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CONTENTS

AN INJURY TO ONE IS

1. EDITORIAL NOTE

By Comrade Zola Saphetha, NEHAWU General Secretary

The tenure of the sixth administration is now in its twilight phase and all indications are that in less than 12 months the country would be plunged into a new political landscape. This is a widely anticipated eventuality as the ANC has been on a steady electoral decline in every election cycle since the dizzy heights of a two-thirds majority in 2004. This current tenure of the ANC has been about the consolidation of the Neoliberal orientation of the state and the phasing in of the second wave of economic Neoliberalisation that started in 1996 with GEAR. Despite an interlude of fanciful rhetoric around building a developmental state after 2007, in reality consecutive governments of the ANC remained faithful to the Neoliberal trajectory launched by GEAR.

The current administration launched "structural reforms" combined with a spending austerity programme that saw unprecedented attacks on the standard of living of the public servants and collective bargaining. It is indeed a disgusting irony that the ongoing Neoliberal reforms are implemented under what is called Operation Vulindlela, a cynical exploitation of a glorious trope in our memories and annals of history. This "operation" is about the deregulation and opening up of the public domains of infrastructure networks such as electricity, water, transport and digital communications for profiteering by private capital. There are other additional reforms that are underway such as in the ports, border posts and water resources – as part of the overarching economic strategy called the Economic Reconstruction and Recovery Plan (ERRP) launched in October 2020. This plan has already dismally failed to even produce economic growth rates closer to its modest target of 3% per annum, amidst the aggravation of the crisis levels of unemployment, poverty and inequalities.

We are regularly bombarded with the buzz-words used in elite discussions about climate change or global warming. This fashionable discourse does not represent a rising consciousness and concern about the unfolding global ecological crisis and the fate of humanity in the face of the irreversible plunder of the ecosystem and biosphere by capitalism. In South Africa these discussions are hegemonised by Neoliberal forces within the state and capital, despite the emerging proletarian counter-hegemonic discourse and resistance. The urgent need to reduce South Africa's dependence on the polluting coal-fired power generation has been used to drive structural reforms in the electricity sector, in the name of a "just transition". Whereas, in fact, this is part of the state's surrender of its developmental role in rolling-out public infrastructure, to the profit-mongering Randlords. The roll-back of the state's role in the economy is justified on the basis of the prevalent dysfunctionality in the State Owned Enterprises (SOEs) such as ESKOM and TRANSNET. The SOEs were supposed to primarily play a developmental role – investing in infrastructure and services in order to lay a platform for higher rates of economic growth. Instead, they were corporatized and commercialised by the Neoliberal state and this led to their current crises of governance, insolvency and operational inefficiency.

The rhetoric around the just energy transition is thrown around to justify the acceleration of the takeover in electricity generation by the privately owned and for-profit Independent Power Producers (IPPs) that are leeching off the public coffers through the Power Purchase Agreements (PPAs). ESKOM was forced by the fifth administration into expensive terms and conditions of the PPAs that it had to sign with the IPPs for Bid Window 1 to 4. In 2016 ESKOM refused to sign the PPAs as it could not afford the financial burden of buying power from the IPPs, but was eventually forced to sign on the 4th April 2018. The terms and conditions of the PPAs are very bad, for instance in 2020 the Koeberg Nuclear Plant (which is owned by ESKOM) was able to generate 1 kilowatt-hour (kWh) of electricity for 25 cents, whilst the IPPs were selling 1 kWh to ESKOM at 80 cents. Hence, every year ESKOM has to request steep tariffs increases from NERSA.

Amidst the celebration of our 36th anniversary, let us remember that NEHAWU was formed with a mandate to build an industrial union in the public sector, in line with COSATU's founding resolution on the National Industrial Unions and based on the principle 'one industry - one union'. This has meant that the mandated organising scope was not going to be narrowly focused on a specific occupation or craft, but across different occupations in the public sector as part of striving to realise the federation's strategic objective of unity, solidarity and class-consciousness amongst the workers employed by the state. Whilst we are yet to realise this objective of a fully-fledged industrial union, we can be proud that NEHAWU is one of the very few industrial unions in the country, with the capacity to straddle such diverse occupations and uniting workers on the basis of a common class-conscious programme in the public sector.

