SOUTH AFRICAN RAINBOW ALLIANCE

SARA GROWTH EMPLOYMENT ACCOUNTABLE REDISTRIBUTION

SARA

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FIRST DRAFT

19 MARCH 2024

“The moral test of a government is how it treats thosewho are at the dawn of life,the children; those that are in the twilight of life, the aged; and those who are in the shadow of life, the sick, the needy and the handicapped”
Hubert Humphrey, former US vice president

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FOREWORD

EXECUTIVE PRESIDENT COLLEEN MAKHUBELE

“He's writin' a manifesto. Did he tell you? Apparently, the only thing keepin' us from liberty is a few more ideas.” ARVEL SKEEN, TO CASSIAN ANDOR.

As the Executive President of the South African Rainbow Alliance (SARA), I submit this document of our beliefs and policy to the South African voters. All who cherish the cause of our country at this fateful moment must cast their vote after hard and long thought and make sure they cast it effectively.

I commend to your attention with confidence this outline of our resolves and desires and the SARA GEAR, which is the Emergency Programme of Action to turn around this scale of disarray and the pace and scale the crisis in our nation calls for. The programme is to restore the soul of this nation. And should we be called upon to assume the responsibilities of government post-May 29, 2024, we pledge to reverse everything that has made this country “the skunk of the world.” Contrary to our founding father’s desire, Tata Nelson Mandela, we will not rest until we make this nation strong again domestically and respected globally.

Thirty years ago, South Africa went into what was deemed the most important elections in the entire continent, and a democratic rainbow nation was born. Fast forward: the South Africa that was once alive with possibilities is in dire straits. Both had been betrayed by the liberation movement, its alliances, and the establishment of black economic empowerment as a tool for transforming the nation’s wealth distribution and institutions. We sit today in a nation more divided than ever along race: the senior ANC black elite and the millions of poor ordinary South Africans, both uncertain whom to trust.

Worse still, parents are competing with their own children for jobs that pay below the poverty line! At this moment of acute despair, vulnerability, and division, we found ourselves besieged by existentially harsh economic conditions, including labour laws hostile to SMMEs and big businesses that create jobs, unsustainable national debt, the highest unemployment in the world, frustrated and impatient youth, a domestic systematic collapse of governance, decaying social and economic infrastructure, poor quality education, primary healthcare, and an escalating cost of living.

Today, as in the days of apartheid, our politicians and public sector have been discredited by wholesale dishonesty and corruption. Under the ruling party, the ANC: inflation is ravaging family budgets; sewer runs down the streets; drug overdose deaths continue to escalate; unemployed graduates and doctors sit at home with useless degrees and diplomas; children suffer the toxic normalisation of load-shedding and water-shedding; porous borders flooding in illegal foreign nationals; lawlessness, transgender identity, and criminals invading our school.

Moreover, 30.3 million people in South Africa are living below the poverty line, and a staggering 13.8 million people are living in food poverty, meaning they are going hungry without food every day. They are drowning daily in substance addiction and government dependence on social grants.

And the ANC government seems to have little understanding about what to do. Most alarming of all, the very moral foundations of our society are in peril. SARA has chosen women and men to lead who embody the best this country has to offer with high ethical standards and godly principles and values.

The promise of SARA to the country is confident, specific, and clear: We will put food on every table and money in every home. The SARA GEAR will defeat the national debt and bring job security for all South Africans.

In this election, SARA's promise to the people of South Africa is this:

1. Competent experienced leadership to lead us through the crisis and into recovery.
2. Professionalisation of the political and public sector based on merit.
3. Practical policies that will help our people in their day-to-day lives.
4. Moral values and godly principles to restore the soul of this nation.

We have put together an emergency programme of action called SARA GEAR (Growth, Employment, Accountability, and Redistribution) that truly resonates with the masses who seek job security to afford the high cost of living as opposed to relying on the government for R350 grants. South Africans deserve a competent, capable government with merit-based leadership that will enable a 24/7 economy that will immediately half the unemployment rate and alleviate crime.

The SARA GEAR, which is business-friendly, calls for accountability and restoring the command and control centre of the nation, aimed at defeating poverty and unemployment among youth and doctors, and increasing grants to equal the basic income grant for the most vulnerable. We will introduce the unemployed single men's grant and other historic and unique policies to look after service industry workers such as cashiers and waiters. SARA is committed to holistic youth development and empowerment in efforts to ensure a prosperous future for all South Africans. We will help SMMEs thrive with no hindrance from taxes or labour laws.

On May 29th, you will cast your most important vote to date. This will by far be the most significant election that South Africa has ever had. The 1994 elections were very important, but we know in our bones that this one is more consequential. This is a life-changing election. This will determine what South Africa is going to look like for a long, long time. As many have said, South Africa is at an inflection point, a time of real peril but also extraordinary possibilities. We need to make the right choice. We can choose to remain with load shedding and become angrier, less hopeful, and more divided, or we can choose to unite and reform our economy and labour laws and work with businesses to rebuild our decaying infrastructure to create jobs. A path of literally bringing light and water to our homes.

In this campaign, SARA is not just about winning votes. We believe it’s very much about winning the hearts of our people. This is a battle for the soul of the nation. And this is a battle we will win!

EXECUTIVE SUMMARY

This report presents the First Draft of the **The SARA Growth Employment Accountable Redistribution document** for the South African Rainbow Alliance (abbreviated. SARA).

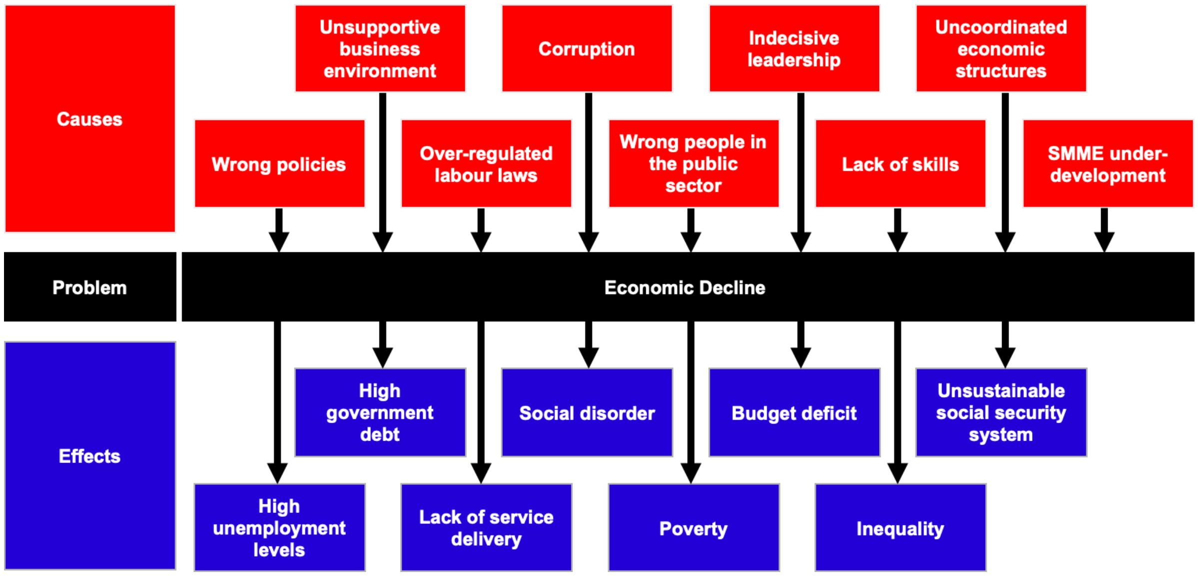
The mandate for the SARA is to develop a**"… comprehensive, multi-sectoral strategy** that would propose **definite strategies and tactics** aimed at **addressing economic growth on a sustainable basis …"** In developing this document, the author was expected to review the different base documents.

The SARA Growth Employment Accountable Redistribution (SARA GEAR) is also informed by:

- The Growth, Employment and Redistribution Strategy (South African Government).
- Insights gained from the various base documents, which contain previous attempts at developing an economic growth strategies.
- Inputs and suggestions from the different presentations made to:
  - SARA Alliance Partners
  - SARA Presidential Committee (PRECOM)
  - Various House(s) of Traditional Leaders
  - Faith-based Organisations
  - SARA Working Committee
- Inputs and suggestions from various stakeholder interviews.
- Inputs and suggestions from the South African Institute of Race Relations.
- Inputs and suggestions from the SARA strategy workshop held in Sandton, on the 05th October 2023. This strategy workshop was attended by five political parties.
- Additional insights gained from research done to augment the information from the base documents and stakeholder interviews and presentations.
- Additional insights from the review of the document, "The Objectives of GEAR in South Africa," produced by the Department of Economics at Walter Sisulu University.

