child from pregnancy to the age of three. The nutrition, care, and stimulation provided during this period is critical for laying the foundations of each child's future.

**Malnutrition reflects poverty and manifests itself in different ways;** stunting – low height for age, wasting – low weight for height, underweight – low weight for age. However, stunting i.e. low height for age, is of particular concern as there is growing evidence of the connections between slow growth in height in early life and impaired health, educational, and economic performance later in life.<sup>24</sup> Failure to reach standard height is caused by inadequate diet and frequent infections.

The Maternal and Child Undernutrition Study Group which included South Africa in its group of countries under study found that **height-for-age at 2 years old was the best predictor of human capital** and that undernutrition is associated with lower human capital. The study concludes that damage suffered in the early developmental stages leads to permanent impairment.<sup>25</sup> Another finding of the study is that undernutrition can affect cognitive development by causing direct structural damage to the brain and by impairing infant motor development and exploratory behaviour.

**At least 1 in 4 children (27.4%) in South Africa are stunted.**<sup>26</sup> A great deal more attention and policy focus need to be placed on this figure. It tells us, perhaps more than any other figure, about the future prospects of the country and the challenge facing the efficacy of later interventions.

**Being stunted at 24 months was associated with a 16% increased risk of failing at least one grade in school** after controlling for other variables such as sex, socio-economic status and maternal schooling.

**There is a strong economic case for investing in childhood nutrition.** South Africa has introduced a multitude of policies aimed at reducing child malnutrition, including: food fortification, social grants, school feeding schemes, vitamin A campaigns, and exclusive breastfeeding. Undernutrition has reduced over the past two decades but is still high for a middle-income country.<sup>27</sup>

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<sup>24</sup> Dewey, K.G & Begum, K. (2011) Long-term consequences of stunting in early life. Maternal and Child Nutrition. Department of Nutrition and Program in International and Community Nutrition, University of California.

<sup>25</sup> Victora, C.G. et al. (2008) Maternal and child undernutrition: consequences for adult health and human capita. *The Lancet*. Vol. 371. Series: Maternal and Child Undernutrition 2. 26 January, 2008.

<sup>26</sup> Statistics South Africa (2018) Education Series Volume IV: Early Childhood Development in South Africa, 2016.

<sup>27</sup> Sewpaul. R. (2018) Child malnutrition in South Africa: Results from the South African National Health and Nutrition Examination Survey (SANHANES). HSRC BRICS Seminar Series. Human Sciences Research Council. 16 July 2018.



## 1.7 SPATIAL INEQUALITY

**Poverty and inequality are strongly tied to spatial dynamics which in significant ways continue to mirror apartheid geography.** Rural areas have the highest poverty concentration in South Africa, with 59.7% of the poor living in rural areas.<sup>28</sup> Notably, the poorest municipalities today are still in the former apartheid homelands of the Eastern Cape and KwaZulu-Natal.

In contrast the 30 municipalities with the lowest household poverty rates are located in Gauteng and the Western Cape. Data from poverty map calculations between 1996 and 2011, reveal important insights into the persistence of poverty. A strong correlation is found between municipality-level poverty rates in 1996 and 2011: the higher the poverty rate a municipality had in 1996, the more likely it was to also have higher poverty rate in 2011. This suggests spatial patterns of poverty have not changed much over time.

**The spatial separation of the country and the inaccessibility of jobs to much of the working age population in rural and remote areas has resulted in many discouraged work-seekers and non-seekers.** People in urban areas have better prospects of getting a job and a higher probability of getting a formal job. Location has implications on the travel costs which tend to be a burden for getting jobs. The unemployed, and especially the youth, tend to lack resources required for a job search and lack the ability to relocate when jobs are located far away. In some cases, underdeveloped transport, high cost of commuting and crime makes job searching more difficult and raises associated expenses and reservation wages.

**The 2013 National Travel Survey indicates that urban and metropolitan households tended to wait longer for transport than had been the case in 2003,** when the last survey was performed, and their journeys to work and school also took somewhat more time.

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<sup>28</sup> World Bank. (2018) Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities. March 2018.

*Land reform*

**Land reform refers broadly to three goals: land redistribution, land restitution, and secure tenure for the beneficiaries.**

- *Redistribution* is concerned with the equitable distribution of land to address a past of dispossession where certain land (typically at the heart of economic activity) was reserved for a minority of the population.
- *Restitution* is reserved for those who can prove that they were dispossessed of land after 1913, and the process to return that land and/or provide compensation for it.
- *Security of tenure* covers the nature of land rights that people have over the land they live/work on.

**The High Level Panel report provides a sound overview of the challenges which have beleaguered the land reform agenda.** Since 1994, a substantial body of new laws has emerged from all levels of government to fulfil the mandate presented by the Constitution. The High Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change (HLP) was called upon by the Speaker's Forum to assess this legislative output. One of the important areas covered by the HLP is land reform. These challenges are summarized as follows:

- Many restitution claimants who filed claims prior to 1998 have still not received land due to long delays and constantly changing qualification requirements, among other challenges.
- Unhelpful, rude officials
- Lack of training and capacity
- Corruption- land going to people other than the rightful beneficiaries
- Vulnerability to dispossession due to officials and traditional leaders who do not give proper recognition to land rights
- Unlawful evictions of farmworkers
- Beneficiaries of land through redistribution or restitution do not become owners, but instead the land becomes the property of the state and beneficiaries have to obtain leases.
- Low levels of political will
- Poor policy coherence
- Lack of funding- in the past less than 0.1% of the national budget has been set aside for land reform

**What comes through clearly is that compensation for sellers, or current owners of land, is not a stumbling block to land reform.** Indeed, it is vital that any loss of property is fairly compensated in order not to undermine private property rights. The reason to engage in land reform in the first instance is to provide beneficiaries with a meaningful right/entitlement. If property rights are eroded in the process of implementing reform than beneficiaries are given an asset of significantly diminished value. We oppose expropriation without compensation.

## 1.8 DISCRIMINATION

In addition to the drivers of inequality typically identified by studies (nutrition, education, savings, spatial architecture, sharing of childcare responsibilities etc.) racial discrimination can also reduce access to opportunity, particular in the workplace where it may affect who gets hired or promoted. In response countries, including South Africa, have developed anti-discrimination and affirmative action policies.

**The origins of the idea of affirmative action lies in 1960s legislation from the United States.**

The original conception of AA emphasized the idea that discrimination was not only impermissible, but employers had to take positive steps to ensure that discrimination did not occur and that everyone was afforded an equal footing to compete. Over time there have developed divergent theories on whether positive AA measures should foster equality of opportunity or whether they should result in equality of outcome. The DA unequivocally supports Affirmative Action to promote equality of opportunity. This principle of addressing the underlying causes of inequality as opposed to papering over the symptoms, underpins all our proposed interventions.