In line with this, one of the important components within our organising scope is the nuclear industry, even though we do not organise in the upstream mining and milling of uranium, which is the raw source of nuclear materials. Nonetheless, we have a weighty membership presence in the energy cluster, comprising the National Nuclear Regulator (NNR), National Energy Regulator of South Africa (NERSA), National Radioactive Waste Disposal Institute (NRWDI), Department of Mineral Resources and Energy (DMRE), South African Nuclear Energy Corporation SOC Limited (NECSA), NTP Radioisotopes SOC Ltd and Pelchem SOC Ltd. The public sector nuclear value-chain spans Pelindaba, where NECSA is headquartered, Koeberg power plant, iThemba Labs and the Vaalputs Radioactive Waste Disposal Facility. Koeberg, which has two reactors with a combined original capacity of 1 840 megawatts is located in Cape Town. The NRWDI was established in 2014 and it manages the Vaalputs facility and works with NECSA in dealing with the safe disposal of the waste materials.

In this second addition of the Quarterly Policy Bulletin (QPB) we feature nuclear energy, to deepen our highlight of policy developments in electricity in line with the theme of two articles in the first addition of our QPB around the Just Energy Transition Investment Plan (JET-IP). We also touch on similar Neoliberal reforms in the water resource sector in order to contextualise the tabled draft legislations and their implications for our members and the configuration of state as such.

Finally, our flagship healthcare campaign, the National Health Insurance (NHI), has been crowned with a breakthrough in terms of the adoption of the National Health Insurance Bill by the National Assembly on the 12th June 2023. In this issue, we breakdown the structural changes that this legislation seeks to usher in. This being the youth month, in marking the glorious 1976 students' uprising that ignited the broader youth struggles in the 1980s, this issue highlights youth unemployment, the proposed higher education funding model and provides a high-level overview of the post-school education landscape.

2. DEFENDING AND STRENGTHENING NECSA!

By Comrade Sidney Kgara, Head of the Policy Development Unit

2.1. Introduction

There now exist sufficient and clear scientific evidence that since the start of capitalism's industrial revolution (circa 1760) changes in the earth's climate system have accelerated. In other words, global warming, with its emerging extreme weather patterns and events, is caused by what are called anthropogenic (human made) greenhouse gas emissions (GHG). The industrial revolution has since evolved – going through different stages - but still rampantly exploiting nature and humans as a necessary condition for the survival of capitalism. Whilst we support the global consensus on the need for each country to make its own nationally determined contribution to mitigate climate change and to keep the rise of the global temperature below 1.5 degrees celsius since the pre-industrial revolution level, we do not believe that climate change can be sustainably mitigated within the bounds of capitalism.

Hence, as part of WFTU, we have consistently adhered to the call for *System Change – Not Climate*

Change! The world has already warmed up by 1.2 degree celsius since the onset of capitalism's industrial revolution. Already it is widely believed that the target of the Paris Agreement on containing the global warming below the threshold of 1.5 degree celsius would inevitably be bridged in the next few years.[1] Whilst we believe it is impossible to secure an ecologically sustainable future within the bounds of the capitalist system, nonetheless as part of the struggle for a system change it is necessary that our socialist struggles incorporate the call for interventions for environmental justice that also place the interests and welfare of the working class and the poor at the centre.

Coal is a relatively cheap and abundant resource that has been relied upon for electricity generation in many countries, including South Africa. With its resultant carbon dioxide that accounts for about 40% of the global GHG emissions, the decarbonisation of the electricity generation has become the primary focus in terms of the interventions that are geared at responding to climate change. In this regard, the renewable sources of electricity - such as solar, wind, biomass and hydro - are regarded as solutions in climate change mitigation - in the drive to move to a low carbon economy. Hence, as part of COSATU we have been seized with the government's Just Energy Transition Investment Plan - 2023-2027 (JET-IP) agreed upon between the South African government and the International Partnership Group (IPG) in November 2022.[2] This plan is going to have devastating short to long term consequences for the country, especially in the Mpumalanga province where coal mining and coal-fired power plants are located. Already, the Camden and Hendrina power plants are scheduled to be shut-down between 2023 and 2025, notwithstanding the persistent shortage of electricity supply that is causing load-shedding. Thereafter, nine other plants (22 000 megawatts), with more than 55 000 jobs, would also be shut-down by 2035.

