

What should we be discussing as we head to the polls?

PIMS Idasa

20th March 09

The 2009 elections promise to be one of the more exciting South African elections since the advent of democracy in 1994. The events of the past couple of years have created among South Africans a mixture of apprehension, uncertainty and a feeling that change is in the air.

Thus, we pose the question what should these elections be about? What are the issues, questions and concerns that South Africans should be discussing and debating as they head to the polls on 22 April?

The internal battles within the ANC saw President Thabo Mbeki being unseated before the end of his presidential term and the installation of a new President, Kgalema Motlanthe. The subsequent resignation of the finance minister also caused the markets to respond negatively and then correct themselves as he was re-instated. Meanwhile, as the corruption trial of the ANC president Jacob Zuma meanders through the courts the judiciary finds itself at odds with the ANC leadership. This has been characterised by inflammatory rhetoric and threats against the judiciary, which have heated the airwaves. This has all amounted to a weakening of democratic institutions and, moreover, the social fabric of our society. These concerns come at a time when South Africans are faced with a range of pressing socio-economic threats such as declining life expectancy rates, sobering news on HIV/AIDS rates and a global economic contraction that has not left our shores untouched, as seen in recent job losses.

Yet all is not doom and gloom. Poverty is on the decline and real advancements have been made to better ordinary South Africans lives. Service delivery has improved and Stats SA states that between 2001 and 2007 2.1 million jobs were created. A new Minister of health has acknowledged that HIV causes AIDS and the era of HIV/AIDS denialism seems to be over. Civil society is active in the country and the largest march against the xenophobic attacks in 2008 was organised by the TAC and supported by other civil organisations. Whilst the government was slow in its response to assist victims of the attacks various non-profits and charity organisations kicked in to assist in the void in aid to the victims. A record number of South Africans 23,174,279 have registered to vote in the upcoming elections and almost 6.4 million are within the ages of 18-29, and over 50% of all registered voters, 12.7 million are women.

South Africans hold strong views on political freedoms and the Afrobarometer survey conducted on political views in 2008 revealed that 80% of South Africans believe that the news media should be free, 72% feel that people should be free to join any organisation and 62% that the president should be bound by the courts. A total of 59% said that citizens should actively question the actions of leaders and 78% said that people should be able to speak their mind. Overall trust in political institutions (other than opposition parties) and state institutions (other than the SABC for which there is no comparative data) is on the decline between 2006 and 2008. Fear of political intimidation logged in at 50% for violence related to party competition, and 44% felt they needed to be cautious when discussing politics.

On the pressing issues affecting South Africans employment topped the list at 69% with crime at 32% and poverty at 24%. When disaggregated by racial group crime ranked highest or almost on par with job creation for the White, Indian and Coloured populations whilst it was low within the African population. While corruption still figures low at 16% it has more than doubled from 6% in 1998 and education has decreased as priority from 34% in 1994 to 12% in 2008. A more alarming statistic is that in 1998, 51% of the population believed life was better than under apartheid and that number has now dropped to 45%. Only 36% of South Africans believe that the country is headed in the right direction, a drop from 73% in 2004.

Government policy fared well in the distribution of welfare (66%), addressing educational needs (55%) water and sanitation provision (52%) and declined on keeping prices down (25%), reducing crime (29%), job creation (33%) and fighting corruption (31%).

On issues of social cohesion, fewer (49%) South Africans believed in 2007, that race relations were improving than in 2001 (74%). However, national identity where people identify as South African (52.6% in 2004 and 52.8% in 2007) over a racial identity (9.9% in 2004 to 4.1% in 2007) remains strong and stable.

The global contraction is one of the major issues affecting South Africans and should be an important theme for the upcoming elections. Along with the contraction we have highlighted four additional vital issues for the elections inequality, unemployment, poverty and service delivery.

Although the fabric of our democracy, ie. the institutions that allow South Africans to advance democracy, are of critical importance and those are dealt with in a separate upcoming brief. The tumultuous political terrain of the past few years has tested and at times weakened these institutions in our young democracy. Parliament and its health are of particular concern, the lack of independence from the executive, a proportional representative system which makes MPs beholden to their parties rather than their constituencies and the impression that parliament has become a rubber stamp for the wishes of the ANC NEC over issues such as disbanding the Scorpions, failing to launch a commission of enquiry into the arms deal, attempting to control appointments to the SABC board and the Travelgate cover up. The Eskom electricity crisis in 2008, highlighted weaknesses in the ability of the South African Parliament to monitor policy and hold government to account for its shortcomings. In general, public trust in both parliament and government has lowered over the years. According to a recent HSRC survey, “ the data from late 2005 show a worrisome reversal in trust in virtually all major public institutions, particularly local government and Parliament, but also the other two tiers of government”¹. In addition to Parliament in the upcoming brief the focus is also on other institutions such as the NPA, Media, IEC, the Judiciary and Constitution.

¹ Between Trust and Scepticism: Public Confidence in Institutions, HSRC. www.hsrc.ac.za HSRC Review Volume 6, No1, March 2008. This downward trend continued into 2006 and 2007

1. Effect of the global crisis

The global contraction is the most significant exogenous threat to the SA economy since the East Asian financial crisis of 1997, 1998, and far exceeds that in its likely impact. The main areas of concern for South Africans are exports, employment and foreign investment.