**Research as early as 2004 suggested that the effect of “pure discrimination” in explaining the wage and employment gap between white and black South Africans had been replaced by differential returns to education.** The authors conclude that “it does seem to suggest that the most efficient way of narrowing the wage gap in the long-run is to improve the quality of education offered at “historically Black” schools.”<sup>29</sup>

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<sup>29</sup> Rulof Burger and Rachel Jafta. Returns to Race: Labour Market Discrimination in Post Apartheid South Africa. Accessed at [https://www.researchgate.net/profile/Rulof\\_Burger/publication/24134156\\_Returns\\_to\\_Race\\_Labour\\_Market\\_Discrimination\\_in\\_Post-Apartheid\\_South\\_Africa/links/0deec529ec580a37e9000000.pdf](https://www.researchgate.net/profile/Rulof_Burger/publication/24134156_Returns_to_Race_Labour_Market_Discrimination_in_Post-Apartheid_South_Africa/links/0deec529ec580a37e9000000.pdf)

**Workplaces and other environments can be prone to different kinds of discrimination:** discrimination on the basis of race, sex, sexual orientation, sexual preference, nationality, religion, disability, income status etc. It is not a sustainable strategy to tackle discrimination by imposing demographic targets or quotas for every demographic group.

**Tackling discrimination should be the responsibility of the employer and every employee of an organization.** Being a member of a racial, or other, group does not ensure that particular individual is best able to propose interventions or prevent discrimination or exploitation of that group. 'Black' ownership of the mutual bank, VBS, did little to ensure that poor 'black' South Africans were not exploited. Studies have also revealed the propensity of female executives to act as gatekeepers against the advancement of other female employees. The high costs of engineering demographic representativity might be justified if it prevented discrimination but it does not.

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## 2. EQUALITY OF OPPORTUNITY:

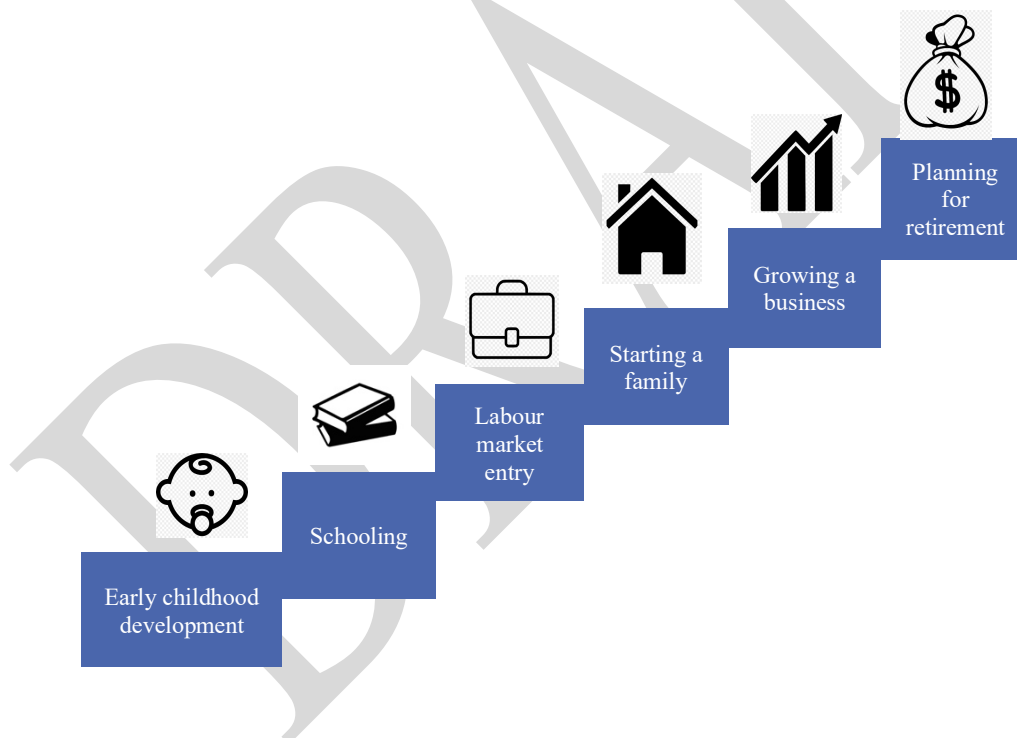
HOW WE CAN BEAT THE PAST AND  
BUILD THE FUTURE



## 2.1 EQUALITY OF OPPORTUNITY

What we know is that there are high returns, in terms of opportunity, to financial assets, education, location, early childhood nutrition, sharing of childcare etc. Apartheid meant that there was a skewed pattern of these initial endowments- in other words South Africans did not have an equal starting point with respect to these factors, with the majority of South Africans provided with little endowments and a minority with higher initial endowments.

In our interventions we want to make sure that we focus on the initial endowments which set people up for a better life. By focusing on eradicating inequality of opportunity at various stages of life we will build a ladder of opportunity for every South African, from cradle to retirement.



### *Equality of opportunity*

**People can never be entirely equal**, our biological endowments are different and the environment we are born into, and live in, which includes our friends, family, community and many other environmental factors ensures that we remain unique. But there are drivers of

inequality and success which are influenced by public policy which can be designed to give as many people as possible a fair shot of living the life they wish.

**Fair equality of opportunity in policy does not assume that everybody already has a fair chance in life, it is a call to action.** It says that where we are in government, we must put in place positive measures to enhance equality of opportunity. We can, and should, provide everyone with a solid foundation on which to use their own talents and innate abilities to take themselves as far as they wish to go.

**Unfortunately, the initial endowments highlighted which could afford people a more equal playing field have not been the focus of policy in South Africa.** Policies have instead placed primary focus and resources at the elite level; such as the ownership and management profiles of companies, not equality of opportunity for the many.

**The common justification for using demographic quotas/targets is that our socioeconomic system is still broken.** It is argued that many people receive vastly different educational, extracurricular, health, and other opportunities. However, instead of plastering over a broken system by selecting the numbers we would have liked to see if the system were not broken, we are committed to fixing the system.

**In the twenty-five years since democracy, not enough has been done to correct the injustices of the past which keep the playing field grossly unequal.** We are committed to levelling the playing field so that every citizen and resident has a fair start. In practical terms this means a focus on improving standards in basic education, ensuring that every child has adequate nutrition and is able to meet early developmental milestones, an emphasis on making our communities safer and with increased opportunities for extracurricular development so that youth do not fall prey to gangsterism and other anti-social behavior, policies to support the sharing of childcare responsibilities, and increasing financial literacy among other interventions. All these interventions will do more to affirm and empower the vast majority of South Africans than present elite based approaches.