Given our interest in ensuring the long-term survival and the thriving of the country's nuclear industry, a sector in which NEHAWU has a strong organisational presence, one of the reasons we reject the JET-IP is the fact that it primarily reduces the decarbonisation narrowly to the renewables. More so because this strategy is also a private sector led approach that excludes ESKOM or the public sector in general, including municipalities. Hence, nuclear power doesn't even feature in the JET-IP. Whereas internationally at the 2022 COP 27 held in Egypt, it has been accepted that nuclear power has a critical role to play in anchoring the decarbonisation – as it is able to supply base-load electricity to the larger industrial users such as mines, smelters, petrochemical, cement manufactures, etc. These heavy industries cannot rely on the whether depended sources such as solar or wind for their electricity requirements. In fact, the European Union recently passed a legislation that includes nuclear energy amongst its green energy sources.

NECSA owns and operates the 20 megawatts research reactor known as SAFARI-1 - which is now 58 year old and continues to produce radioisotopes that are used in medical and industrial applications.[3] For example, in August 2021 NECSA's subsidiary NTP Radioisotopes managed to manufacture Lutetium 177 PSMA, which is a desperately needed therapy for prostate cancer. As a parent company NECSA actually has four group of companies, two of which are dormant, i.e. Arecsa SOC Ltd and Cyclofil SOC Ltd. These companies are:

1. NTP Radioisotopes SOC Ltd, which has its own subsidiaries and it is a leading global supplier of radioisotopes that are used in nuclear medicine. It is a valuable company within NECSA as it contributes about 50% of revenue.
2. Pelchem SOC Ltd, which is the only producer of fluorochemicals in the southern hemisphere, has its own subsidiaries in the Limited Electronics South Africa SOC Ltd and Ketlapela Pharmaceuticals - which is supposed to become the state owned pharmaceutical company for which NEHAWU has campaigned over the years.

Like almost all State Owned Enterprises (SOEs), NECSA also ran into governance and financial crises during the fifth administration – resulting in cumulative losses from 2016/17 to 2018/19 financial

1 The Paris Agreement is the outcome of the Conference of Parties (COP 21) held in 2015 in Paris, France. The agreement set the target, i.e. the increase in the global average temperature to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Article 4 of the agreement sets out the Nationally Determined Contributions (NDCs) in terms of which each country would have binding commitment to implement mitigation and adaptation measures.

2 The IPG is constituted by the western imperialist block comprising the United States, Britain, European Union, Germany and France.

3 Isotopes of a given element have the same atomic number (same number of protons in their nuclei) but different atomic weights (different number of neutrons in their nuclei). For example the basic material for nuclear fuel is uranium, but there can be uranium-238 and uranium-235 as isotopes of uranium, which can be prepared for different purposes.

years and becoming technically insolvent. In 2020 a service provider was appointed as part of the process of “rationalisation and restructuring” to turn-around NECSA, with a view to contain costs by addressing duplications between the companies and streamlining the governance structures to create synergies. This turn-around strategy has seized the focus of our energy cluster branches in ensuring that the interests of our members are defended and advanced, as well as to safeguard a sustainable future for the entity. The union played a critical role in defending the nuclear industry, whereby our energy cluster branches embarked on protest actions as highlighted by the mass action that took place in March 2018, in the midst of this combined governance and financial crisis.

2.2. International context

The turn into the new millennium coincided with rising public concern about climate change or global warming, amidst the frequent occurrence of extreme weather events and changing patterns. Yet global capitalism is addicted to the use of the polluting fossil-fuels to provide for its energy systems. Therefore, the resonating call for a shift to clean sources of energy saw nuclear power experiencing a renaissance, alongside the preferred use of hydroelectricity as well as the weather depended or variable sources such as solar and wind. However, the 2011 Fokushima power plant incident in Japan undercut nuclear power and to this day there is still a linger shadow cast by this incident on the future of nuclear power in the context of the decarbonisation transition.[4] Hence, between 2012 and 2020 about 65 reactors were either shut down or their life-span were not extended and thus about 48 gigawatts of nuclear capacity was lost globally.[5]