The South African Rainbow Alliance team have developed a problem statement for the economic decline in the country. In the definition of the problem, the team has identified both the causes and effects of the economic decline. The statement is summarised in the diagram below.

The major causes of the economic decline include design and implementation of wrong government policies, lack of right people in the public sector, mistrust between government and the private sector, social disorder, lack of relevant skills, unsupportive economic climate and limited SMME funding. Analysis of the base documents and stakeholder interviews confirmed the economic decline problem statement.



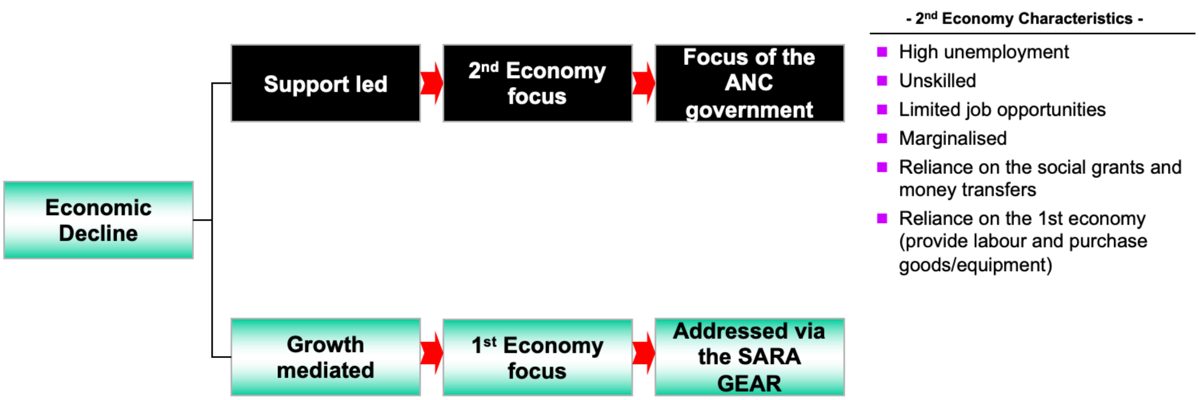
The current environment is summarised in the diagram below. The elements describing the current situation are in line with the poverty statement above.

Social	▪ Strong inequality between rich & poor ▪ High unemployment levels ▪ High reliance on social grants ▪ Lack of moral clarity
Economic	▪ Low economic growth (population growing faster than economy)
Financial	▪ High debt levels ▪ Shrinking income base ▪ Lack of access to funds, skills and factors of production
Political	▪ Indecisive political leadership ▪ Corruption, fraud and cadre deployment

Skills	▪ Lack of basic skills ▪ Skills shortage in relevant industry sectors
Industry structure	▪ Three key sectors of mining, agriculture and tourism for job creation ▪ Mining sector is declining ▪ Weak industry clusters ▪ Limited job opportunities
Departments	▪ All departments working in SILO ▪ Intra-Partnering model not clear ▪ Lack of monitoring and evaluation
Structural	▪ Poor coordination and integration ▪ Duplication of efforts ▪ Limited success of government initiatives ▪ Lack of partnership model with private sector

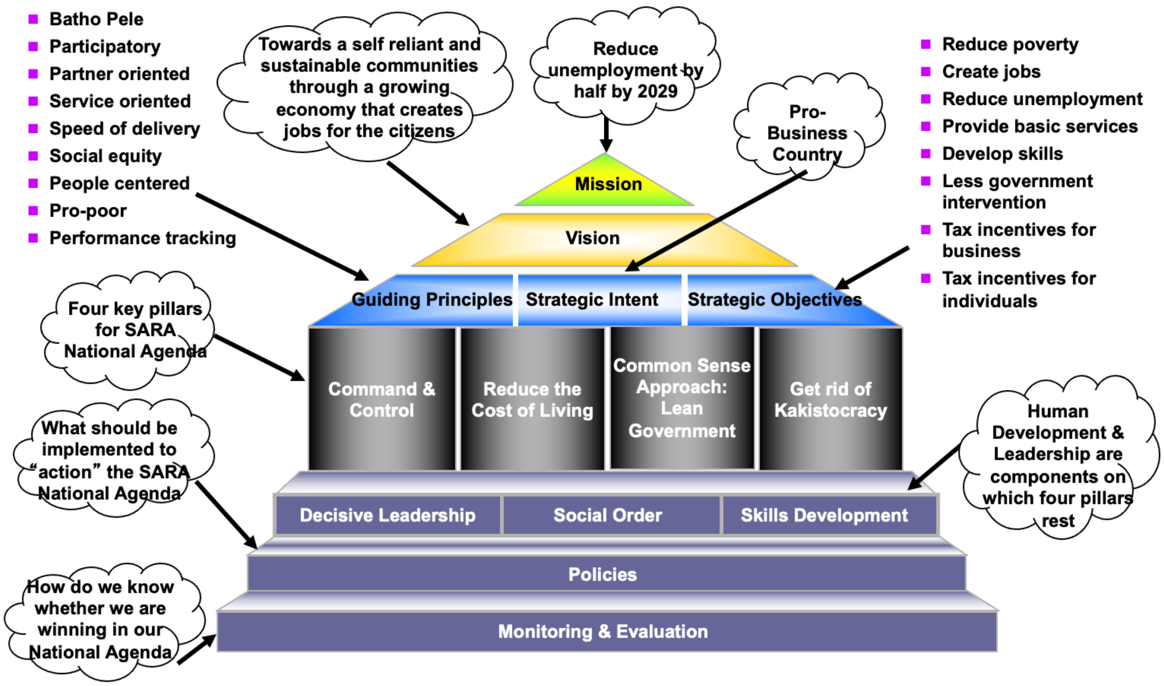
South Africa finds itself in a very treacherous conditions. Years of mismanagement, uncontrolled government spending, bad economic policies have lead this country to a near state of disaster. The prolonged COVID-19 lockdown, July 2021 unrest, unprecedented loadshedding, the decline in the state of rail and port services, crime, corruption, intended vandalism have all worsened the conditions in this country. It is against this background that there is a widespread recognition that the country requires a new approach with sound policies and commitment to the public sector reforms.

There are two primary approaches for dealing with the economic decline problem, ie government led and/or free market system growth. Although the two approaches are not mutually exclusive, more emphasis is normally placed on one. The former presupposes government adopts a deliberate strategy to intervene in the market economy. Government will typically intervene in this manner to assist those living in the **second economy** in order to minimise the effects of under-development. The second economy is characterised high levels of unemployment, low skills base, limited job opportunities, people livings in margins and largely reliant on social grants and money transfers.



The second approach advocates for a free market system with less government intervention, or a growth mediated approach. It presupposes that as the economy grows (mostly in the 1st economy) then through a trickle down effect jobs will be created down the line for the second economy. In this document, SARA will put forward simple and workable policy positions that will eradicate barriers to entrepreneurship, build businesses, attract foreign direct investment, build individual freedom and self-reliance, reduce dependency on social security system, and impact positively on the lives of all South Africans, regardless of colour.

The vision that SARA has for the country has been adopted. Under SARA leadership, the country will strive towards self reliant and sustainable communities through a growing economy that creates jobs for all the citizens. The mission is simply to **reduce unemployment by half by 2029**. In order to attain this mission, the domestic economic growth must be sustained at 8% per annum. The salient features of the vision that SARA has for the country are summarised in the diagram below.



The SARA Growth Employment Accountable Redistribution Strategy for South Africa has several elements which can be initiated by a reformed government within a short space of time and fully implemented over the next five-year period, from 2024 to 2029. At the core of all these elements is the acknowledgement that South Africa requires a sustainable economic growth that will create jobs and take people out of dire state of poverty. Ten key strategic thrusts are presented next. This will be followed by a discussion on the programmes that must be implemented in order to action the strategy.

Strategy 1: Less government intervention

The most appropriate programme to ensure economic growth and fight poverty is less government intervention in the affairs of business, whereby the government "leaves alone" the affairs of the economy to the market participants. The role of the government is to formulate business-friendly policies and maintain and build infrastructure that will enable both businesses and individuals to prosper.

Strategy 2: Four pillars of the SARA GEAR are command control, reduced cost of living, lean government and riddance of kakistocracy.

The SARA strategy hinges on **four pillars**: command control of the country, reduced cost of living, lean government, and riddance of kakistocracy.

Strategy 3: Emphasis on economic growth to create employment

SARA has identified three industry sectors: agriculture, mining, and tourism. Job creation efforts should be directed towards beneficiation opportunities in these sectors. The number of people currently employed in the public sector is exorbitantly high. The public sector wage bill takes 40 cents of every rand received by the government. This is unsustainable in the long term. The current government must stop being an employment agency but an enabler of business through policies that will enhance the business's capacity to create jobs.