The banking sector in South Africa has been fairly insular and conservative and as a result of this has been fairly protected from the crises up to this point. Though some SA banks have seen the percentage of bad debts in their asset book increase, this has to date not been sufficient to lead to a significant drying up of credit in the domestic economy. The influence of the crises has not been primarily through the banking sector, but through reduced demand for SA exports and reduced financial inflows as, ironically, international investors consolidate their portfolios on home turf even as their home economies are falling apart. The crisis has undoubtedly reduced the total pool of global credit available.

To date, much of South Africa's public borrowing has been on domestic markets. As international credit for the private sector decreases, and as government increases its demand for credit for infrastructural spending, the domestic credit market may come under more pressure, ie crowding out may occur. (This point is made by Raymond Parsons in Zumanomics). Reduced global credit will then increase the cost of SA government borrowing, compounded by downwards revisions of SA's credit rating in the wake of Polokwane and fears around future populist economic policy. What this also means is that the minister of finance's optimistic outlook on floating government bonds on the international market as a way to raise money for the deficit may be exactly that – optimistic.

In the SA real economy the contraction has of course led to a recession. The SA economy officially contracted in the last quarter of 2008 and there is no doubt that it contracted in Jan-March 2009. Job-shedding has occurred and there may be an appreciable impact on poverty rates and hence on social grant demand as well as demand for other publicly provided services which are perceived as 'inferior goods': ie demand for them rises inversely to income.

Government in its 2009 budget responded fairly decisively to the lower growth, lower tax revenue and higher medium-term demand for social services implied by the contraction. The 3.9% main budget deficit which enabled continuation of infrastructural commitments and social spending can be one means of leveraging an economy out of recession, assuming that such spending is efficient and effective rather than frittered away. In other words, the mildly counter-cyclical fiscal policy of previous years was continued, with the difference being that before 2009 government ran surpluses to offset growth beyond the long-term potential of the economy (ie the economy was booming with attendant inflationary risks) whilst in 2009 it ran a deficit to offset reduced aggregate demand. The debt position associated with this year's deficit and the planned deficits for the coming 2 fiscal years is sustainable though sensitive to a number of assumptions such as how long it will take the economy to recover.

What the responses of most governments who have been strongly affected by the crisis has shown is that the era of the Washington consensus and fiscal conservatism

has either ended or been put on the shelf. In this environment the criteria for assessing fiscal prudence have also changed. Keynesian-style responses are the order of the day. However, the need to respond to the crisis decisively, through larger deficits and the like, should be carefully distinguished from measures which are likely to be regarded as populist. Though the rules have changed, rules still prevail and as always developing countries are likely to be held more harshly to them than developed countries. In an era of reduced global credit, in fact, it is as important as ever that SA economic policy remains sensitive to the perceptions of those whose funds are needed to fill the large domestic savings-investment gap.

It is too early to assess when the SA economy will recover. Currently South Africa is still in a phase of downward adjustment followed by further downward adjustment of growth forecasts and the like. Certainly both the 2008 MTBPS (October 2008) and the 2009 Budget were overly-optimistic. The MTBPS still envisaged growth of 3% for 09/10, even though it was released as the crisis was unfolding. The 2009 Budget adjusted this down to 1.4%. SA will, in fact, be highly fortunate if it records any form of growth in the 2009 calendar year or the 09/10 fiscal year.

2. Inequality

As South Africans go to the polls for the fourth time since 1994, inequality remains a critical issue facing the country. Inequality is identified as one of the main barriers towards human development within countries by the UNDP in its 2005 Human Development Report, which states that “deep disparities based on wealth, region, gender and ethnicity are bad for growth, bad for democracy and bad for social cohesion”.² Within development recent studies have shown that inequality in both income and access to skills and resources can inhibit growth and compromise a country’s capacity for economic advancement.³

The Gini Coefficient a globally popular measure of inequality, where 0 is no inequality and 1 is total inequality. In 1993, South Africa had a Gini of .67 in 2000, it was .68 and in 2007, the gini remained largely unchanged at .66.⁴ South Africa has one of the highest measured Gini coefficients in the world, by comparison Egypt is at .34 ,the US is .48, Nigeria .48 and Ghana .41.⁵

Furthermore, recent studies on inequality in South Africa show that by 2004, inequality in income distribution had increased since 1994. The authors of the study find that the government has not done enough to counter the existing apartheid system that was complicit in creating this inequality through the creation of a ‘distributional regime’, which created two groups, the ‘insiders’ who had access to education, skills development, resources and employment over the ‘outsiders’ who were shut out of employment access to training etc. During the apartheid period the insiders and outsiders were defined by race, under the new post-1994 system class has replaced race. However, while there is an increasing multi-racialism within the insiders, there

² Ibid. page 51

³ Alberto Alesina and Dani Rodrick, Redistributive Policies and Economic Growth, Quarterly Journal of Economics, vol. 109, May 1994, pp. 465–90
Thorsten Persson and Guido Tabellini , Is Inequality Harmful for Growth? by, American Economic Review, vol. 84, June 1994, pp. 600–21.

⁴ Development Indicators, The presidency, Government of South Africa 2008, pp 26.