*Trickle down redress*

Ultimately, redress at the top has failed as a strategy to drive redress at the lowest rungs of the economy. BEE when introduced was considered “a necessary government intervention to address the systematic exclusion of the majority of South Africans from full participation in the economy”. It has failed at achieving broad economic inclusion. The change from BEE to BBBEE did not result in a meaningful shift from elitist interventions to broad based interventions. Focus on ownership and management control of large companies has received greater policy attention than the contributions the private sector can make to broader society. Similarly, changing the demographics of senior executive leaders has been met with more political urgency than improving education which would allow more people to access high skilled jobs.

## 2.2 PROMOTING EQUAL OPPORTUNITY THROUGH SDGS

*Introduction to the SDGs*

South Africa’s key drivers of inequality of opportunity are strongly aligned to the 17 global focus areas which form the basis of the Sustainable Development Goals. These goals were the product of broad stakeholder involvement and buy-in; bringing together the private sector, civil society, and government. As a result, there is strong global awareness, and action towards their achievement.

Unlike the Millennium Development Goals (MDGs) adopted by the GA in 2000, the private sector, by invitation of the Secretary General, played a role in conceptualizing and shaping the outcome document of the SDGs, making the SDGs both universal and inclusive of governments, civil society and corporate citizens across the globe.<sup>30</sup>

**Where these goals are unmet, they drive inequality of opportunity and hamper sustainable development.** The primary approach to addressing a legacy of inequality of opportunity and achieving economic justice, should therefore be grounded in the SDGs.

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<sup>30</sup> United Nations Global Compact (2019) Private Sector Contribution to South Africa’s 2019 Voluntary National Review on Sustainable Development Goals. Global Compact Network South Africa. July 2019.



Considering that South Africa's own redress approaches have been seen as elitist (benefit a few and not the majority), parochial (with low levels of support from our biggest international trade partners), and unproductive (net loss for many businesses) the SDGs present an exciting opportunity to tackle inequality of opportunity in a manner which is broad based, global, and has the ability to drive returns.

At present companies which contribute to eradicating childhood malnutrition, improving teacher quality and helping learners stay in school, or provide extensive parental benefits to employees, improve urban mobility, build mixed housing, or improve financial inclusion are either not recognized entirely or where they do count these contributions add up to only 5% of the BEE scorecard as part of the socio-economic development criterion.

**Efforts to achieve equal opportunity across society will require collaboration with the private sector.** Any business that pursues its ends at the expense of the society in which it operates will find its success to be illusory and ultimately temporary. At the same time, a healthy society needs successful companies. Few social programs can rival the business sector when it comes to creating the jobs, wealth, and innovation that improves standards of living and social conditions over time. If governments, NGOs, and other participants in civil society weaken the ability of business to operate productively then we risk corporate and regional competitiveness fading, wages stagnating, jobs disappearing, and extinguishing the wealth that pays taxes and supports non-profit contributions.

**We require a model of addressing the injustices of the past which does not hamper business productivity.** Because of the inclusive nature in which the SDGs were developed, there is a high level of political and private sector buy-in. In South Africa, of the companies that have assessed the SDGs, 83% go on to adopt them in their business strategies. This is happening voluntarily.<sup>31</sup>

**Attitudes and social commitment towards policies are of paramount importance to policy success.** In 2016 the EU Chamber of Commerce in South Africa indicated BEE legislation as its top legislative impediment, and top three challenge overall, to doing business in South Africa.<sup>32</sup> Investor sentiment towards present policy is not at odds with public sentiment; when South

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<sup>31</sup> Global compact

<sup>32</sup> <http://euchamber.co.za/wp-content/uploads/2018/12/Business-Climate-Survey-2016-final-01.02.2017.pdf>

Africans were surveyed and asked whether BEE had helped their community, 65.1% of respondents said no.<sup>33</sup> The South African Reconciliation Barometer, a survey by the Institute for Justice and Reconciliation, shows that although there has been a gradual increase in support of racial categories for transformation purposes, from 40.1% in 2007 to 48.5% in 2013. However, SARB data has never indicated that a majority of South Africans are in favour of the continued use of race as a measure of transformation.<sup>34</sup>

**Many companies are already significant contributors to the SDGs, but these efforts are not recognised.** In some cases, the private sector has stepped in to provide basic services and infrastructure where municipalities have struggled to deliver on their own. Alignment with the SDGs allow for these contributions to be recognised.

**Attainment of the SDGs represents the best opportunity to achieve true transformation and economic inclusion for the majority of South Africans.** In particular, government's procurement spend presents an enormous opportunity for the public sector to prioritise doing business with companies that make a positive contribution to driving the 2030 Agenda.

**Public procurement accounts for 22% of South Africa's GDP.<sup>35</sup> It is thus a potentially powerful lever to incentivise change across and down value chains of the whole economy.** Just like the private sector, government has the ability to make a conscious decision about the kind of business it wishes to do business with. Specifically, public procurement has a critical role to play in promoting the inclusive and sustainable growth championed by the SDGs. Unfortunately, procurement policy and SDGs in South Africa are currently not aligned.

Sustainable procurement policy is the most comprehensive approach because it considers all the three dimensions – economic, social and environmental – necessary for sustainable development.<sup>36</sup>

**Public procurement can offer the right market incentives for sustainable development to occur, although it is best when corporates authentically integrate sustainability into their strategies.**

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<sup>33</sup> <https://irr.org.za/reports/atLiberty/files/eed-is-for-real-empowerment-whereas-bee-has-failed>

<sup>34</sup> Elnarie Potgieter and Mikhail Moosa. More than a space for interracial contact: Exploring the importance of the workplace for social cohesion and reconciliation in South Africa. Reconciliation and Development Report 1. 2018

<sup>35</sup> Bolton, P. (2016) Public procurement as a tool to drive innovation in South Africa. PER: Potchefstroomse Elektroniese Regsblad. Vol. 19, No. 1. Stellenbosch University.

<sup>36</sup> De Donno, B; Ventura, L; & De Maio, A. (2019) What does public procurement have to do with sustainability? OECD: Development Matters. 30 April 2019.

**South Africa ranks 113<sup>th</sup> out of 162 countries, placing us in the bottom third of countries by SDG ranking.**<sup>37</sup> The overwhelming beneficiary of improvement in SDGs would be ‘black’ South Africans since they are most affected by the various deprivations which the SDGs track.

*SDG reporting and procurement model*

**An SDG score/index can easily replace the current scorecard.** The substantive difference between this and current policy in South Africa is that where the present scorecard is narrow and impacts the lives of a few, an SDG score/index would be comprehensive and reach the many, where the current model is parochial the new model is global, and where the current approach deters investment, a turn to social impact would drive investment.