Strategy 4: Promote SMME-friendly economic climate

Small, medium, and micro enterprises (SMMEs) have the potential to create jobs in rural areas using basic equipment and infrastructure. SMMEs must be well promoted in government through the National Treasury and Economic Development departments in provinces. The fourth strategy element recommends that the government actively promote SMMEs as a model to fight unemployment and poverty. The focus should be on the three industry sectors as defined above. The success of the SMMEs will hinge on access to markets, both domestic and external.

Strategy 5: Emphasis on skills development, especially in youth to equip our people with skills to access jobs and also run their own enterprises

Access to skills is one of the major causes of unemployment in the country. The formation and successful operation of the SMMEs, for example, would require members to have the necessary skills, from fundamentals (i.e., read, write, and count) to core skills (i.e., technical and business management skills). The fifth strategy theme is therefore to facilitate skills development, especially in the youth population.

In the current situation, the Department of Education is involved in implementing the school nutrition programme. This is usually not done in a well-coordinated and integrated fashion. The quality of the food provided to the learners is inferior. There is a need to develop and implement a nutrition programme in the country that is coordinated centrally and that involves trained SMMEs.

Strategy 6: Centralised School Nutrition Programme

The Department of Education will continue to roll out school nutrition programmes with central direction and leadership. The school nutrition programme will incorporate, for example, vegetable growers who could be structured in a horticulture community SMME.

The current scenario, where various departments conceptualise, plan, implement, and account for job creation initiatives, is not the most efficient system to leverage the scarce resources available to fight unemployment. The best model will be to centralise the planning and decentralise the execution of the SARA GEAR. One of the departments, for example, the National Treasury, will become the lead department, while the Office of the President will be the political champion. The lead department will be capacitated and resourced to enable it to discharge the additional responsibilities.

Strategy 7: Formalise and centralise lead (administrative) and champion (political) departments for the SARA GEAR

For as long as there is an imbalance in society, the social security system should be maintained. At the moment, the South African Social Security Agency (SASSA) is paying grants to over 26 million beneficiaries. Measures to reduce dependence on the social security system should be identified and implemented. The number of social grants being paid out far exceeds the number of people in employment. This is counter-productive. In 2001, before the major roll-out of child-support grants, there were 312 employed people for every 100 social grants being paid out. Now there are only 58 people with jobs for every 100 social grants being paid out (including the social relief of distress grant). Without economic growth, this is unsustainable. The fiscal space that allowed an increase in social security spending has disappeared.

Strategy 8: Maintain a comprehensive Social Security System

The government has a constitutional mandate and obligation to provide basic services to its citizens. The key basic services include water and

Strategy 9: Provide basic services

sanitation, electricity, health, housing, and education. The implementation of the necessary infrastructure to deliver these services should be carried out using programmes and models that favour labour-intensive methods and prefer to use local labour and entrepreneurs.

Strategy 10: Broaden and speed up economic participation

The fight against economic decline will be accelerated if all the key stakeholders are involved, black and white. According to the surveys carried out recently, Broad-Based Black Economic Empowerment (B-BBEE) and Employment Equity (EE) help only around 15% of black South Africans, bypassing the remaining 85%. This system has created inter-black inequalities and worsened the conditions of the intended beneficiaries. South Africans want both black and white people to work together to expand economic opportunities for all. The B-BBEE in its current form has failed, and it must be revised to broaden and speed up economic participation across all races.

In addition to what the SARA GEAR will propose below, a number of programmes should be implemented in order to implement the strategies outlined above. The proposed programmes are:

- Adult skills development programme
- Expand capital inflows and foreign direct investment in the country.
- Build and maintain essential economic and social infrastructure to stimulate growth.
- Job creation through beneficiation.
- A comprehensive social security system.
- Integrated School Nutrition Programme.
- B-BBEE Fund to fund credible transformation projects.

1 INTRODUCTION AND BACKGROUND

In South African 'two economies' persist in one country. The first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is mainly an informal, marginalised and unskilled economy, populated by the unemployed and those unemployable in the formal sector. Despite the impressive gains made in the First Economy over the last decade, the benefits of growth have yet to reach the Second Economy, and with the enormity of the challenges arising from the social transition, the Second Economy risks falling further behind if there is no decisive government intervention.

In terms of SARA GEAR plans, economic decline is the single greatest burden of South Africa's people. Fighting economic decline and deprivation is therefore the first priority of the SARA-led government.

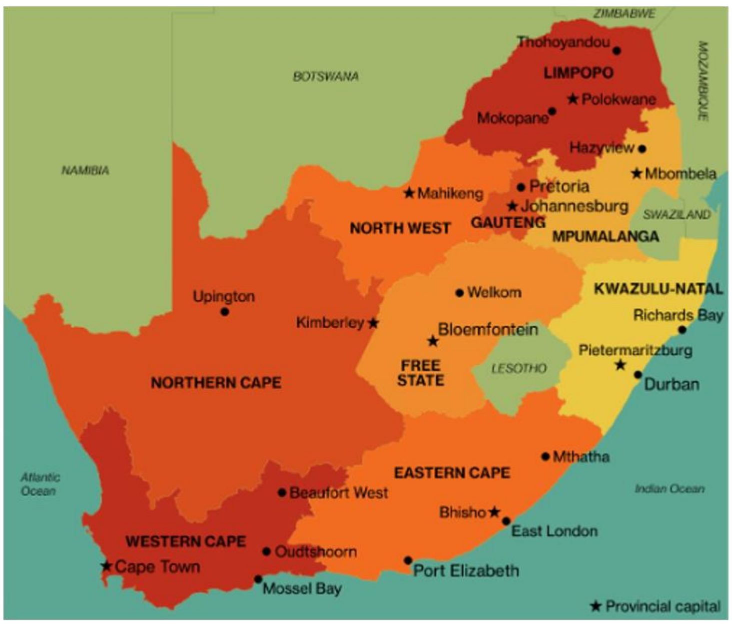
The economic damage arising from the COVID-19 lockdown has led to the publication of Economic Reconstruction and Recovery Plan (“ERRP”), compiled by the African National Congress (“ANC”). The ERRP is largely a reharsh of what the current government has been proposing for many years. They continue to call for a collaboration between business, government and civil society in terms of a “social compact”. They recommend new employment schemes, additional subsidies, a renewed focus on re-industrialisation and infrastructure spending, and substantial investment in the green economy. All the above recommendations have been taken from the current government’s “New Growth Path” document that was release in 2010. None of these ideas have contributed to economic growth, for growth has remained dismal, while the government debt has more than tripled since 2008, from 24% of gross domestic product (“GDP”) in 2008 to a projected 72.3% in 2023.

All the prior government economic plans have failed for one and only one primary reason, that is, the excessive involvement of government in the market economy. The ideology of the current government which aims to centralise everything, collect revenue, and redistribute for political relevance is far more harmful to South Africa and it continues to block constructive economic reforms meant to enable the prosperity of this country.

Fighting economic decline has been at the centre of all government's policies and programmes between the period 1996 - 2008. SARA GEAR covers a variety of strategies to address the causes and symptoms of economic decline. These include the following programmatic areas, some adopted from the old GEAR:

- **Reorientation of the budget**, fiscal policies and the public sector towards redistribution and meeting basic needs of the disadvantaged and the poor.
- Meeting **basic needs** are those programmes that aim to provide citizens with equitable and sustainable assess to basic needs such as food, water, education, health care, welfare, transport, electricity and other infrastructure.
- Programmes to combat "**income poverty**" ie programmes aimed to establish, maintain or boost the income earnings of the poor, such as employment creation, self employment and participation in the SMME sector, social security that provide income during periods of contingencies and access to micro credit and finance by the poor.
- Programmes aimed at addressing **people with special needs** such as people with disabilities, children, women and the youth.
- **Fiscal deficit reduction** programmes aimed to contain public debt and money borrowed by government when spending exceeds revenue.
- **Exchange rate policy** to keep the real value of the rand stable and at a level that will make our goods more competitive.
- **Consistent monetary policy** to prevent a resurgence of inflation.
- **Relaxation of exchange controls** to stimulate investment.
- **Reduction of tariffs** to contain input prices and to facilitate industrial restructuring, compensating partly for the exchange rate depreciation.
- **Tax incentives** to businesses and individuals to stimulate new investments in competitive and labour intensive projects and industries.
- **Restructuring of state-owned assets** including the use of the build-own-transfer and/or affermage or lease agreement models.
- **Expansionary infrastructure programme** to accelerate delivery on the backlog of social infrastructure.
- **Use of housing voucher system** to clear the current housing backlog of 2.3 million households.
- **Commitment to moderate wage demands** supported by an appropriately structured flexibility within the collective bargaininig.
- **Expansion of trade and investment** flows in to South Africa.
- **Implementation of stable and co-ordinated policies** to enable a stable and predictable macro economy.