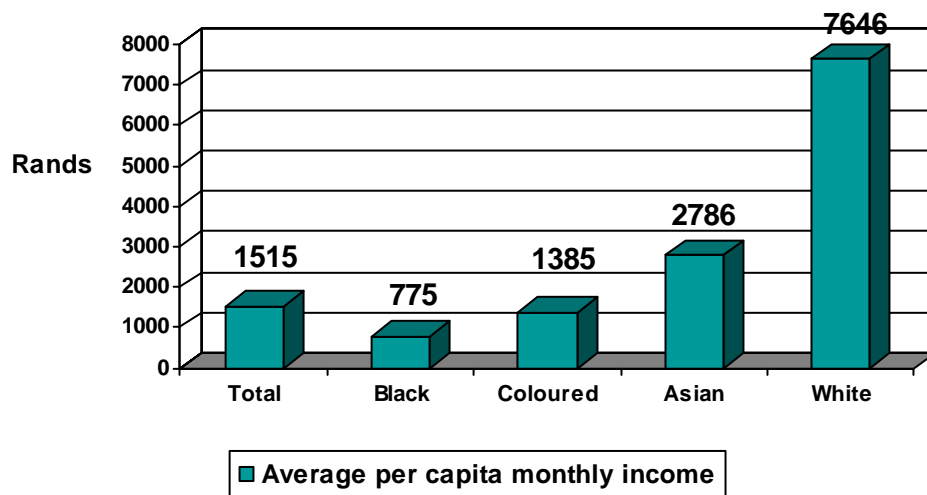
⁵ United Nations, Human Development Report, 2007/2008

is an obvious racial dimension to the “outsiders” based on the country’s history of racial discrimination.⁶ Other studies point to the fact that inter-racial inequality has declined⁷, however intra-racial inequality perhaps expectedly and particularly for Africans has increased, as they avail themselves of new opportunities, though not dramatically.⁸ However, if one looks at the wage distribution between races on Graph 2 below clearly large inequities based on apartheid era preferences for racial groups exist between the races.

The government has tried to address inequality in a number of ways. Progressive taxation has allowed the government to re-distribute. The significant policy of re-distribution has been social grants, which have enjoyed a relatively high success rate. Public education is another major form of redistribution through its subsidization by the state. Land claims are another major source for reducing inequality particularly in rural areas. Finally affirmative action and BEE were instituted to allow previously disadvantaged races to participate in all facets of South African life. BEE is particularly controversial as it is seen to benefit a few elite with ties to the ruling party and is increasingly viewed by white capital as a form of patronage towards the ruling party.

Public perceptions on re-distribution and inequality show that South Africans believe that the government is faltering in narrowing the gap between the rich and the poor, 56% in 1998 believed the government was narrowing the gap versus 26% in 2008.⁹

Graph 2: Average per capita monthly income by Race, IES 2005/6



3. Unemployment/Job creation

⁶ Jeremy Seekings and Nicoli Nattrass 2005, *Class, Race and inequality in South Africa*, Connecticut: Yale University Press.

⁷ Income Expenditure Survey 2005/2006.

⁸ IES Survey 2005/2006.

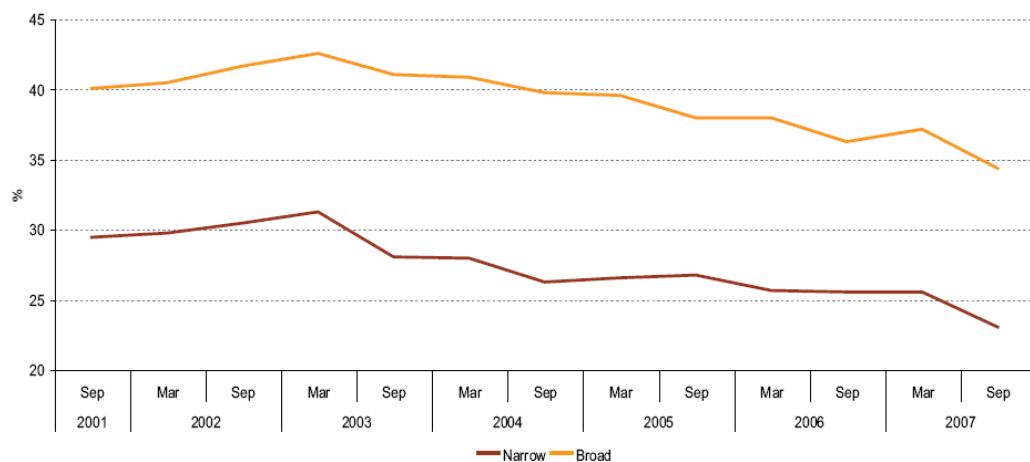
⁹ Afro barometer, 2008.

South Africa has one of the highest unemployment rates amongst developing nations. In 2006, South Africa had an official rate of 27% compared with under 10% for Brazil and Indonesia and under 5% for India and China.¹⁰ Much of this the new democracy inherited from the previous colonial regime in 1994.

In 2008, the country's official unemployment rate was 23% and with a real unemployment rate of 34.3%.¹¹ Although this reflects a reduction from 2001 where unemployment was 29% (official) and 40% (real) the labour absorption rate in 2001 of 39.6% has only marginally increased in 2008 to 43.7%.¹² What this means is that the South African economy has not been able to sufficiently absorb new entrants into the labour market. Although, the South African economy began to grow in 2001 at a steady pace labour demand remained inadequate and the labour absorption rate remained low. This was partly due to the fact that South Africa's growth in the early 2000s was driven by a commodity boom and was capital intensive. By comparison manufacturing exports, which are more labour intensive declined. Whilst demand for high skilled employees increased those with low or no skills were left behind. Hence the confronted with low employment growth. In real terms today this means that today almost 7.4 million South Africans who are part of the labour force and could be working, are not.¹³

Graph 3.1 Unemployment Official and Real 2001 to 2007.