*Broad-based and comprehensive*

**The underlying criteria for assessment would shift from placing emphasis on narrow criteria, towards addressing the drivers of poverty and inequality, in large part through the monitoring of SDGs and SDG targets.** Through corporate reporting, companies have the flexibility to prioritise SDGs which they have the most impact on via their business model and value chain, thus allowing companies and investors the flexibility to focus on those SDGs most relevant to their operating environment. This is not about ‘cherry picking’ SDGs which are easiest for the business to contribute towards, some of the SDGs relevant to a business may be the most difficult for a business. For example, SDG 6 and 15, related to water use and life on land respectively, may be most difficult for mining companies, yet highly relevant considering their impact on this goal.

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<sup>37</sup> Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2019): Sustainable Development Report 2019. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN).



Aiming for the achievement of the SDGs is about more than just expanding the current scorecard, it is a fundamental difference in approach. Our ability to increase economic growth and economic opportunities is constrained by the quality of the labour force, natural resources, technology and other factors- in other words our ability to increase labour productivity and capital productivity. There are numerous productivity enhancing contributions which would be recognised using an SDG model that would not be recognised using the current scorecard, because of its emphasis on how to divide the economy, as opposed to how to grow it inclusively.

This approach effectively turns the economic redress model on its head; instead of expecting strategies such as ownership, management, and diversifying the supplier base to trickle down to broader socio-economic improvements, we rely on socio-economic investments to be the catalyst to increase skills, smme's and the growth of successful businesses. The strategies are not mutually exclusive, but the point of emphasis is crucial.

We believe that greater economic inclusion is locked up in our failure to recognise the many different ways which business can enhance equality of opportunity.

*Global*

**Over 85% of the largest 500 global corporations now disclose non-financial information on the United Nations Sustainable Development Goals** as part of their legally binding annual

financial report. Thus, it seems fair to conclude that the SDGs will become the globally accepted strategic roadmap by listed companies.<sup>38</sup>

Furthermore, South Africa would be in a position to assess and rank its companies in a manner which is aligned to global standards and best practice. The United Nations General Assembly backed the World Benchmarking Alliance to develop free, publicly available benchmarks which will rank companies on their contributions to realising the SDGs. The WBA will develop transformative benchmarks that will track and compare companies' performance on the SDGs. The WBA states that these benchmarks are "designed to be used by a variety of stakeholders, including investors, financial institutions, governments, civil society and the companies themselves." In government, we would ensure that we provide input into the development of these benchmarks, and that we adjust and apply the benchmarks to local companies, and foreign companies operating in South Africa. It would be necessary to provide for appropriate exemptions for small and medium sized business.

**There is scope within the SDG model to include sector specific blueprints and priorities.**

Examples at the global level include the Forest Sector SDG Roadmap and the Chemical Sector SDG Roadmap. These provide a sector framework for the most impactful contributions which companies within these sectors can make in order to further the realisation of the SDGs.

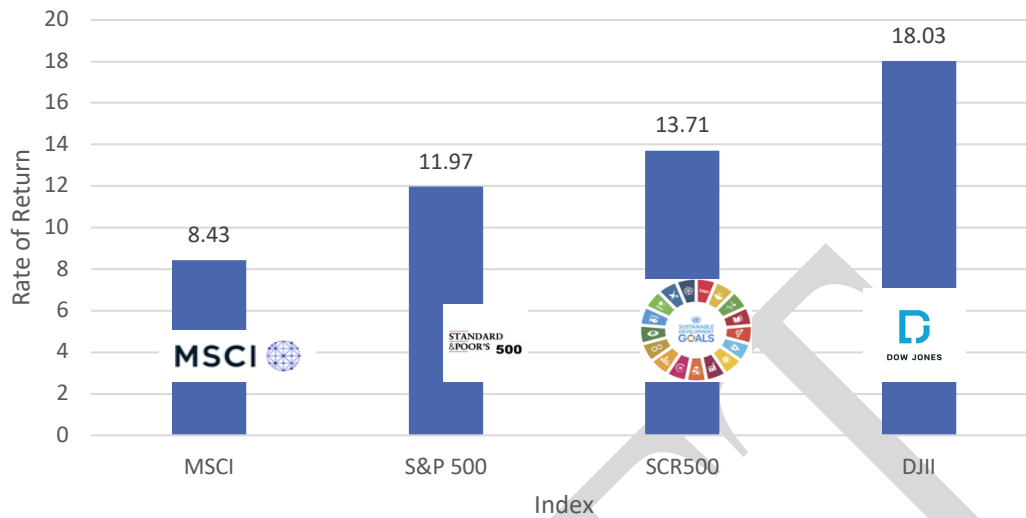
*Drive returns*

The UNGSII SCR500 is a curated analysis of the world's top 500 companies that analyses and ranks their commitments to the SDGs. Companies receive a Green (Best), Yellow (on the right track) or Red (need improvement) ranking based on their annual reports. The financial and ESG reporting expertise exists in South Africa to enable the analysis and ranking of companies by their SDG commitments. The strong performance of indices which track companies by their environmental, social, and governance (ESG) disclosures indicates that there is also a strong appetite among shareholders to invest in profitable businesses which make a positive social impact (see figure 3).

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<sup>38</sup> SCR500 SDG Commitment Report Empowering Investors on Both Profit and Impact.

Figure 3.



### *Identification of beneficiaries*

Interventions which help to bring us closer to achieving the SDGs should be focused on those who face vulnerability in a particular area. Thus, a clear need should be established based on means. A means or disadvantage-based approach allows the identification of beneficiaries to be based on factors (non-exhaustive) such as income status, geographic location, school quintile, net assets, number of dependents, or access to basic services. An educational intervention may wish to identify beneficiaries according to school quintile, or a housing scheme may identify beneficiaries according to income status and geographic location- whatever the intervention it is possible to identify beneficiaries according to the actual disadvantage suffered.

## 2.3 GOVERNMENT SDG PRIORITIES

In section 1, we explored the key drivers of inequality of opportunity in South Africa. The weight of the burden to address economic exclusion via public policy falls on government. In this regard, what follows are brief proposals showing how in government we can address each inequality driver and provide alignment to the SDGs. In many cases stand-alone policies would be required for each area.

**2.3.1 Building a capable state**

**SDG target:** Develop effective, accountable and transparent institutions at all levels

**These are the top-level interventions we believe are necessary for the government to become less bloated and to function as a lean delivery organisation:**

- Reduce the number of ministries
- Establish an independent corruption fighting body with investigative and prosecutorial arms, each reporting to SAPS and the NPA respectively. The unit as a whole should be answerable to parliament.
- Require the appointment and removal of the NDPP to happen via a resolution of Parliament.
- Implement lifestyle audits for all politicians and government officials above a certain level, or suspected of fraud and/or corruption, as well as doing annual lifestyle audits for government officials selected randomly, by a similar process as that through which SARS identifies taxpayers for auditing.