South Africa has one of the high unemployment rates in the world. On the official definition (which takes into account only active work seekers), unemployment is at about 32.1%. This is very high by any standards and way beyond the United States (US) rate of 3.5%. South Africa's jobless rate is also much higher than the equivalent rates in Brazil (8.0%), Russia (3.1%), India (8.0%), and China (5.2%). Youth unemployment is even worse, standing at 62.1% on the official definition for people aged 15 to 24, and at 71.2% on the expanded definition that includes people who could work but who have given up looking for a job. The salient features of the country are summarised in the table below.



Key Statistics (2024)	
Population (million)	62.2
GDP Growth	**-0.2%**
Tourism contribution to GDP	23.5%
Mining contribution to GDP	7.53%
Unemployment (official)	**32.1%**
Unemployed growth pa	**0.2%**
No. of people unemployed	7.9m
Consumer Price Index	5.3%
Production Price Index	4.0%
Population living in poverty	30.3m
Population living in food poverty	13.8m
% Rural	**30.0%**

The South African Rainbow Alliance has identified unemployment as a critical challenge currently facing the country. The SARA GEAR is formulated to provide a framework for addressing unemployment and promoting economic growth and development. Under the SARA GEAR arresting the current economic decline and promoting sustained economic growth must be the overaching policy priority for South Africa. Economic growth is cirtically important for all South Africans. It increases income levels, expands domestic markets, boosts government revenues, and most importantly generates new employment. The current government's policy is often aimed at speeding up grants redistribution and wealth extraction, rather than focusing on initiatives that would stimulate economic growth. The reality that South Africa has no job opportunities for millions of its people is tantamount to a genocide. Instead of developing a productive society and families that contribute to the economy, the unemployed depend on the earnings of others. The unemployed also live-off child support grants, the social relief distress (SRD) grant that was introduced during the COVID-19 lockdown, and the broader social wage. Though redistribution of wealth in the form of grants is key in alleviating poverty, grants from the state can never be a substitute for earned income. They are also unsustainable in the short term as the South African government debt is growing. The introduction of grants from around 2002 was made possible by higher levels of economic growth and a decrease in government debt. Surplus revenue could be directed to social protection. However, this has not been the case since 2008. In 2008, the public debt stood at R627bn or 23.6% of GDP. In 2023/24, however, it is expected to reach R5 trillion or 70.9% of GDP, before rising further to R6 trillion or 73.6% of GDP in 2025/26. This paints a disastrous picture for the future of this country.

The costs to service the government debt have already risen sharply and are expected to average R366.8 billion a year over the next three years, or more than R1 billion a day. Already, annual debt service costs are far higher than the entire R259bn healthcare budget for 2023/24. This picture is unsustainable.

The surplus that allowed a steady increase in welfare spending has disappeared, while the number of social grants being paid out far exceeds the number of people in employment. In 2001, before the major rollout of child-support grants, there were 312 employed people for every 100 social grants being paid out. Now there are only 58 people with jobs for every 100 social grants paid out.

The sustainability of social grants is under pressure just as dependency on them is growing. The number of people living in food poverty has increased sharply to 13.8 million, causing great suffering. This has contributed to social disorder and angry demonstrations, along with an upsurge in vandalism, theft, extortion, murder, and other forms of violent crime. This is undermining our ability to attract foreign investment.

In order to curb dependency on social grants, one of the solutions is to bring about flexibility as it pertains to the Minimum Wage Act. The government must bring about a massive increase in low-wage employment, similar to the Expandend Public Works Programme's daily rates, particularly for small, medium, and micro enterprises (SMMEs). Implementing this will now see people entirely dependent on social grants have an additional source of income from low-wage employment. Increasing employment in this manner is an economic necessity. It is also a political necessity because it offers the only realistic way of reducing social instability. Most importantly, it is a moral necessity and a key element in social justice and empowerment.

What is important to the unemployed is the chance to work, earn an income, and start taking care of themselves and their families. The unemployed generally are after “money in the pocket” and “food on the table." A government of the day must help the people become self-reliant and not permanently dependent on social grants.

Various steps are required to help people find new job opportunities. Given the connection between economic growth and employment, the first essential step is to raise the economic growth rate. If South Africa is to bring its unemployment rate down to single digits over the next decade, it must add roughly 800,000 net new jobs to the economy each year.

The reality is that South Africa has generated only about 226,000 net new jobs per year over the past two decades. Most of these jobs were created in the years when economic growth rates averaged around 3% of the GDP. If South Africa is to start generating around 800,000 net new jobs a year, it will need an annual economic growth rate of 8% of GDP. With the advent of loadshedding, destroyed rail infrastructure, and ports, this level of growth is insurmountable. In the short to medium term, we will have to involve a private partner through the Public-Private Partnerships (PPPs) model to turn around Eskom, Transnet, PRASA, and all other state-owned entities that are perceived as enablers of economic growth.

A high economic growth rate will not only boost employment but also tax revenues, which will also enable more redistribution in the form of social grants and wider social grants, like unemployed single men grants to be introduced under the SARA government. The strategic objective of SARA is to have both economic growth and redistribution of surplus income to our disadvantaged people. Redistribution in the form of social grants must be funded out of our surplus revenue, not debt, as has been the case with the current government.

Higher economic growth will allow South Africa to escape the vicious debt cycle that we currently find ourselves in. It will restore hope of a brighter future, build prosperity, revive both business and consumer confidence, and give the country a reset that it badly needs.

The decision by SARA to adopt the SARA GEAR as an instrument for economic growth and increased employment is a political directive by the Presidential Committee (the highest decision-making authority of SARA). The Presidential Committee’s decision was informed by an appreciation of the constitutional imperatives of government, fiscal constraints, and new policy orientations with a community-based and developmental focus. In addition, it seeks to entrench multi-pronged strategies to deal with endemic poverty within a cohesive and well-coordinated economic growth and development plan.

As highlighted at the beginning of this document, the mandate for the SARA is to develop a**"… comprehensive, multi-sectoral strategy** that would propose **definite strategies and tactics** aimed at **addressing economic growth and alleviating unemployment on a sustainable basis …"** Our SARA GEAR advocates that the re-engineering of growth in the South African economy should be based on a strategy that focuses on enhancing savings and investment in people, fiscal discipline linked to a reduction in government debt and current spending, increased competition through deregulation and privatisation of the state-owned entities, outward orientation through trade liberalisation and foreign investment, and a reform of labour market relations that removes labour market rigidities. The SARA GEAR pillars of growth are guided by a solid legal framework protecting property rights, sound macroeconomic policy, financial liberalisation, competitive markets, and an outwardly-oriented economy. At the cornerstone of our policy directive is the emphasis on free markets and the need for flexibility in wages and prices in the labour and financial markets. The minimum wage act in its rigid form does not do this country any justice.

2 MACROECONOMIC CONDITIONS AND THE SARA GEAR

The following sections will describe how we will implement the SARA GEAR to ensure sustainable economic growth that creates employment and a redistribution of surplus income to those who are disadvantaged. A key enabler of our GEAR is accountable, competent, and moral leadership. The acronym GEAR is broken down as follows: **G**: growth, **E**: employment, **A**: accountable, and **R**: redistribution.

2.1 GROWTH

2.1.1 Land

A serious policy reform is required in this area in order to attract the fixed investment required to drive growth and jobs. The property rights of investors have been generally well respected since the dawn of democracy; however, they have now come under increasing pressure from the ruling party and other political parties. The growing threat to property rights is particularly evident in the new laws affecting land. The negative effect of the rhetoric "expropriation of land without compensation" is meant to deter capital investment by both foreign and domestic investors and further force the citizens to be reliant on the state. Investors are now redirecting their investment to neighbouring states that provide certainty in their policies.

South Africa should abandon expropriation without compensation by scrapping the nil compensation clauses in the Expropriation Bill of 2020. The Expropriation Bill must be brought back into line with the Constitution. The willing seller, willing buyer principle should be used to compensate those who are willing to sell their land as part of the bigger land reform initiative.

The Protection of Investment Act of 2015 must also be revised to increase the protection of foreign investors and enter into new bilateral investment treaties with major western trading and investment partners that incorporate standard provisions found in South Africa's bilateral treaties with China, Cuba, Iran, and Russia.

2.1.2 Imports, Exports and Balance of Payments

Against the current economic climate in the country of a rand depreciation, our SARA GEAR advocates for faster growth in manufactured exports to lift the economic growth to our target of 8% per annum within the next decade. A shift towards exports is expected to create much-needed employment. Evidence gathered from our competitors economies shows conclusively that outward-oriented trade policies are conducive to rapid economic growth, as they promote competition, encourage skills development, improve access to new trade opportunities, raise productivity, and enhance positive externalities resulting from modern technologies.