UNEMPLOYMENT (BROAD AND NARROW)



Source: Development Indicators 2008, derived from Stats SA 2001 -- 2007

Employment is largely centred round the formal sector (66%), which is relatively robust for a developing country. However recent trends in employment show that industries that are contributing the most to employment (construction, trade, finance and services) are sectors which are prone towards informal (33% in construction) and atypical employment such as casual, part-time and contract work.¹⁴ This means that many workers are susceptible to unemployment or retrenchment.

¹⁰ World Bank development indicators 2006.

¹¹ The real rate includes discouraged workers which the official rate leaves out. Labour Force Survey Sept. 2007.

¹² Labour Force Survey (LFS), Stats SA Sept. 2001 and 2007.

¹³ LFS Sept. 2007 pg

¹⁴ LFS Sept. 2007; Naledi, 2008, The Annual Report on Bargaining: Bargaining for a Living Wage, Report Prepared for the Cosatu CEC; pg 10-11

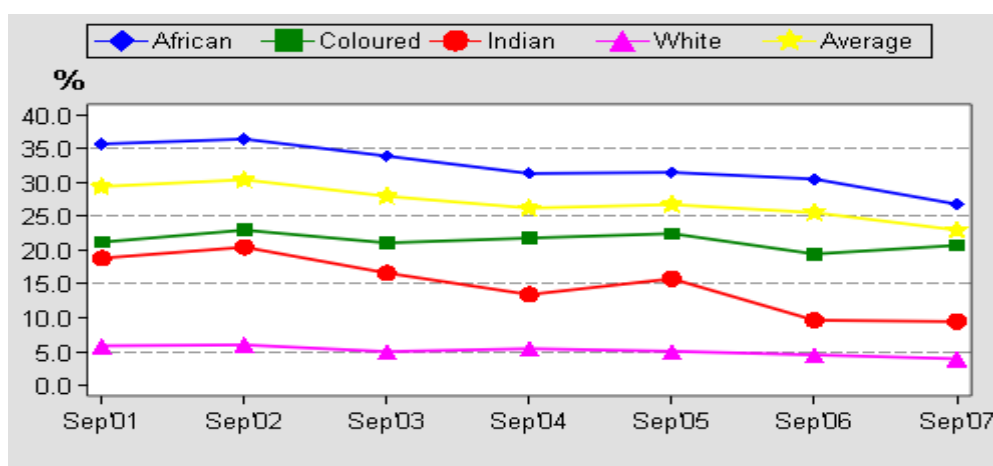
Unemployment can be characterised as structural, spatial and gendered. South Africa has a population of almost 48 million of which almost 80 % are African, 9% White, 9% Coloured and 2% Asian/Indian. Skewed apartheid area planning has meant that poverty and unemployment are concentrated in pockets of urban and rural areas. Women workers are worse off when compared to their male counterparts, in 2007, the official unemployment rate for women was 26% compared to 19.8% for men, the labour absorption rate was 36.7% for women as compared to 51% for men and the labour participation rate was 63.9% for men compared with 49.7% for women. Africans make up 63.8% of the unemployed and White's 4%. Within these groups African women face an unemployment rate of 37% versus African males at 25%. African women have an unemployment rate that is 10 times higher than their white counterparts. Youth (15 -35) make up 37% of SA population and account for 70% unemployed.¹⁵

Table 3.1: Unemployment by Race in 2008

Unemployment in %	Male	Female
African	25.00%	36.90%
Coloured	16.90%	22.90%
Indian/Asian	11.30%	17.90%
White	4.10%	4.60%

Source: Naledi, 2008 using LFS March 2007

Table 3.2: Unemployment by Race 2001-2007

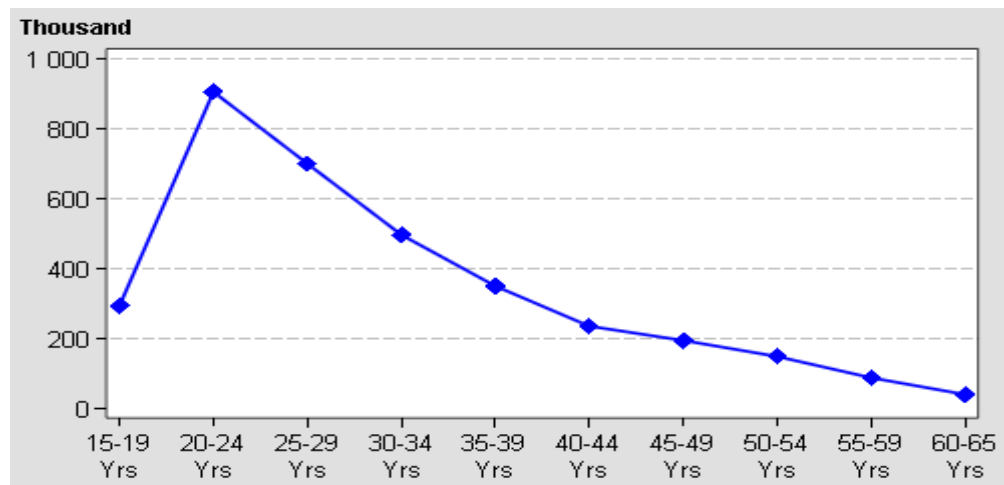


Stats SA, LFS Sept. 2007

Discouraged workers are disproportionately represented by the youth and women. Almost 20% (905,000) of discouraged workers fall between the age group of 20-24 years and 16% (700,000) fall in the group of 25-29 years. Youth (15-35) account for 68% of discouraged workers. Black women make up 2 of every 3 discouraged workers or 64% of all discouraged workers. Limpopo, the North West and KZN have the highest rates of discouraged workers. In Limpopo, one out of five workers in the labour force has stopped looking for work.