However, building a capable state is about more than technocratic rules, systems, and processes- it is fundamentally also about the culture of the government and the society which usually are a reflection of each other. In order to get culture right, we believe it begins with us. The values and principles which will guide our organisational culture, and thus the culture of government where we govern are as follows:

**Freedom**

**Opportunity**

**Openness**

**Fairness**

**Market Economy**

**Constitutionalism and the rule of law**

**Accountability**

Diversity

Nonracialism

Redress

Separation of party and state

Separation of powers

Federalism

Evidence-based decision making

Compassion

Integrity

Resilience

Excellence

Please refer to our values and principles framework for a detailed analysis of these positions.

### 2.3.2 Unemployment



**SDG target:** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

**SDG target:** By 2020, substantially reduce the proportion of youth not in employment, education or training

**Addressing unemployment requires interventions on the demand side and supply side of human capital.** Numerous interventions in this paper address the supply side; in other words how we would support the education, health, mobility, family, and financial wellbeing of the people who make up the South African labour force. These interventions provide people with the capability to both create jobs and to fill the job vacancies which arise in a thriving and growing economy.

**The South African economy is not growing at a pace which is conducive to job creation.**

Our efforts to boost investor confidence and to grow the economy must be detailed in the appropriate policy documents. However, we stress that ours is a growth first inclusion agenda;



meaning that we recognise that our efforts to address socioeconomic exclusions depend on, and will be accelerated by, a growing economy.

Our key growth interventions are:

- Repeal the Protection of Investment Act
- Provide certainty that property will be protected, and that expropriation will be compensated and follow due process
- Relax exchange controls
- Introduce a legislative fiscal rule that will help stabilise national debt by setting legislative limits on how much the government can borrow each year.
- Freeze the wages of the 33.7% of public servants not covered by the Occupation Specific Dispensation (OSD) (including the likes of highly paid head office managers and supervisors). This would protect the real front-line delivery staff, and would also yield R138,6 billion.
- Privatisise SAA and end Eskom's monopoly.
- Provide an Emergency Solar Rebate (ESR) of up to R75 000 to incentivise and assist individuals to generate electricity at their private residences for their own consumption. This will alleviate pressure from the grid, helping to lower the load-shedding burden for other families, and importantly for businesses.
- Overhaul the current visa regime for skilled workers to attract investment and to ensure that South Africa imports "skills".
- Small businesses under R30 million turnover per annum will be exempted from all labour and BEE legislation barring the Basic Conditions of Employment Act
- Amend Section 32 of the Labour Relations Act to reflect membership of Sector Bargaining Councils based on company representation and not number of employees. This will improve the bargaining capability and voice of small business owners.
- Provide legal exemptions to small and new firms from collective bargaining agreements to which they are not party.
- Expand the Employment Tax Incentive to absorb more workers over a longer period
- Enforce government payment to suppliers with annual turnover below R50 million within 21 days, down from the current 30 days.

- Enable Treasury to become the ultimate debt factoring entity buying invoices/providing guarantees for all small businesses with a turn-over below R30 million per annum.
- Scrap the Mining Charter in totality.
- Rewrite the Minerals and Petroleum Resources Development Act (the MPRDA) so that it delivers certainty to investors and reduces the scope for decisions to be taken by officials and politicians.
- Introduce a job seekers' exemption certificate (detailed below).

**A Job Seekers' Exemption Certificate (JSEC) is a document giving a person the right to take a job at a wage they find acceptable.** Other entitlements may also be waived as long as they do not form part of the basic conditions of employment.

The following conditions apply to the JSEC:

- You have to have been unemployed for an uninterrupted period of 12 months or more. (i.e. qualify as being part of the long-term unemployed).
- The JSEC is valid for only two years. (The period of validity is still being debated, there are advocates of a shorter and longer period).

**Internationally there is precedent for exempting certain categories of workers from minimum wage provisions.** Categories for exemption or differentiation include by age, job classification, formal qualification, period of unemployment, etc. One of our case studies is Germany. A minimum wage law came into effect in Germany in 2015. One of the categories exempt from the minimum wage law are persons unemployed for 12 months or longer.

In Germany long-term unemployed persons receive a certificate about the duration of their unemployment from the competent employment agency or job centre. Once an individual takes up employment with more than 15 working hours per week their unemployment ends, and they lose their status as a long-term unemployed person.

Employers are able to apply for exemption from minimum wages. As employment is a two-sided relationship, if employers are able to motivate for their exemption then the same right must be extended to jobseekers.

### 2.3.3 Education: Increasing time spent in education and teacher quality



**SDG target:** By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

**SDG target:** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

#### *Increasing time spent in education*

**We want every child to spend at least 12 years in education, and for them to spend as many hours as possible within those years at school and engaged in learning.** In order to achieve this, we are committed to eradicating school dropouts, and to ensuring that teachers and learners spend as much time as possible in school engaged in teaching and learning.

School dropouts are due to a complex interaction of both extrinsic factors (external pressures, including school and family circumstances, which cause learners to grow discouraged and give up on school) and intrinsic factors (individual disposition or personal choices that cause a learner to drop out of school). This makes addressing school dropouts challenging and unlikely to be resolved by a single solution. Rather it will require a comprehensive programme of interventions.

**Facing a similar challenge of early school leavers, the EU identified the necessary intervention as being a ‘whole school approach’.** The whole school approach recognizes the variety of stakeholders in the school system, and that each one represents a touch point for students and influences the educational experience. This includes school governing bodies, teachers, parents and/or families. It is important that early signals of disengagement, including school absenteeism and inappropriate behaviour, are detected rapidly and that quick responses are put in place. In order to reduce school dropouts we would focus on the following interventions:

- Put in place early detection mechanisms to identify learners who may be at risk, since the decision to finally dropout is due to an accumulation of factors over time.
- Ensure that teachers identify learners who intend to leave school after grade 9 and assist them to enrol in vocational training. The Department of Basic Education should track and seek to ensure that there is a 100% diversion rate from basic education to vocational training.

A report by Teaching and Learning International Survey (TALIS) has found that South African teachers only spend 66% of classroom time teaching, compared to the international average of 78%.<sup>39</sup> It is no use if we manage to keep learners in school but if a big chunk of that time is lost to activities that do not advance learning. In this regard important interventions we would seek to make include:

- Subsidising the provision of menstrual cups for girls. These have several benefits over sanitary pads: they are reusable and thus more cost effective over time, they are also eco-friendly which helps to reduce waste.
- Preventing teacher strikes during school hours
- Replicating the Western Cape's strategy countrywide which seeks to keep learners safe before, during, and after school. If children do not view going to school as safe then it is not an environment which they will seek to return to.