While the weaker rand should make South Africa's manufactured exports more competitive, a significant part of this price might be negated by the higher costs of imports, resulting in a negative current account on the balance of payments. The rising deficit on the current account is likely to constrain the speed at which new investment can be made, and hence, economic growth and employment can be accelerated. A balanced current account of the balance of payments in view of South Africa is very important for the SARA GEAR. The role played by the Reserve Bank in the implementation of tight monetary policy is very central to the success of SARA's economic policy. The independence of the Reserve Bank should persist, and we are against the nationalisation of the Reserve Bank.

2.1.3 Fiscal Discipline

Fiscal discipline should be exercised. The objective is to reduce government consumption expenditure relative to GDP and to reduce the fiscal deficit from 4.9% of GDP to 3% in 2024. Large and persistent government consumption expenditure dimishes the wealth-creating capacity of the private sector and subsequently leads to inflation and balance of payments difficulties. Consistency in government policy that favours business is key to enabling the private sector to play a role in the economy and to the creation of jobs. Unclear and inconsistent fiscal policies send wrong signals to the markets, which in turn harm investor confidence and adversely affect capital inflows. A strict fiscal policy will lead to reducing interest rates, which in turn will support the expected rise in private investment. In 2023, the Reserve Bank raised the repo rate from 7% to a 14-year high of 8.25%. This is unsustainable and commits our people further to economic depression, high borrowing costs, a higher price of home ownership, and decreased business investment.

The servicing of the public debt is an expensive component of government spending. The cost of servicing debt in South Africa is sitting at R1 billion per day (R365 billion per annum). This presents a continuous drain on our country’s resources. As alluded to earlier, annual debt service costs are far higher than the entire R259 billion healthcare budget for 2023/24. For every R1 of revenue that the government makes, 20 cents go to servicing the debt, 40 cents go to the public service wage bill, and only 40 cents remain for the government to pursue its mandate of providing services to our people and related services. This picture suggests that future reductions in the debt burden should enable the government to augment spending on its social ends without necessarily creating fiscal pressures. Our position at SARA is that the government should spend the money that it has made from its revenue. Consistent provision of services financed by debt is harmful to any economy in the medium term. The populist measures adopted by the current government, like the nasi ispani in Gauteng as part of the electioneering programme, are further unnecessarily increasing government spending.

With the current ruling party in power, it remains unrealistic to believe that we will be in a position to reduce the fiscal deficit as a country. Any significant reduction in the fiscal deficit would require strong growth in state revenue. Revenue from the sale of non-functional state-owned entities might help boost state revenue. The progress of involving private partners in state-owned entities at the equity level has been rather slow and at the detriment of the public. We cannot continue to have a government that is at the centre of everything that is happening in the country, from spending, revenue, the economy, policymaking, and running state-owned enterprises. It is unsustainable. The less government involvement in the markets, the better for this country. The government must stick to its lane, which is to effect policies that will ensure the prosperity of business and its citizens.

2.1.4 Monetary Policy

An important instrument of monetary policy is the interest rate. Our SARA GEAR advocates for a policy of balanced real interest rates, an average real prime rate of 8%, and a real bank rate of 4%. A policy of attractive interest rates is helpful in attracting foreign investment and generating savings. A balanced interest rate also relieves the consumer from high mortgage rates and the high cost of living. Higher interest rates are more damaging, as they could make the cost of borrowing capital for investment purposes more prohibitive. What the country needs for promoting investment and job creation are lower interest rates than what we are currently experiencing.

Additionally, the country must be able to compete to attract foreign savings into the country. South Africa has fallen into a culture of not generating sufficient domestic savings to finance the levels of investment we need; therefore, we must attract foreign savings. Our target is to raise private savings in relation to the GDP ratio from 14.5% in September 2023 to 20% per annum, which was prevailing during the era of President Mbeki.

A requirement for a sustainable growth and employment is the creation of an investment friendly climate. As one of the pro-business incentives SARA government will introduce tax incentives to business enterprises that are willing to invest in the country and create employment for our people.

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2.1.5 Labour Laws Reform

The rate of unemployment cannot be reasonably reduced without reforms to the current labour laws. The success of SARA GEAR relies considerably on labour market flexibility for its delivery. The rigid labour laws have proven to be the major cause of unemployment in South Africa. The current labour regulations have imposed rigidities that have priced more jobs out of the labour market. The current government has somehow acknowledged that entry-level wages are, on average, so high that they lock unskilled and inexperienced job seekers out of the labour market. The national minimum wage must be flexible to accommodate businesses that are not able to comply with the set minimum wage. The government programme, Expanded Public Works

Programme (EPWP), has provided millions of people with short-term job opportunities for which it pays a stipend of R110 per day. This amount is significantly below the national minimum wage requirement. Small and medium businesses, including start-ups making a revenue of R10 million or less per year, should be permitted to adopt the EPWP daily rates for unskilled and inexperienced job seekers. If the job seekers were allowed to work for the same low wages as the EPWP rates in the private sector, they would generally be equipped with the necessary job entry skills and have better prospects for upward mobility in their careers over time.

2.1.6 Foreign Direct Investment (FDI)

The execissive reliance on foreign borrowed money has landed the country into unsustainable growth in foreign debt, which in turn has resulted in huge debt servicing costs of R1 billion a day. The rising debt situation has inter-generational debt repayment implications, with the present generation imposing debt burdens on future generations. In the era of globalisation and intense foreign competition, businesses will invest and create jobs on the assumption that the prospects for making good returns are high. Foreign firms will channel their capital to countries where the returns on investment are substantial and there is security of property rights, good governance, and stability. The rhetoric on land and property rights by the left-wing political parties is counter-revolutionary.

Corruption, robbery, and crime in general are on the rise in South Africa. The services in some of our provinces, if not all, have collapsed, and the murder rate remains among the highest in the world. Today, of all the threats to South Africa’s stability, the most serious is probably violent crime. These perceptions, or realities, lead not only to a misallocation of resources but also have a detrimental effect on the actual and potential investors’ willingness to invest in the country.

Our targeted fast economic growth of 8% per year cannot be imported; it must be generated mainly from home. The experiences of the Singapore and China economies indicate that their average annual growth rates of over 8% for almost three decades were rooted in their wise government policies and attracting large inflows of foreign direct investment. It is critical for South Africa to attract more foreign investment to reach growth and employment targets as set out in the SARA GEAR. According to the World Bank, South Africa has been able to attract foreign direct investment of only about 2.2% of GDP. The South African Reserve Bank advised that South Africa recorded foreign direct investment inflows of R53.8 billion (USD 2.8 billion) in the second quarter of 2023. In the third quarter, FDI stood at R26 billion. Singapore's FDI grew by

USD 56.1 billion in December 2023. Clearly, the actual amount of FDI in South Africa compares poorly with our Asian counterparts.

If we are to study the Asian countries, the experience reveals that the growth of these economies was driven by high savings and investment ratios as well as by high imports and exports. For South Africa to catch up with the rest of the best performing economies in FDI, we must ensure that the three key enablers of good economic performance are corrected, namely, electricity supply, rail, and ports. The persistent load shedding, destroyed rail network, and dismal state of our ports will continue to deter FDI.

In our bid to attract FDI, South Africa must also address the issues of poor work ethic, productivity, and competitiveness. Poor competitiveness impinges on trade and job creation. According to the Labout Market Intelligence Research programme's overall and factor competitiveness rankings among the 63 countries surveyed in 2021 and 2022, of the 63 countries surveyed in 2022, South Africa ranked 60th in terms of its overall competitiveness, an improvement of 2 positions from 62nd in 2021. These realities obviously do not make South Africa a suitable area for long-term foreign investment, with other countries vigorously competing for capital. The success of SARA GEAR is premised on our ability to be competitive, productive, and have excellent work ethics prevalent in China and Singapore.

2.1.7 Taxation

One of the slogans for the SARA GEAR is "***money in the pockets of our people, food on the dinner tables of our households***." If South Africa is to attain a faster rate of growth in the economy and employment, the government should reduce spending and cut marginal tax rates at all levels of income. These tax cuts have led to an economic boom virtually everywhere they have been tried.

Savings and consumption as well as investment problems in South Africa may also be examined in the context of the country's overall tax system. Government expenditure needs to be financed mainly out of tax revenue and by public sector borrowing. The current government is spending about 40% of its annual budget on basic social services, education, health care, water, and welfare, but about 60% of the earmarked funds are spent on debt servicing and salaries, leaving very little scope for capital investment. Social welfare is an item on which the government will have to spend money in the future. One might well ask how far the government can reprioritize its expenditures to meet a rising welfare bill without sacrificing other expenditures.