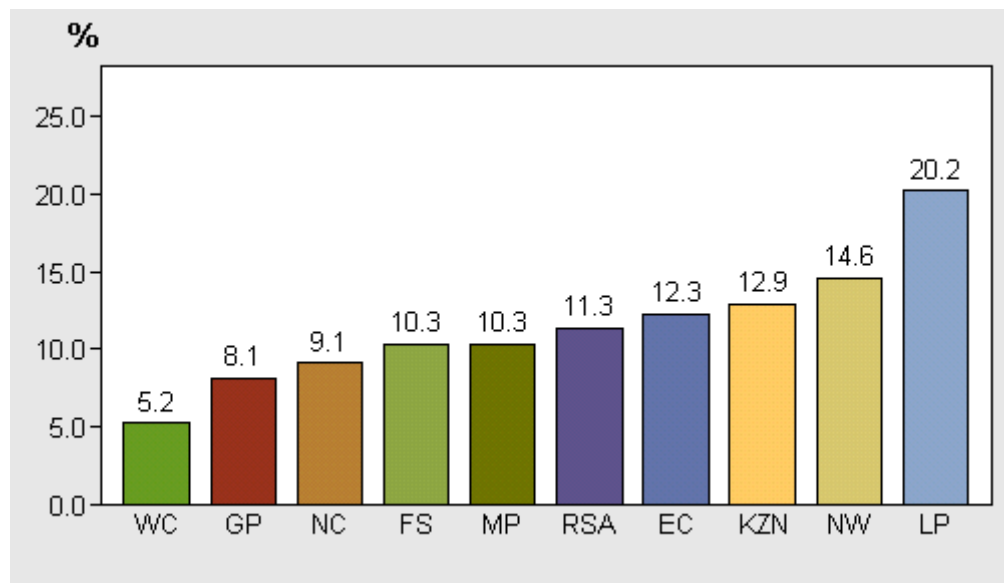
¹⁵ Naledi, 2008, using March LFS 2007

Table 3.3: Discouraged Workers in 2007 by Age Group



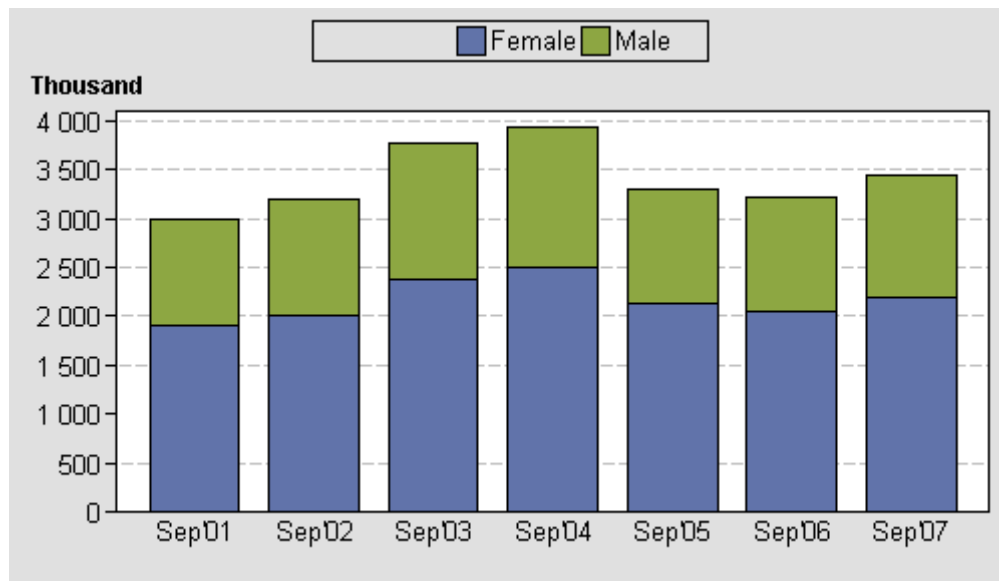
Source: Stats SA 2007

Table 3.4: Discouraged Workers by Province, 2007



Source: LFS, Stats SA Sept. 2007.

Table 3.5: Discouraged workers by Gender, 2007



Source: LFS, Stats, SA 2007

Employment and access to particular jobs are shaped by apartheid era discrimination. Employment patterns in management capture these discrepancies. Whites hold 81.5% of top management positions whilst Africans hold 10%. Similarly, within senior management positions, Whites account for almost 78% of all positions, while Africans just 11%.¹⁶

The Government has tried to deal with the employment issue through various policy measures. In 1996, GEAR was introduced partly as a response to balance of payments crises but also in the hope that creating 'growth' would allow demand for labour to increase. However, market-wage rigidities, skills mismatches and a weak culture of small-scale entrepreneurship have impeded a sustainable increase in demand for labour. Moreover, strategies such as skills development through the NSF and SETA's for example and education were actively promoted. However, in spite of generous funding for both, operational inefficiencies have produced a weak allocations-outcome result. Skills development strategies have struggled at the level of implementation and the transfer of marketable skills and have also been exceedingly unwieldy bureaucratically. Consultants have benefited immensely, but the skills levels of the work force have not changed appreciably.