#### *Addressing teacher quality*

**We know that it is not just time spent within the education system that matters but the quality of the education received.** Research indicates that learners from poor quality schools earn less than those who have attended high quality schools, even when one controls for time spent in education.<sup>40</sup>

**Institutional incentives for teacher performance are in effect absent in South African public schools,** with the result that career progression and financial rewards for teachers are largely delinked from performance. The promotion and salary earned by teaching staff is instead largely determined by seniority and educational qualifications. There is also a cycle of negative reinforcement where young teachers who are themselves products of dysfunctional schools go back to teach in those same schools. Recent research revealed that 79% of South African Grade 6 mathematics teachers have content knowledge levels below the level at which they are teaching.<sup>41</sup>

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<sup>39</sup> TALIS 2018. South Africa Country Note.

<sup>40</sup> RESEP A society divided

<sup>41</sup> <http://wiredspace.wits.ac.za/handle/10539/17772>

Because the quality of an education system cannot exceed the quality of its teachers<sup>10</sup>, teacher quality must be the first priority of our education system. The following interventions should be made to boost teacher quality:

- *Promote careers in education* through a “become a teacher campaign” focused on the top cohort of learners. Teaching is often not a profession that high achievers are encouraged to pursue.
- *Professionalise the teaching profession* by ensuring that competency testing and evaluation of professional teaching standards is accompanied by requisite training and facilities for teachers. Teachers work within a societal contest of inequality, violence, and poor nutrition which all impact on the ability to teach. Professionalising the teaching profession should be just as much about supporting teachers as it is about holding them accountable.
- Actively look beyond the borders of South Africa to *attract foreign skills* to our educational system and collaborate with the Department of Home Affairs to streamline applications for work permits from teachers with identified scarce skills.
- *Enable excellent teachers to advance their careers in the classroom.* Currently, in order to qualify for promotion and salary progression, teachers are required to go into school (and eventually departmental) management. It is vital to enable outstanding teachers, particularly in subjects where there is a teacher shortage, to progress up the career and remuneration ladder without having to abandon teaching.
- *Professionalise classrooms through the use of technology.* Important advancements in technology are available to aid schools in their administration, as well as teaching and learning functions. Introducing classrooms to modern teaching techniques and tools is essential to fast track the quality of education provided to learners. Where these investments are made, we would make sure that teachers are given the necessary training to use them and that equipment is kept safe from theft and vandalism.

### 2.3.4 Wealth inequality



**SDG target:** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

Addressing wealth inequality, like many other interventions, requires a healthy growing economy. We support a progressive taxation system which ensures that wealth accumulation is taxed fairly in order to support measures which assist the broader population. However, we want to primarily reduce the wealth gap by moving people up the wealth ladder, not being satisfied to pull those who have accumulated wealth constantly downwards. As a result, the interventions we propose are geared towards increasing asset ownership.

In order to increase asset ownership, we would take the following steps:

- Address financial literacy and awareness

**Some households do not save because incomes are too low and others do not save due to bad spending habits and lack of financial literacy.** Broader economic interventions are essential to grow household incomes, but South Africans save less than many other countries at every income bracket. Research into the spending patterns of low-income households from around the world show that even very poor individuals have some room to save.<sup>42</sup> Meaning that there is a role for improved financial literacy and awareness beyond increasing disposable income.

**One important intervention would be to develop a national strategy for financial literacy,** learning from the model adopted in New Zealand which brings in civil society and private sector players, as well as integrating financial literacy into the secondary and tertiary education curriculums.

Financial literacy especially for those who are already saving, such as in stokvels, may help to divert savings to investment vehicles which will generate higher returns for members.

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<sup>42</sup> Duflo

**Even financially literate adults often do not make financially sound decisions.** The gap between what people know and what they do needs to be addressed through behavioral interventions. Behavioural nudges, auto-escalation, and higher default savings can also increase awareness and address informational gaps.

Behavioural nudges: periodic email, app-based, or employer communication for employees that inform whether current savings are sufficient to maintain the current standard of living after retirement, and which provide quick actionable steps to remedy the situation may be inexpensive yet effective means to encourage savings. Behavioural studies provide indication that these nudges can be more successful than traditional policy interventions such as tax incentives or financial education programs.<sup>43</sup>

Auto-escalation: this option would automatically increase pension contributions when there is a salary increase. While employees have the option to opt out at any time, studies show that auto enrollment helps to increase savings as many people will not opt out.<sup>44</sup>

Higher default rate: a higher default rate would ensure that employees by default make a maximum contribution from their salary to their pension.

- Make millions of South Africans property owners or holders of recorded land rights. (See interventions on spatial inequality)
- Promote the take up of employee share ownership by ensuring that legislation supports the ability to link share ownership with performance or employment criteria<sup>45</sup>
- Explore under what economic conditions the social contributory pension for unemployed and informal workers as proposed by the World Bank's country diagnostic report would be feasible<sup>46</sup>
- Prevent state pensions from being used to finance government's white elephants, and ensure state pensions are managed responsibly with the primary goal to generate the highest returns possible for members
- Lower the barriers to entry for accessing investment products

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<sup>43</sup> <https://hbr.org/2017/12/how-digital-tools-and-behavioral-economics-will-save-retirement>

<sup>44</sup> Thaler, R. H., & Benartzi, S. (2004). Save more tomorrow™: Using behavioural economics to increase employee saving. *Journal of political Economy*

<sup>45</sup> <https://www2.deloitte.com/za/en/pages/tax/articles/can-government-promote-share-ownership.html>

<sup>46</sup> World Bank. Systematic Country Diagnostic.

### 2.3.5 Mending the family



**SDG target:** Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.

Without being prescriptive about the form which the modern family must take, it is important to recognise the family unit as the most basic unit of society. A stable society rests, in part, on broader familial stability. There is a great deal which public policy can do to help support the family in its ability to thrive. At all times our primary interest is to expand the choices available to families, not to constrain them, and to place the interests of children first. The interventions below will help to ensure greater gender equality and that support the ability of fathers to be involved in their children's upbringing.

Our priority interventions to mend the family include:

- Reduce teenage pregnancies by, in part, ensuring all high schools have access to birth control methods and assistance
- Help families to remain together by prioritising, in urban housing policy, those who have found or are already in possession of work and intend to relocate with their families. This will aid in minimising the disintegration of the family due to labour migration.
- Implement strict measures to ensure that fathers pay maintenance. It should be difficult to purchase an asset, open a bank account, achieve a good credit score, or apply for a passport if you have defaulted on maintenance payments but have the means to pay.
- Ensure, however, that the law adequately recognises fathers as more than just providers of financial support. In this regard we would look to amend the maintenance act to recognise non-financial means of support in addition to financial support.
- Introduce shared parental leave in order to help equalise childcare responsibilities for working professionals (policy proposal expanded below).