Turning to the private sector, in the past few years, households have resorted increasingly to debt financing at high interest rates to support their average propensity to consume, as their income after tax leaves them with little prospect of maintaining accustomed living standards. This is evidenced by the rapid growth of total household debt in relation to personal disposable income. According to the SARB, household debt to disposable income averaged 63.2% from the first quarter of 2015 to the second quarter of 2023, with a spike to 75.2% during the coronavirus disease 2019 (COVID-19) lockdown, when disposable income decreased significantly more than debt. Accordingly, the debt servicing ratio of private households has increased sharply, from 6.7% in the first quarter of 2022 to 8.8% in the second quarter of 2023. This means that approximately 8.8% of household disposable income is spent just on the payment of interest on household debt.

On top of this, a high proportion of households hard-earned income is being absorbed by prohibitive direct and indirect taxation. South Africa’s marginal tax rate of 45% on individual income earners of R1 817 001 and above compares unfavourably with its neighbours and is regarded as being too high. The South African with an annual income of R1 817 001 must work for 4 months in a year just to pay his tax bill, whereas his or her counterpart in the UK, earning the same amount a year, would spend only 30 days to settle his or her income tax bill. In addition, the average household has to pay a host of other taxes that impinge on its consumption, savings, and investment, such as the fuel levy, various rates, security costs, and municipal tax. This is just too much burden on the average household in South Africa.

Further, South Africa’s corporate tax rate of 27% does not compare well with neighbouring countries, such as Botswana, which has a corporate tax rate of only 22%, and the OECD countries, which have an average tax rate of 21%. Another heavy blow to domestic saving and consumption is the value-added tax. South Africa’s value-added tax of 15% compares unfavourably with countries such as Botswana (14%), and Swaziland (14%). The principle of taxation is understandable, as the government needs to earn revenue to finance its expenditures and meet redistributive needs. Redistribution on a large scale is, however, possible to the extent that the economy registers high economic growth.

The tax burden on the average South African is already too high, and the imposition of further taxes would no doubt dull incentives and may even generate less revenue. The IMF study on South Africa stated, “The overall South African tax burden and its marginal tax rates cannot be judged to be low by any international standards.” This reality would argue against raising tax rates in South Africa and running the risk of disincentive effects. High taxes, even though they pay for worthwhile public goods and services, impose an inescapable economic burden on businesses and individuals.

The SARA GEAR advocates for a reduced corporate tax rate of 22% and a marginal tax rate of 36% for individual income tax earners. If this country is to attain an economic growth rate of 8% per annum, the government should reduce spending and cut the marginal tax rates as proposed above and at all levels of income. The UK, for example, cut its top tax rate on earned income from 83% in 1979 to 40% in 1986, and as a result, annual economic growth in Britain, which was on average only 1.2% for over 10 years, shot up to 4% between 1985 and 1989. The same applied to Turkey, South Korea, and other economies; they all reduced their tax rates in order to stimulate economic growth. The lesson to be learned from the growth experiences of other countries that have made an economic breakthrough is that a major obstacle to high employment and national prosperity is heavy government intervention through high taxes, unnecessary price controls, lavish government spending, and regulation of the market, particularly the labour market.

Therefore, if South Africa is to be put on a significantly higher growth path and employment path, the government should have the courage to deregulate the labour market, reduce the tax at all levels of income, and cut unproductive public expenditure to the maximum extent possible. **Businesses making a revenue of R10 million or less** should be exempt from standard corporate tax. The upside of this is increased local employment and economic activity.

2.2 EMPLOYMENT

One of the main ingredients for curbing social disorder in our society is employment. People are now entirely dependent on social grants, which continue to be unsustainable. To restore the dignity of our own people, we must ensure that our people have sustainable incomes. What the unemployed generally want the most is the chance to work, earn income, and start taking care of themselves and their families. The country must build self-reliant citizens. We must help our people get back to work through business-friendly policies and not hinder their upward mobility through government policies of dependency on the government.

There is a positive correlation between economic growth and employment. As we increase the economic growth rate, we increase employment. If South Africa is to bring its unemployment rate down to the single digits over the next 10 years, it must add roughly 800,000 net new jobs to the economy each year. However, the current government has generated only about 226 000 net new jobs per year over the past 10 years. If we are to continue on the current trajectory, the picture looks gloomy. What is concerning is that most of these jobs were created in the years when economic growth rates averaged around 3% of the GDP.

If the country is to start generating around 800,000 net new jobs a year, it will need an annual economic growth rate of between 6% and 8% of GDP. Higher economic growth will boost not only employment but also our tax revenues, which will allow more redistribution in the form of social grants and the wider social wage (free education, healthcare, housing, and related).

There are three key industry sectors through which jobs can be created for the unemployed. These are mining, agriculture, and tourism. The other key sectors are manufacturing and construction. The SARA GEAR’s mission is to reduce unemployment by half by 2029, eventually moving our unemployment rate to a single-digit percentage.

2.2.1 Manufacturing

The manufacturing industry’s capacity to provide low-skilled jobs should be used to the fullest, especially where opportunities exist to export manufactured goods to the rest of the world. However, given an increasing impetus towards mechanisation, the sector is unlikely to offer nearly enough jobs for the unskilled. The country must look to various other sectors to stimulate the demand for labour.

2.2.2 Mining

South Africa has an extraordinary mineral endowment (valued at around $2.5 trillion) and good access to markets via sea routes. Given the current and likely future demand for minerals, the mining industry could grow substantially under the SARA government. The changes proposed by the SARA GEAR, coupled with best-practice amendments to mining legislation, would overcome current unstable electricity supply and logistical bottlenecks, enhance cost competitiveness compared to other mining jurisdictions, encourage fresh exploration and investment, and improve relationships between mining companies and their labour and mining communities. In a more flexible labour environment, there would also be less impetus for mechanisation and a greater demand for relatively unskilled labour.

2.2.3 Agriculture

Agriculture offers major potential once threats to land and other property rights, including water-use rights, are removed. South Africa should be able to increase its production, find new markets in the US, Europe, and China, and do much more to meet the food needs of an expanding middle class in the rest of Africa.

2.2.4 Tourism

Tourism also has considerable capacity to expand, for South Africa has much to offer domestic tourists as well as visitors from Africa, India, China, Europe, and all across the globe. The sector is labour-intensive and could employ millions of unskilled or poorly skilled South Africans.
Prior to the COVID-19 lockdown, the tourism sector contributed approximately 3.7% to GDP, making it larger than agriculture, construction, and utilities. The sector employed roughly 780 000 people directly, a number that dropped to 460 000 in 2020. It thus offers significant opportunities for an economy with weak growth and high unemployment, as the Organisation for Economic Cooperation and Development (OECD) has noted. This OECD perspective is encouraging, for it underscores the sector's potential and the importance of exploiting it to the full. Other studies have also shown that 1 job is created for every 8 tourists that visit the country. South Africa has tourism potential in eco-tourism, cultural tourism, and leisure tourism.

2.2.5 Infrastructure Programmes

The provision of other basic infrastructure and services such as water and sanitation, electricity, roads and storm water, telecommunications, and waste management should continue to be carried out using EPWP principles. Partnerships with relevant private sector organisations should be sought to enhance skills development.

If economic growth is to take off and reach the stretch goal of 8% per annum, available infrastructure will have to be greatly expanded, while existing infrastructure will have to be far better managed, maintained, and protected against vandalism and theft. This is especially true of electricity, rail, ports, and road infrastructure. Sara Gear advocates for the denationalisation of state-owned entities through private-public partnership models. This will help bring in some of the revenue required to fund new infrastructure programmes but is unlikely to yield enough.

Our country must take lessons from the experience of the International Finance Corporation (IFC), which forms part of the World Bank and has helped to implement many successful private-public partnerships elsewhere in Africa. Such partnerships have often been used to deliver new infrastructure or to manage existing infrastructure and enhance its efficiency and reliability while reducing operating costs.

SARA GEAR proposes the build-own-transfer (BOT) model, in which the private sector takes on the design and construction tasks of any major infrastructure programme, like the expansion of the Eskom grid, the anticipated nuclear-build-power programme, the rehabilitation of our rail network, and the modernisation of our ports, in so doing to help avoid delays and cost overruns, and then transfers the new plant, railway line, port upgrade, or other infrastructure to the state at an agreed price. This model will immediately terminate the state bailouts that have been given to state-owned entities in the past few years. The funds saved from the state bailouts can be redirected to other meaningful government programmes, including social grants.
The experience in Africa shows that some of the larger public-private partnerships on the continent have relied not only on local firms but also on big-name multinational corporations. Some have also succeeded in raising significant funding (covering up to 85% of costs) from external financiers such as the African Development Bank and other major financial institutions. It is of utmost importance that we involve the private sector in rebuilding our country and, where possible, use their money and not state funds to advance government programmes.