The expanded public works programme was introduced with much fanfare, but it is too early at this point to evaluate the operational efficiencies of the programme. Its impact on job creation has been difficult to gauge. The nature of the EPWP work means that work is short term and largely unskilled which means that it is unlikely that there are marketable skills being derived and transferred into the labour market. However, it is potentially an important poverty alleviation measure.

The government tried to address the employment issue in 2006 with the creation of ASGISA, which attempted to prioritize specific industries and push for employment creating industrialization. However, internal ANC leadership contestations has seen projects such as ASGISA become moribund and replaced with ideological debates around the 'developmental state' and the creation of industrial policy that would

¹⁶ (Naledi, 2008 pg 12-13).

promote labour absorbing export and funded by the state and creating employment over the long term. However, material realities, such as the WTO and the absence of a symbiotic relationship between capital and the state as seen in countries such as Singapore, Korea and Taiwan make it difficult for South Africa to follow in the footsteps of others. The debate on the creation of or role of a developmental state and what form it should take continues but given the sometimes daily contradictions emanating from the ruling party around economic policy it is hard to translate or predict that this debate will transform into reality or what shape the 'development state' might actually take.

4. Poverty alleviation

Endemic poverty is one of the legacies of apartheid. Although South Africa does not have an official measure for poverty or a 'poverty line' recent studies show that in 2007, 48% of South Africans lived on a monthly income of R462/month and 23% lived below R250/month. Poverty in South Africa is racial, multidimensional and households living in poverty are particularly vulnerable as they are subject to cyclical variations.

Although the government does not have an official measure of poverty arbitrary measures of poverty are set by bureaucrats in order to determine households eligible for government poverty alleviation scheme. In light of this it is preferable for the government to construct a measure of poverty that accounts for both monetary and non-monetary factors. The South African government has a significant body of research available to it to create a comprehensive and inclusive measure of poverty which would allow for a better understanding of the people living under poverty in South Africa.¹⁷

Since 1994, considerable progress has been made in reducing poverty. In 1995, 30% of the population lived below R250 per month and this was reduced to 23% by 2005. In terms of geographical spacing, provinces such as the Eastern Cape (50% to 29%), Free State (45%-16%), NorthWest (40%-28%), Mpumalanga (34% -28%) and Northern Cape (34%-28%) have witnessed the most significant decreases in poverty levels. Both the Western Cape (9%) and Gauteng (7%) had the lowest percentage of people and these have largely remained at the same levels.¹⁸

This reduction in poverty can be attributed largely to an expansion in social grants of various types and to some extent an increase in service delivery. These services have been targeted fairly well to poorer households and have a re-distributionary incidence. On the other hand, many basic services have been provided by municipalities on a cost-recovery basis and thus income poverty would impede the ability of households to actualise the benefits of an available service. There needs to be coordination of service delivery to poor households in a manner that does not exclude them from receiving services because of the lack of ability to pay. A system of gradation within the service delivery would allow all households to access necessary services.

¹⁷ Coudouel, Aline, Jesko Hentschel and Quentin Wodon (2002), Poverty Measurement and Analysis, in the PRSP Sourcebook, World Bank, Washington D.C. Chapter 1.

¹⁸ Development Indicators, Page 27

Social grants have risen from 3 million beneficiaries in 1997 to 13.4 million in 2009. The greatest number of grants distributed is in the form of Child Support Grants (9.1 million), the old age grant 2.3 million and the disability grant 1.4 million.¹⁹ Social grants account for 3.5% of the GDP and they have hovered around the 3% mark since 2003.²⁰ There is concern within government as well as amongst economists who tend to be conservative about further expansion of entitlement spending and the increased fiscal risk it represents. It is not only that entitlement spending creates a legal claim on public resources, but also that, politically, it is far easier to expand grants than to contract them. Thus, while it is likely that the Child Social Grant eligibility age will in time go up to 18, no other grants expansion can be expected. Moreover, the current financial crises will most likely translate into reduced revenues for the next few years increasing the budget deficit, and creating volatility in the currency.

Table 4.1: Grant Distribution by Province, 2008

Grant type	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	North-West	Northern Cape	Western Cape	Total
Old Age	420 709	134 653	275 714	464 559	356 073	158 015	189 316	56 874	173 637	2 229 550
War veterans	235	46	496	303	165	72	72	75	460	1 924
Disability	225 289	114 864	151 224	407 656	117 625	82 309	120 692	48 305	140 492	1 408 456
Grant-in-aid	5 577	723	601	13 768	3 929	839	1 793	2 893	7 220	37 343
Foster care	84 308	45 366	55 395	122 608	45 757	23 561	35 093	14 186	27 925	454 199
Care dependency	19 484	4 104	12 680	29 763	11 812	5 306	8 192	3 552	7 399	102 292
Child support	1 478 176	453 730	954 500	2 094 613	1 270 893	655 695	629 539	180 982	471 847	8 189 975
Total 2006/07	2 244 303	723 698	1 406 445	2 931 722	1 751 512	901 386	1 001 629	232 102	790 344	11 983 141
Total 2007/08	2 228 201	752 763	1 450 009	3 119 502	1 802 325	924 958	982 904	303 974	821 760	12 386 396

Source: Development Indicators, pg. 29.