*Equalising childcare*

**Leave, for all legal parents, has the power to contribute significantly to the recognition and redistribution of care work** and to transform deeply rooted inequalities between men and women. These policies can be an effective mechanism for changing the gendered dynamics of caregiving at home, while promoting women's equal pay and advancement in the workforce.

The tabling of the Labour Laws Amendment Bill in November 2015 provided an opportunity to revise childcare leave provisions. The Bill recommended that parents, in addition to maternity leave, receive 10 consecutive days of parental leave. The Bill became law in 2018 and came into effect in January 2020.

**These provisions point to a step in the right direction, however, the unequal allocation of leave to fathers is still problematic and does not give families sufficient choice to determine their own childcare arrangements.** Under the new law, families who would choose for the pregnant mother to return to work after giving birth and wish for the father to take up the bulk of the childcare still do not have an option to do so.

While recognising that pregnant mothers require leave for their own health and that of the child (the International Labour Organization and the BCEA mandate 6 weeks for such recuperation), maternity leave allocated beyond that caters for time to bond and care for the child.

**It is evident that the present framework unfairly discriminates regarding time allocated to bond and care for the child** by allocating pregnant mothers 10 weeks of leave for care of the child while fathers, adoptive and surrogate parents are awarded just 10 days. This position is inconsistent with section 9 of the Constitution which provides that,

*“The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.”*

**Maternity leave should remain, however, as a separate entitlement.** Maternity leave should be viewed as having as its primary concern the health of the pregnant mother and the child. Pregnant women, as the child bearers, have health requirements which are separate from the

general care of the child once it is born. The International Labour Organisation recommends 6 weeks of post-natal maternity leave.

**Parental leave, on the other hand, is concerned with the care of the child once born and necessarily would apply to all parents;** fathers, parents who have children via adoption or surrogacy arrangements and including the pregnant mother. As legal parents this is an equalisation that is long overdue.

**In order to equalise childcare and to support families, we would target to achieve at least 10 weeks of shared parental leave for all working families.** This essentially converts maternity leave from 16 weeks, to 6 weeks maternity leave with 10 weeks shared parental leave.

### 2.3.6 Health: Equalising access to quality healthcare



**SDG target:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

The global trend in public health is to move towards providing universal healthcare. It is crucial that South Africa follows suit. In order to realise this goal, we would:

- Allocate a **universal subsidy** to every South African citizen and legal resident. Every person will be **able to choose** whether to buy public or private sector cover with their subsidy. The value of the subsidy would be set in relation to an affordable and comprehensive package of services available within the public health system.
- The universal subsidy would be funded from a combination of **existing budget allocations** for public services together with a re-allocation of the **off-budget tax credits** presently allocated to medical scheme members via the tax system.
- Provide for an information system that makes transparent the nature, quality and price of every service provided by health facilities in the public and private sectors nationwide. **Costs are kept down as public sector and private sector becomes more competitive.**

Other legislative reforms include:

- **Reform the Council of Medical Schemes (CMS)** to have a board that is independent of the Minister of Health and the entities it (the CMS) regulates.
- Introduce **autonomous public hospitals and district health authorities governed by independent boards** and with wide operational discretion allocated to executive heads to carry out their mandates.
- Insist on having **clinically trained chief executives of hospitals** and managers of health facilities.
- Extend nationally, the **Western Cape's reliance on inter-sectoral collaboration with non-governmental organisations (NGOs), private companies (Clicks), pharmacists, private physiotherapists, general practitioners (GPs) and complementary medicine and allied healthcare professionals.**

### 2.3.7 Early childhood malnutrition: Putting an end to stunting



**SDG target:** By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.



**SDG target:** By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls,

**SDG target:** Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.

*Addressing stunting*

As of 2019 the child grant amount is R420 per child, this is R141 less than the food poverty line which is calculated at R561 per month. The food poverty line refers to the cost of the food

basket that enables households to meet a normative nutritional standard (2 100 calories per person per day).<sup>47</sup>

Children between 1 and 10 years old require a daily calorie intake of between 1300 and 2000 calories. While the effects of stunting before the age of two years old have conventionally been viewed as irreversible, there is some evidence that improvements in stimulation and nutritional status after the age of two may help to counter the effects of early stunting.<sup>48</sup> Meaning that it is important to maintain the nutritional quality of children's diets beyond the early years.

**Parents reliant on the child grant are often not able to provide their children with a diet that meets the minimum nutritional standard** unless they have access to supplementary sources of income or food. In addition, many recipients of the child grant are unemployed meaning that income to supplement the grant is sparse. At present the child grant is insufficient to meet the daily nutritional needs of all children under 18.

**In order to remain effective there is a strong case to be made that the child grant must be topped up with a food grant linked to the computation of the food poverty line.** There are regular adjustments to the national poverty lines in order to keep up to date with changes in lifestyles as well as in the cost of goods and services. Therefore, in order to maintain the integrity of the policy aim to fight childhood malnutrition, it will be necessary for annual increases in the food grant to track the food poverty line.

The food grant would be computed by calculating the difference between the child grant and the food poverty line. The top up is to ensure that children have a fair chance to meet their daily nutritional needs. Although the abundance of evidence reflects that families do not, for the most part, abuse grant income we would make receipt of the food grant conditional on it being utilized for its intended purpose. Teachers, nurses, social workers, and other public officials would be able to alert the Department of Social Development on its improper use- in which case the food grant, after a fair assessment, could be converted to a non-cash voucher for a defined period.

**The socioeconomic case for ensuring that children are able to meet their nutritional needs has been well developed.** The child grant has been shown to be well suited for this purpose as

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<sup>47</sup> <http://www.statssa.gov.za/publications/P03101/P031012019.pdf>

<sup>48</sup> <https://academic.oup.com/ajcn/article/98/6/1555/4577392?sid=b85ae3f8-8be2-4433-897a-b3448b8097e7>

it is generally used well by households and not abused as is often expected. A study into the use and effectiveness of social grants states that, “the preponderance of available evidence shows little evidence for social transfers crowding out private remittances, elevating fertility rates, including among teens, generating labour disincentive effects, or generally leading to inappropriate expenditure.”<sup>49</sup>

### 2.3.8 Spatial Inequality



**SDG target:** By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

**SDG target:** By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

**SDG target:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

The High-Level Panel report should be used as a starting point for policymaking as it is the culmination of a consultative and evidence-based approach to land challenges. Expropriation without compensation is a dangerous scapegoat for political failure and must be avoided. Our specific proposals across the three areas of land reform are as follows:

#### Redistribution

- Redistribute state owned land in order to provide housing for the poor.
- Where it is necessary to make use of private property, make effective use of existing constitutional provisions that allow government to expropriate land for land reform purposes. In particular the Constitution already makes provision for compensation to be below market value in defined circumstances.
- Ensure that the government’s role to grow the economy remains a primary tool for ensuring that more South Africans gain the means to independently afford or contribute to land ownership.