Following the outbreak of the Russia-Ukraine war in February 2022, many countries in Europe who were reliant on the Russian oil and gas for their energy supply started to turn their back on the commitments of the Paris Agreement, as they reverted back to using coal-fuelled electricity. This created a new context in which nuclear power was repositioned to claim back its role in the transition to the low carbon economy - based on its own merits. Nuclear power became an attractive option because of the fact that it has zero emissions during operations of its power stations, it is available 24/7 unlike solar and wind, it has a small land-footprint and again unlike solar and wind it can be relied upon to decarbonise the so-called ‘hard-to-abate’ sectors.[6] The hard-to-abate sectors are those in which the emission of carbon dioxide is almost an inescapable part of their necessary production activities and processes, e.g. in the production of steel, cement and petrochemicals.

The imperative of energy security has now captured the focus of political energies in many countries and this has elevated nuclear power, as countries seek to reduce the carbon intensity of their energy system, whilst also trying to reduce the energy intensity of their economies. In this regard, having reasserted the target of keeping global warming below 1.5 degrees celsius, the 2021 COP 26 held in Glasgow, Scotland, was a turning point as it concluded with a call to accelerate the deployment of clean power generation, including nuclear. Subsequently, in 2022 the European Union adopted a legislation that included nuclear in its mixture of energy sources, with about 10 member states expressing their intentions to embark on construction projects of nuclear power plants. The COP 27 held in Egypt in 2022 adopted the Sharm el-Sheikh Implementation Plan, which unsurprisingly used an inclusive language in calling for ‘low emission sources’ rather than just narrowly reducing the plan to the renewable sources.

2.3. The strategic importance of nuclear

Nuclear reactors have been producing electricity since the 1950s and today nuclear power plants produce more than one quarter of all low-carbon electricity, according to the International Atomic Energy Agency (IAEA). Accordingly, over the past five decades, as a result of the use of nuclear power

4 The nuclear accident at the Fukushima Daiichi Nuclear Power Plant was caused by an earthquake that triggered a Tsunami and in turn the power plant was wrecked in which toxic hydrogen gas and other radioactive materials were leaked from the reactors, causing a humanitarian crisis.

5 International Atomic Energy Agency Bulletin. A Decade of Progress after Fukushima-Deiichi. Vol. 62/1, March 2021.

6 Ibid.

about 70 gigatonnes in carbon dioxide emissions to the atmosphere were avoided. In South Africa, the development of nuclear capabilities started in 1946 with the establishment of the Uranium Research Committee and the Atomic Energy Board in 1948, coinciding with the launch of the Apartheid system. The Apartheid regime secretly incorporated the development of the nuclear weapons, until this was exposed by the Soviet satellite system in 1977. Later it was confirmed that the Apartheid regime and the Zionist Israel regime undertook a joint testing exercise in 1979, off the South African coast in the South Atlantic Ocean. Nonetheless, South Africa abandoned the nuclear weapons programme in 1993 during the negotiations with the African National Congress (ANC) and the democratic South Africa committed itself to the peaceful use of the country's nuclear resources and capabilities.

Globally the uranium material is processed and nuclear science is applied in the manufacturing of other products that are used in a variety of ways for socioeconomic development.[7] For example:

- **In medicine:** radioactive materials are used in what is called Radiopharmaceuticals to produce therapeutic drugs, which are important in the treatment of many diseases. This includes the diagnostic imaging equipment for internal and bodily processes, including the examinations of organs such as a thyroid, brain and tumours. Radiation is widely used for the treatment of diseases such as cancer, in destroying the cancerous cells. Whilst Radiotherapy is used in reducing the pain, thus replacing the often toxic pain-killing drugs.
- **In sterilisation**: syringes, dressings, surgical gloves and instruments, as well as heart valves can be sterilised after packaging by using radiation. Radiation sterilisation can be used where more traditional methods, such as heat treatment cannot be used such as in the sterilisation of powders and ointments and in biological preparations like tissue grafts. The prevention of infections through this sterilisation technique complements the basic healing objective of medicine.
- **In industry**: radioactive materials are used in industrial radiography, civil engineering, materials analysis, measuring devices, process control in factories, oil and mineral exploration, and in the checking of oil and gas pipelines for leaks and weaknesses. These uses directly and indirectly influence our everyday lives. For example, the measuring devices containing radioactive materials are used in tasks ranging from testing the moisture content of soils during road construction, to measuring the thickness of paper and plastics during manufacturing and to checking the height of fluid when filling bottles in factories. Radioactive materials are even used in devices designed to detect explosives. Radioisotopes are used in smoke detectors and are durable and reliable light sources for emergency signs in aircraft and public buildings.
- **In food irradiation**: the gamma rays, which is highly penetrating type of nuclear radiation and electron beams are used in irradiating foods to control disease causing microorganisms and to extend the shelf-life of food products. Food sterilization has been approved by 40 countries and is encouraged by the World Health Organization (WHO).
- **In agriculture**: radioactive materials are used to improve food crops, preserve food and to control insect pests. They are also used to measure soil moisture content, erosion rates, salinity and the efficiency of fertiliser uptake in the soil.
- **In insect control**: the radioisotopes assist in enhancing animal and food production. One of the method is the control of insects, including the control of screwworms, fruit flies, and the Tsetse fly through the Sterile Insect Technique. The Tsetse fly causes the transmission of a parasitic disease called trypanosomiasis, which slowly destroys livestock herds in sub-Saharan Africa. It also causes the spread of the human form of the disease, known as sleeping sickness.
- **In households**: most first-aid kits in our homes contain items sterilised by radiation, including cotton wools, bandages and burn dressings. One of the most common use of radioactive materials in household devices is in the smoke detectors. These devices contain tiny amounts of radioactive material which make the detectors sensitive to smoke.
- **In environmental monitoring**: radioactive materials are used as tracers to measure environmental processes, including the monitoring of silt, water and pollutants. They are also used to measure and map effluent and pollution discharges from factories and sewerage plants, as well as the movement of sand around harbours, rivers and bays. Radioactive materials that are used for such purposes have short half-lives and decay within days.

7 This information was derived from the Department of Minerals and Energy.

2.4. Nuclear energy and the JET-IP

NEHAWU played a critical role as part of the COSATU delegation during the engagements on the 2019 Integrated Resource Plan (2019 IRP). The IRP is the country's blue-print which outlines a medium to long term plan for the development of different sources of electricity, including the size of each and the expected timelines for procurement or construction of the generation facilities. In this regard, our agenda was to defend the future role of the nuclear industry in the generation of electricity beyond the lifespan of the current two reactors of Koeberg, which has 1 840 megawatts capacity, as it is interlinked with the operations of the NECSA complex in Pelindaba, North-West province. The engagement took place in unfavourable environment - clouded by the shadow of the controversial $50 billion build programme linked to the signed agreements with Russia, US and South Korea, which the court ruled against as President Zuma's government was found to have not complied with the Constitution.

In the end, the 2019 IRP included Koeberg's life extension and the building of 2500 megawatts in additional nuclear capacity. This build programme is linked to the replacement of the research reactor SAFARI-1 with a Multi-Purpose Reactor, which should secure the future of the already accumulated scientific capabilities under NECSA. Nonetheless, the outcome of this engagement was disappointing taking into account the fact that in the updated IRP of 2016 government wanted to embark on a new 6 800 megawatts nuclear capacity build programme. As stated above, one of the reasons we are rejecting the JET-IP is the fact that it is narrowly focused on the renewables, in particular solar and wind (and green hydrogen to a lesser extent), as a strategy for the decarbonisation of the grid. This runs counter to the insistence by the scientists that there has to be the more reliable and low carbon emitting sources such as nuclear generation to anchor the electricity network with regard to the base-load supply. This type of electricity generation would guarantee an around the clock supply, especially for the strategic heavy and manufacturing industries, as well as social services such as hospitals, water purification, etc. We believe that the lenders in the block of imperialist countries making up the IPG such as the United States, Britain, European Union, Germany and France are themselves competitors against South Africa in the nuclear industry, which is a strategic sector for economic and social development. Therefore, they would not indirectly facilitate the further development of such strategic and advanced capabilities, given South Africa's already existing comparative advantage – having one of the largest reserves of uranium.