Thus, poverty alleviation by other means needs to be pursued. The focus on job-creation is of course one aspect of this. Another is the attempts to introduce public health insurance as well as a publicly managed compulsory pension fund. Smaller initiatives abound. But, again, the main challenge lies less with making more money available or changing budget priorities, and more with getting value for money from the budget. The under-performance of many sub-national governments is hugely worrying in this regard: the provinces are responsible for much social spending and the municipalities for basic household services. Delivery in many cases here is weak. Addressing these challenges would do more than, say, a large increase in the budget deficit. The problem is of course partly one of limited accountability in the absence of strong sub-nationally focussed civil society organisations and limited electoral competition.

5. Delivery of Public Goods

5a. Service delivery

Service delivery is critical to poverty alleviation. Given the high levels of poverty in South Africa focus on service delivery both on output and outcomes is essential to understand how effectively the system is working. Clearly there have been advancements since 1994:

“The transformation of local government in South Africa has been nothing short of remarkable. The system of local government has been de-racialised, municipal jurisdictions have been constructed, a philosophy of developmental local government

¹⁹ Estimates of National Expenditure and Budget Review 2009, National Treasury, Government of South Africa; www.sassa.gov.za

²⁰ Development Indicators, pg 29.

has been introduced; and the inter-governmental fiscal system has been overhauled to bring far more financial resources down to the municipal level.”²¹

Yet the author points to the fact that 2005 and 2006 saw unprecedented mass protest over the lack of service delivery, although paradoxically this did not translate into a lack of support for the ruling party at by elections. She blames the mass protests on three major factors; municipal ineffectiveness in service delivery, weak responses from municipalities to citizen grievances and a culture of self-enrichment on the part of the municipal councillors and staff. However she also adds that Municipalities are over burdened dealing with the impact of poverty, HIV/AIDS, unemployment and increasing urbanisation. Additionally, there needs to be more sustained support from sectoral departments in government and a lack of coordination, clarity of task and powers from the intergovernmental system have inhibited municipalities from carrying out their mandate.²² Additionally municipalities are forced to bear the very public effect of poorly planned state policies that take a one size fit all approach to a problem that requires context-specific evaluations particularly in a country with diverse skills experience and income. Accountability is focused excessively on procedure or output rather performance or outcomes.²³

Although decentralisation of management, spending and resource management is preferable this is impeded by cronyism and the absence of a meritocratic bureaucracy, which creates a capacity crisis at the local level. Adding to this has been the lack of prioritising infrastructure spending at the national level during the 2000's which has created a burden on local municipalities, which face increasing users within outdated and inadequate service delivery systems.

Karl Von Holdt in his review of the service delivery literature encapsulates the following; the institutional failure within the post-apartheid state, a crisis within local government stemming from a shortage of skills within municipalities, lack of expertise or institutional memory and large number of vacancies compounded by endemic corruption. Within specific departments such as correctional services he cites mismanagement corruption and failure of the financial system. Within the health care system a lack of organisational innovation and management systems, a demoralised and demotivated staff etc.²⁴ Moreover Holdt points out that discussions around how to improve service delivery get subsumed into broad discussion about a developmental state that do not delve into the 'internal functioning of the state' and as such there is a lack of understanding for example of how certain policies such as affirmative action may impact on the public service or the specific issues surrounding lack of expertise and how to rectify that.

What are the major impediments to service delivery? What forms does corruption take? How do we hold government accountable? Almost 50% of municipalities are bankrupt and receive unfunded mandates or inadequate funding, which requires a

²¹ Atkinson, Doreen 2007, Taking to the Streets has Developmental Local Government failed in South Africa, in Buhlungu, Sakhela, John Daniel, Roger Southhall & Jessica Lutchman, ed. State of the Nation: South Africa 2007, Cape Town: HSRC Press. Pg. 53.

²² Ibid.

²³ Burger, Ronelle 2005, What we have learned from the post-1994 Innovations in Pro-poor service delivery: A Case Study Based Analysis, Development Southern Africa Vol. 22, No. 4, October 2005

²⁴ Von Holdt Karl 2008, The South African Post-Apartheid Bureaucracy, Inner workings contradictory rationales and the developmental state pg. 2

review of the system of how inter-government financing is planned and implemented. Although decentralised funding allocation, decision making along with resources management are worth experimenting with they must be balanced against a lack of capacity and skills at the local level which need to be brought up to par before decentralisation can be effective.

Two issues within service delivery are of vital importance to South Africans today; education and public health.

5b. Education

The education system has been a major policy issue since 1994. The majority of South Africans inherited a Bantu education system that was deliberately designed to under-educate non-white's, particularly Africans, and keep their set of skills and knowledge suppressed. The difficulties of transforming such a system are numerous and complex. Education is a key issue for the labour market, re-dressing historic inequities and allowing South Africans to climb out of poverty.