<sup>49</sup> file:///Users/gwennwenya1/Downloads/The\_use\_and\_effectiveness\_of\_social\_gran.pdf

- Give land reform greater priority than it currently enjoys in the budget, in particular relative to non-essential line items such as VIP security.
- Amend section 10 of the Housing Act (Act 107 of 1997) which concerns restrictions on the voluntary sale of state-subsidised housing. The current probationary period of eight years will be reduced to two, and an additional restriction will be added to prevent recipients of state-subsidised housing who have successfully sold their property from reapplying.
- Not all land redistribution is geared towards agriculture. Ensure that beneficiaries are clearly defined. Beneficiaries for land earmarked for housing, subsistence and small-scale business should be identified through means testing, while land earmarked for large scale commercial activity should include criteria such as commercial viability and potential economic value added to the broader community.
- Use SPUMLA to ensure regulations that place too onerous a burden on informal housing and informal economic activities are reviewed with a view to providing exemptions for some areas. Building regulations are complicated and place unnecessary burdens on enterprise, investment and development. Rather than creating an enabling environment for informal enterprises, local governments tend to respond to the growth of such enterprises with evictions and confiscation.
- Create a coordinating council in order to create a coordinated approach to addressing urbanization and urban land needs. Such a council could include the following departments: Rural Development and Land Reform (DRDLR), Co-operative Governance and Traditional Affairs (COGTA), and Public Works (DPW) and Human Settlements (DHS).
- Provide effective post-settlement support for emerging farmers.

#### Security of tenure

- Explore how blockchain technology can be used to recognise, record and administer effectively a continuum of rights to land in South Africa. The DA supports recognizing a wider range of rights than those contained in the deeds registry system, although the latter remains the gold standard.
- Land recordal is a national competency that should be devolved to local levels but linked within an overall data management system.

- Consideration should be given to rezoning land on which farm dwellers reside from agricultural land to residential land, in terms of Spatial Planning and Land Use Management Act (SPLUMA).
- Amend the TLGFA to make explicit the distinction between the administrative authority of traditional leaders and councils on the one hand, and authority over land and property on the other hand so as to make it clear that land rights vest in individuals in terms of Section 25 of the Constitution, not in traditional authorities.

### Restitution

- Restitution should be limited to claims filed in the original period
- The DA will not support the reopening of the restitution process as it poses threat to tenure security.
- Dismiss claims filed in new period
- Ensure that key vacancies are filled
- Increase the capacity of staff through training
- Conduct a skills audit to ensure that staff have the adequate knowledge and training to processes land claims
- Provide training that is designed to deal with restitution claims specifically in terms of the legal requirements and historical context
- Ensuring effective management structures
- Enhance technological sophistication- increasing data collection, access and sharing

### 2.3.9 Discrimination



**SDG target:** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

#### *Prohibition and elimination of discrimination*

The Employment Equity Act makes provision for the elimination and prohibition of unfair discrimination. The Act states that, “every employer must take steps to promote equal opportunity

in the workplace by eliminating unfair discrimination in any employment policy or practice.” It goes on to say that, “no person may unfairly discriminate, directly or indirectly, against an employee, in any employment policy or practice, on one or more grounds, including race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language and birth.”

Prohibition and elimination of discrimination work hand in hand; the one sets a negative right and the other asks employers to take active measures i.e. ‘steps’ to ensure equality of opportunity and to eliminate discrimination.

The DA unequivocally supports the EE Act where it seeks to prohibit and eliminate unfair discrimination. In this respect we share the Act’s conception of equality of opportunity as not passive. Some of the positive steps which workplaces can, and do, take include:

- Adopting clear internal policies which make explicit what constitutes inappropriate behavior in the workplace.
- Reviewing of internal policies, culture, and practice to ensure that they do not result in the unfair discrimination.
- Recruiting in order to consciously broaden the pool of applicants.
- Providing reasonable accommodation, among others, for cultural, religious, and linguistic differences.
- Providing equal opportunities within the workplace for training, development, and mentorship.

Like all unethical and/or unlawful conduct, discrimination cannot be prevented entirely, meaning that organizational policies and the law need to provide recourse for those who find themselves victims of unfair discrimination. Specifically, there should be consequence for unfair discrimination, and here too existing legislation makes provisions for the lodging of complaints and for a legal process to follow.

**Fighting discrimination starts at the top**, and for the country this means that elected representatives must set the example. Unfortunately, politicians and government officials have often exacerbated racist, xenophobic, and homophobic sentiment. There is no room in the



Democratic Alliance for members or elected representatives who unfairly discriminate on the basis of the criteria laid out in the EE Act.

**Diversity in every organization needs to be fiercely championed by equalizing opportunity and eradicating discrimination.** However, we do not believe it is the proper place of the government to prescribe the number or ratio of people of each race, gender, ethnic group, language, religious group, political ideology, sexual orientation etc which should be present in every workplace or sector. If diversity is all of these things, then there would need to be a complex formula to ensure each quality which makes us different is equitably represented in the workplace. We should not prescribe how each organisation should uniformly look like.

**Therefore, our support of the Employment Equity Act does not extend to its desire to impose numerical goals based on demographics.** We are lucky to live in a richly diverse society. As a result, policies which provide meaningful opportunity to all, as opposed to an elite, coupled with strict and positive measures to eliminate discrimination will ensure diverse institutions which reflect the choices of individuals in society.

### 3. CONCLUSION

**Without a sense of urgency to overcome historical injustice by those in government, South Africans will not enjoy a prosperous future.**

**The realization that there is a global race to attract investment and skills has not fully dawned on those in power;** as current policies, including those targeted at redress, continue to increase transactional costs for businesses and to drive away those with skills, entrepreneurial ability and capital. At the same time, the economy is barely growing and there is a decelerating domestic human capital pipeline.

**If we act immediately to focus redress on the causes of economic exclusion for the majority,** as opposed to transferring resources between elites, we can get South Africa back on track sustainably and for the long haul. The private sector can help us to accelerate our efforts for a more inclusive society; but only if we adopt a whole of society approach which is flexible and aligned to the corporate value chain, is global, and does not sacrifice returns in the pursuit of social

impact. We believe this is possible if the Sustainable Development Goals are adopted as the framework for redress.

**To support corporate interventions in addressing the 17 SDGs, we have set ourselves our own priorities where we govern**, which can also be aligned to the SDGs: education, unemployment, stunting, gender inequality, spatial inequality, wealth inequality, and discrimination. If we can get the support of public stakeholders, these interventions will do more to affirm and empower the vast majority of South Africans than the elitist approaches which have been experimented on for the past two decades.

Together, we can beat the past and build the future.

DRAFT