The proposed public-private partnerships will quickly revitalise essential economic infrastructure, from electricity and rail infrastructure to water and sanitation systems. The BOT partnerships can also be used to improve the operational efficiency of our municipalities and government departments, enhance financial discipline, and curb fraudulent, irregular, and wasteful spending that has been the order of the day in the public sector. Electricity, rail, and ports are the key enablers of the economy. We get these 3 key things right: the spin-offs are job creation in numbers.

A working economic infrastructure, as detailed above, will enable a higher economic growth rate, which will allow South Africa to escape the vicious cycle that we are currently stuck in. It will restore hope of a brighter future for all South Africans, build prosperity, revive business and consumer confidence, and give the country a fresh start after our democratic dispensation.

2.2.6 24/7 or a Night-time Economy

Against the backdrop of the unprecedented high levels of unemployment and the stagnant economy, SARA will introduce what is termed a 24/7 economy in all eight metropolitan municipalities. We must introduce an economic system where businesses operate around the clock, 24 hours a day, seven days a week.

The 24/7 economy will encompass various industries, including retail, hospitality, healthcare, transportation, entertainment, and many more sectors of the economy. The key drivers of the 24/7 economy are the changing habits of consumers, technology, globalisation, and the increasing need to create vibrant cities that provide full opportunities for their residents. We are of the opinion that with the introduction of the 24/7 economy, we can add an additional 200 000 jobs per year to the job market. This will go a long way towards achieving our overall target of an economic growth rate of 8% per year and 800,000 jobs per year. The additional benefits of the 24/7 economy are narrated below:

Increased Job Opportunities

A 24/7 economy requires a workforce outside the traditional working hours. Expanding business hours can create new job opportunities for South Africans, particularly in the hospitality or service sectors. Additional shifts and workers will be required to staff the restaurants, hotels, and entertainment venues during the extended hours. This will lead to reduced unemployment rates and the assurance of earned income for people and the country at large.

Economic Growth

Furthermore, the 24/7 economy can contribute to economic growth by increasing productivity and revenue generation. Extended business hours will allow businesses to operate continuously, leading to increased production and service delivery.

This will stimulate economic growth, attract foreign investment, and create a more prosperous environment for our people. The benefits of a working society are enormous for a country.

Safety

24/7 economy or cities promote citizen security. Perpetually, a street that is filled with people feels much safer than an empty street. Studies have shown that policies that invite people to stay outside, such as expanding the hours of operation of shops, restaurants, and movie theatres, help maintain crime statistics at low levels.

Convenience for the Public

The 24/7 economy provides convenience in that it offers flexible working hours for our people. This can be beneficial to individuals who work irregular shifts and have other family responsibilities. Access to economic services outside regular working hours ensures that individuals can meet their needs without disrupting their daily lives. This convenience can improve the general posture of our people and result in a happy society.

2.2.7 Cashiers, Petrol Attendants, Hospitality Receptionists, Security Guards etc

As of the second quarter of 2023, an estimated 3.97 million people in South Africa worked in the services industry. This sector had the highest number of employees, followed by the trade industry, which employed about 3.36 million people. Despite this sector employing the highest number of people in the country, it has the unhappiest employees by far. This unhappiness is attributed to the long working hours, no transport services for the employees despite long working hours, and no medical aid or post-employment benefits for the individuals working in this sector.

Following the engagement and consultation with the individuals working in the service industry, SARA will advocate for the introduction of medical insurance or aid, post-employment benefits for the individuals, and transport allowances or services for individuals working outside of the traditional business hours in South Africa.

2.3 ACCOUNTABLE, COMPETENT AND MORAL LEADERSHIP

30 years into the new democratic dispensation, South Africa has now produced a society that is full of mistrust and polarised by the divisive policies of the ruling party. A nation without an identity. It is unclear to the majority of people as to what it means to be a South African. What is our moral compass? What are our core beliefs as a nation? Our secular constitution has also not

helped in building a patriotic nation with shared values and principles. We have to build a national identity and also build our people to be competitive in the global arena. This country must be known by the type of people that it produces—a confident and cosmopolitan society. The attainment of this hinges on the competency of the public service, the moral clarity of those we put in positions of leadership, and the centre that is holding and is decisive.

Accountable, competent, and moral leadership commences with the quality of the education that we receive and the type of environment in which we raise our children. The people need leadership that they can identify with and rally behind to support and look up to. The ANC government is none of the aforementioned. The success of any nation hinges on the quality of the people it produces. Similar to the path walked by the Singapore government, SARA will champion and seek to inculcate resilience in all South Africans. Large countries like the USA are successful because of their resilience. Once we are able to build this into our people, our chances of greater success as a nation are much greater.

A nation that is resilient and patriotic will always fight the corruption and incompetence that are so prevalent in the public service. SARA will build people for the future. A knowledge-based economy with a particular focus on highly skilled individuals able to compete in the new globalised economy. Our human capital is so important if we are to turn around the decay of the past 15 years. South Africa must become a cosmopolitan country, a global player, and an open country where people from many lands can feel at home. A typical South African must never feel threatened by a foreign talent.

There is no doubt that achieving this will take an enormous effort; however, the journey to complete total liberation of our people, black and white, must start somewhere.

2.3.1 Education

“When analysing the school system in South Africa, it became clear that the education system was flawed, with poorly performing teachers, poor work ethics, a lack of community and parental support, poor control by education authorities, poor support for teachers, and very low levels of accountability (adopted from the researchgate publication)”. South Africa is grappling with a shortage of qualified and motivated teachers. The inadequate number of teachers exacerbates the challenges faced by learners, particularly in rural areas. In a startling revelation, a recent international study discovered that 8 out of 10 South African schoolchildren face difficulties in reading by the age of ten. This is embarrassing for a country that is a gateway to the rest of

Africa. A number of the students who make it to the institutions of higher learning struggle to graduate, citing many factors, some of them being financial constraints, difficulty navigating the university environment, and a basic education system that doesn't adequately prepare students for the pressures of higher study. Poverty and lawlessness have also contributed to the challenges facing education.

Getting more children from both rich and poor families into education at an early age, as well as ensuring they receive the same quality of teaching and learning infrastructure as children from rich communities, would be one of the most effective strategies to redress inequality in education. We will also focus on the provision of the fundamental skills of reading, writing, and counting from an early stage of learning right through to higher stages.

SARA will introduce higher teacher training standards for new teachers, more effective support for existing teachers, and the recruitment of highly skilled foreign teachers in the areas of mathematics, science, and information technology. SARA will reopen all the teachers training colleges that have been closed by the ANC government. We will repurpose all the training colleges for higher advanced teacher training standards and also for the continuous on-the-job training of the existing teachers.

The current government has not been able to address all the infrastructure challenges faced by public schools, particularly in rural areas. We cannot afford to continue to allianate private companies that are patriotic and willing to help this country advance its human capital. We will explore various models of partnership with the private sector to build and maintain the school infrastructure. The key mandate of the Department of Education is the provision of education to learners. Under the SARA government, that will be the focus. Let the education department focus on teaching and permit the private sector to build and maintain public school infrastructure through the affermage or lease agreement model, in which the government retains ownership of the public schools but transfers the responsibility for day-to-day operations, maintenance, and guarding of the premises to the private sector in return for agreed fees payable by the department against stipulated performance indicators. The implementation of this model will ensure that all the public-sector schools have similar infrastructure to the private schools, if not better. What is important as well is that we will be able to address the school infrastructure backlog within a space of 18 months.

There was no business case for splitting the Department of Education into the Department of Basic Education and the Department of Higher Education, except that it was driven by the cadre deployment phenomenon. SARA will merge the two departments and have one ministry of education. However, we will introduce a new ministry in education, the Ministry of Technical Training. The terms of reference for this new ministry will be the design and implementation of technical training for all learners who intend to follow technical training from Grade 10. All the SETAs and TVETs will fall under this ministry. And all the technical training colleges closed by the incumbent government will be reopened under the SARA government.

2.3.2 Traditional Leaders

One of the shortcomings of our democratic constitution is the limited, if not no, powers afforded to the traditional leaders. The role of the traditional leaders is very essential in the enablement of one of our key pillars at SARA, which is the command and control of the country. Traditional leaders must be perceived as one of the custodians of the social order in their territory. 30% of the population of South Africa lives in rural areas. The significance of the role of traditional leadership cannot be ignored, taking into account the size and number of people that have once been or are currently under traditional leadership. Traditional leaders and tribal authorities must be given power or authority to govern their territories. They must have decision-making powers that are enforceable as they pertain to everything that happens in their land.