There have been several advancements in pre-tertiary education. The total literacy rate has increased from 69.6% in 1995 to 74.4% in 2006. Gender parity has been achieved in pre-tertiary education. Between 1999 and 2007 there have been improvements in the learner to teacher ratio from 34 students per educator to 31. The matric pass rates have increased from 58% in 1994 to 65% in 2007.²⁵ Many academics complain that there is too much focus on the matric pass rate, which when disaggregated by race and subject reveal significant racial differences in achievement. The real statistic to follow according to these critics is the drop out rate. For example, a study on learner enrolment in the Western Cape for a 13-year period from 1995 to 2007 revealed the following trends:

- There is a steady decrease in learner enrolment within the said 13-year period throughout the entire education system.
- The decrease in learner enrolment is much more evident and substantial in high school compared to primary school.
- The most significant drop in learner enrolment occurs between grades 10, 11 and 12.
- Only 44% (39 481 out of 89 824) of the amount of learners enrolled in grade one eventually reached grade twelve.

The study finds:

“Learners within the education system experience diverse needs that have to be satisfied in order to ensure and maintain effective learning and development. The complex and dynamic relationship that exists between the learner, the school and broader education system and the social, economic and political contexts determine whether learners’ needs will be met or not. The needs of learners sometime only become evident once they leave school. It is estimated that about 16% of children and youth in South Africa between the ages of six and fourteen years of age are outside the formal education system.”²⁶

²⁵ Development Indicators, 2008, pg 47.

²⁶ Leon de Jager 2009, The South African Education System 2009 and beyond, Discussion Paper. Pg. 2.

According to the study, the National Senior Certificate results of 2008 showed that 78.6% of all candidates successful completed their National Senior Certificate in 2008. However, because of the high drop out rate, the Class of 2008 only constituted about 45% of a possible full classroom. Assuming that the above figure represented 45% of all the possible learners that were enrolled in grade one in 1997, the study determines that the statistics of 2008 for the Western Cape should in reality incorporate the drop out students which would re-configure the numbers in the following way:

1. Number of candidates = 43 957
2. Expected number of candidates = 97 682
3. Number of successful candidates = 34 556

The real pass rate when accommodated for drop outs therefore is 35.4% compared to publicly-touted rates of 78.6%. More recently the white teachers union (SAOU) brought up a similar matter to Secretary General of the ANC. They pointed out that in 1995 1.5 million students enrolled in Grade 1 and only 360,000 completed matric in 2007, which would equate to a success rate of 24%.²⁷

5c. Public Health

In 2008, South Africans were confronted with bleak news about life expectancy rates which have fallen from 63.3 in 1990²⁸ to a low level of 50/53 (m/f) determined by the WHO. The main cause for the drop in life expectancy is attributed to the prevalence of HIV/AIDS. In 2008, it was estimated that 5.6 million South Africans had contracted HIV and that almost 1,000 people die daily from the epidemic. HIV/AIDS is the number one cause of death in South Africa and it is estimated that almost 71% of deaths between the ages of 15 and 49 are caused by AIDS. The department of health in 2006, determined that 29% of all pregnant mothers were HIV positive.²⁹ The scale of the HIV/AIDS in South Africa is a major socio-economic issue which affects all facets of life including an increasing number of orphans, shortage of teachers, extreme stress on the fabric of family life and pressure on the public health care system, which is ill equipped to deal with the crises.

A recent study by Idasa pointed out even local government is affected by AIDS; the average life expectancy of councillors is 51 years, and the probable cause of early death amongst councillors is AIDS leading the researchers to conclude that this places constraints on the effectiveness of local government.³⁰ In addition the decade of Mbeki denialism created major impediments to the governments' response to the epidemic. Although the new minister of health's attitude towards HIV/AIDS is a welcome change from her predecessor, the systemic issues within the public health system make it difficult to deal with the crises in an effective manner.

A 2005 study commissioned on the state of public hospitals sheds some light not only on the problems of dealing HIV/AIDS but on the general state of public hospitals and the additional burden this places of the majority of South Africans and who rely on it. The report finds that public hospitals are under extreme stress with the nursing function in a critical state.

²⁷ http://www.iol.co.za/index.php?set_id=1&click_id=13&art_id=nw20090317184814376C223287

²⁸ Stats SA 1990.

²⁹ <http://www.tac.org.za> based on ASSA measurements.

³⁰ Kondwani Chirambo and Justin Steyn, Idasa 2009.

In addition to HIV/AIDS, tuberculosis and malaria are also important public health issues. Between 1996 and 2007 much progress was made in reducing the incidence of malaria, from almost 27,000 to 5,000 cases, although the fatality rate has increased from 60% to 90% which points to lack of resistance to powerful strains of malaria.³¹ With regards to TB the overall number of reported cases has increased significantly from 90,000 in 1996 to 336,000 in 2006. South Africa has a cure rate of 62% for TB which is below the global average for developing countries.³²

A comprehensive review and overhaul of the public health system should be an immediate priority for the ministry of health. Evidence of preventable deaths of babies and the general abysmal treatment of patients in public hospitals is a travesty. Access to decent health care is a basic human right of all South Africans and should not be treated as a luxury.

South Africans face a wide range of socio-economic challenges, particularly in a period of global economic contraction. Election 2009 affords voters another opportunity to participate in their democracy by electing a national legislature and various provincial legislatures. The electoral choices that are made on 22 April will no doubt be heavily influenced by this range of socio-economic challenges. However, given the backdrop of the weakening of democratic institutions and the global economic contraction they are likely to feature even more prominently in the minds of voters in Election 2009.

³¹ Development Indicators, pg. 45.

³² Ibid. pg. 44.