SARA will ensure that traditional leaders have voting power in the municipal councils and that no municipal integrated development plan can be passed without the endorsement of the traditional leader, particularly in matters concerning their territory. We are going to provide traditional leaders with water rights so that they are able to make plans for the provision of water to their villages. All the traditional tribal authorities must be funded and be able to run their own budget independent of the municipal council budget.

2.3.3 Policing

The new data that was released by Statistics South Africa shows that household crimes such as housebreaking, home robbery, and theft of motor vehicles have increased over a period of time. The crimes experienced by individuals have also increased. Housebreaking is the most common crime experienced by households in South Africa. A total of 1.1 million households experienced housebreaking incidences in the 2022–23 period. Only 51% of households that experienced housebreaking reported some or all incidences to the police. There is a growing mistrust between the communities and the police. One of the reasons could be the centralised approach used by the current government, where you have one Minister of Police task to oversee the policing function across all nine provinces of South Africa. This approach has created too much distance between the head of policing and the communities in which it is meant to serve. And also, this approach has given the Minister of Police too much power over policing and is open to bureaucracy, abuse, and corruption. The concentration of power and decision-making within the institutions and entities of the central government has made the provinces less influential.

SARA's solution is the adoption of a decentralised approach to combating crime in our communities. Bring back policing closer to the communities that it serves. The involvement of the communities, community policing forums, and private security companies in combating crime will build trust between policing and the communities. We will abolish the ministry of police and decentralise the head of policing to the provinces. Currently, the MEC for safety and security at the provincial level has no power over the South African Police Services (SAPS) except for monitoring, overseeing, and establishing liaisons, as stipulated in Section 206(3) of the Constitution. The primary responsibility for political oversight of the SAPS rests primarily with the Minister of Police. Under the SARA government, this approach will change. We will advocate for the empowerment of the provinces to have political oversight over policing in their provinces and, most importantly, to have their own policies as it pertains to policing in their provinces.

2.3.4 Foreign Policy

Every nation that governs itself following democratic elections and is without dependence on any foreign power is a sovereign state. SARA respects and honours the sovereignty of every democratic nation. The rights of every nation are naturally the same as those of any other nation. South Africa is open to every foreign national intending to live in the country legally. Every foreign national living in our land must be documented and have a valid physical address while inside our borders. All illegal immigrants living in the country currently will be documented on the condition that each individual is able to provide proof of a traceable, valid physical address.

Protecting our borders from the illegal movement of people, weapons, and drugs while promoting lawful trade and travel is essential to our security, economic prosperity, and national sovereignty. We must enforce our border security.

2.3.5 Government Departments

The size and forms of government should be guided by the resources and the ability to tackle challenges like poverty, joblessness, homelessness, illiteracy, and many other factors. With 29 ministries, South Africa has one of the largest executive branches in the world, even bigger than the USA. We will reduce the size of the ministries to twenty and also terminate the Deputy Minister role in government. The savings derived from this exercise will be redirected to additional social grants that the SARA government will introduce. We need a small government that is competent and able to respond to issues on time.

2.3.6 National Health Insurance

According to recent studies undertaken, the National Health Insurance (NHI) scheme will require an additional R296 billion from the already depleted government coffers. The government does not have the resources to enable the NHI scheme, and coupled with this, there is a shortage of healthcare infrastructure. The bill in its form contains a large number of clauses that will give the Minister too much power to make decisions about healthcare. History has taught us that the current government has no capacity to implement projects of this nature. We must draw lessons from what is currently happening at the National Student Financial Aid Scheme (NSFAS). Simply put, SARA will reject the NHI in its current form and find other innovative means to enable universal access to healthcare for the poorer sections of our society. The focus should be on upgrading our existing healthcare infrastructure, training our healthcare professionals, and increasing the availability of medicine in all the rural clinics.

2.4 REDISTRIBUTION

Even when the economy starts turning around and millions more jobs are created, the state will still need to play an important role in alleviating poverty and helping to uplift the disadvantaged. It may also have to do this for the next two or three decades. The government must ensure the effective provision of sound education, healthcare, and housing. The government must also continue to provide monthly social grants for children, pensioners, and the disabled.

However, major reforms are needed to make social protection more effective and ensure its sustainability for the 20 to 30 years that it is likely to remain essential. This means that the government must develop appropriate policies, set goals, and raise the necessary revenue, while individuals, communities, and businesses take charge of delivery and implementation.

The SARA government will continue to look after the poor and the disadvantaged, but the social services grants must be funded on the back of a successful, growing economy, not debt-financed, as is the case with the current dispensation.

As mentioned earlier in this document, the fiscal space that allowed a steady increase in social grant spending has disappeared, while the number of social grant recipients far exceeds the number of people in employment. In 2001, before the major rollout of child-support grants, there were 312 employed people for every 100 social grants being paid out. Now there are only 83 people with jobs for every 100 social grants (excluding the Social Relief of Distress grant) and 58 people with jobs for every 100 social grants (including the Social Relief of Distress grant).

The sustainability of social grants is under pressure just as dependency on them is growing. This is a recipe for disaster. Hunger has increased sharply, causing great suffering. It is also contributing to social discontent and violent demonstrations, along with an upsurge in vandalism, theft, extortion, murder, and other violent crimes. This is undermining the social stability needed to attract new investment.

In addition to the current plenitude of social grants, the SARA government will introduce the following:

2.4.1 Housing Vouchers

The provision of housing for our people has been a failure in many respects. At present, despite a significant housing budget, the government is building fewer than 100,000 low-cost houses a year. Since there are 2.3 million households on the national housing waiting list, it will take the government some 20 years simply to clear the current backlog, let alone meet future needs. To improve efficiency and empower the poor, SARA will introduce housing vouchers to address the housing backlog. Much of the housing budget should thus be used to fund housing vouchers for poor households. Instead of centralising the procurement of housing for the poor within the state, the innovative solution will be to give the people housing vouchers equating to a rand amount, i.e., R100 000.00. These vouchers could be used by the recipients to redeem them for building materials to build houses of their own choice and structure. The role of the government in this will be to provide land for the people to build houses of their own choice. This solution will eliminate the housing backlog of 2.3 million within 12 months.

2.4.2 Unemployed Single Men Grants

The highest suicide rate in the country is among men. Over the years, the state has neglected unemployed single men who are also carers, looking after their children in their own right. While it is commendable to continue to look after women through various government empowerment interventions and grants, we must not create a societal imbalance. We must find a way to also uplift men in our communities to curb the surge of gender-based violence and the related offences committed by frustrated men. SARA will introduce what is termed “unemployed single men grants” to qualifying men who are single, unemployed, and in custody of their children. This is aimed at building a family, society, and community at large.

Because earned income will initially be limited and not everyone who wants a job will be able to find work, current social grants for children, pensioners, and the disabled will be retained for some 30 years to come. Child support grants should, however, be raised to the food poverty line. The social grants that are currently at risk of becoming unaffordable will become more sustainable as growth rises and tax revenues expand. To improve and sustain social protection over the projected 30 years, we should thus implement the policies outlined in the SARA GEAR to enable sustainable long-term economic growth.

2.4.3 Unemployed Graduates

The implementation of SARA GEAR will guarantee and economic growth rate of 8% per annum and the creation of 800, 000 jobs per annum. The gains of the SARA GEAR will be experienced over a period of time. In a circumstances where we are not able to employ graduates from the institutions of higher learning, we are going to give them a basic income grant or R3500 per month. The savings from the reduced government departments, savings of R40 biilion per annum to be derived from reduced procurement budget will be used to fund the proposed unemployed graduates grant. .

3. CONCLUSION

The growth, employment, and redistribution challenges facing South Africa are formidable and intricate. The damage caused by the ANC government is indeed burdensome. The new government will inherit considerable backlogs in housing, education, employment, and basic socio-economic needs. These backlogs cannot be redressed unless appropriate strategies are implemented in a rapidly growing economy. Hence, the SARA GEAR aims to transform the economy into a fast-growing one capable of providing jobs and a better life for all South Africans.

With the current economic climate, the prospect of creating some 800,000 jobs per year has become increasingly remote. With the influence and power that the labour unions have over the ruling party, progress is lacking in the area of labour market flexibility. Instead of introducing labour reforms and removing rigidities, new labour legislation is discouraging firms from hiring new labour. The budget deficit seems to be on a definite downward trend. What is required by this country is a complete U-turn. Of importance is a sensible fiscal policy with the effect of reducing unproductive public expenditure and cutting taxation. Tax cuts promote business formation and expansion, as firms would find it easier to finance their investments with the additional internal funds.

As SARA, we submit this document to the voter to endorse and eventually adopt it as a tool that will help turn around the negative trajectory of this country. Let's do something in South Africa: vote SARA, vote economic growth, vote employment, vote accountable leadership, and vote redistribution of the surplus wealth of this country.

SARA

SOUTH AFRICAN RAINBOW ALLIANCE

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