South Africa has been one of the leading proponents of the principle of 'common but differentiated responsibilities' in the United Nations Framework Convention on Climate Change and at the COP conferences. This principle appreciates that capitalism has uneven economic development patterns and the corresponding carbon emissions - meaning that there has to be differentiated responsibilities between the global-north and global-south in addressing the climate crisis, in which the former must carry a major responsibility. This translates to the global-north mobilising the largest financial commitments to support the poor global-south countries, many of whom have more severe exposures to the physical risks related to climate change hazards. Unfortunately, in agreeing to the JET-IP with the IPG, which other countries such as India have rejected, South Africa has turned its back on the international principle of solidarity amongst the global-south countries.

The National Infrastructure Plan 2050 (NIP) was gazetted on the 11th March 2022. Amongst others, this plan outlines what government calls "structural reforms" in the public infrastructure and logistical network sectors such as energy, water, freight transport and digital communications. Basically, this plan is about the liberalisation or opening up of the public infrastructure and services that have been the exclusive domains of the State Owned Enterprises (SOEs) to the private sector. The penetration of the profit-driven private capital into these public spaces would, for example, be facilitated by allowing for competition against the SOEs such as TRANSNET in the freight transport. In electricity generation it is through the expansion of the already operating private Independent Power Producers (IPPs), with a view to create competition against ESKOM. So, in order to effect these measures in electricity, despite the ongoing shortage of electricity supply, ESKOM is prevented from investing in the renewables as the objective is to reduce its current dominant role in supplying electricity, in favour of the incentivised and subsidised IPPs. In addition, some of the coal-fired power stations under ESKOM are going to be concessioned or placed in the hands of the private sector in terms of their operations. Thus, South Africa is following a Neoliberal strategy in terms of the decarbonisation transition (i.e. the replacement of coal by solar, wind and green-hydrogen) as sources of electricity generation.

2.5. Defending and strengthening NECSA

Uranium has been designated by government as a strategic mineral resource and the Nuclear Energy Policy (NEP) sets an overarching objective that the country 'shall endeavour to implement or obtain interest in the complete nuclear cycle'. This means that across the nuclear value-chain, the state would play a leading role - from mining and milling, conversion, enrichment and fuel-fabrication and even in the reprocessing of the used nuclear fuel and recycling of fissile materials. The policy also sets a daunting objective of building capabilities in nuclear architectural engineering, component manufacturing and construction, as well as the related capabilities to design, commercialise and export.

However, given the lack of proactive action in pursuing these overarching strategic objectives, including enhancing the contribution of nuclear electricity in the grid since this policy was adopted during the third administration, it is disappointing that despite the fact that South Africa has the 5th largest uranium reserves in the world, it ranks 10th in terms of production. What is more, uranium mining is undertaken by the private sector, which they do without an appreciable increase in the beneficiation of uranium ore concentrates whilst the country imports nuclear fuel despite its vast uranium reserves. Again, having dismantled the nuclear enrichment facility as part of the abandonment of the nuclear weapons programme, during the 1990s South Africa still had capabilities in uranium enrichment which were not utilised to rebuild and repurpose enrichment for civilian and peaceful means.

The objectives of the NEP resonate with our perspective and in the overall they are still relevant. The end-state of the ongoing Neoliberal structural reforms in electricity generation is unclear, but clearly ESKOM would have been significantly diminished and electricity supply as a public service that is guaranteed by the Constitution would be generated by the for-profit IPPs. Hence, according to the NIP, about 11 000 megawatts of ESKOM's coal base-load generating capacity would be phased out post-2030. Yet it is unclear as to how this 11 000 megawatts base-load supply, which is essential for heavy industries and social services such as water purification and healthcare would be replaced, since only about 2500 megawatts of nuclear energy is planned. In fact, there would be no more nuclear energy post-2040 according to the NIP. It is therefore extremely disturbing that government foresees and it is actually accepting that after this 11 000 megawatts of ESKOM is retired, there would be "negative impact of load shedding nationally". This medium to long term agenda of the privatisation of electricity generation has dire implications for the poor's access to electricity, including for municipalities who are enabled to deliver free basic electricity by using their reticulation tariffs in supplying high income areas to levy additional surcharges to fund other service delivery priorities.

Therefore, in response to these far-reaching Neoliberal reforms in electricity generation and taking into account their negative implications for the nuclear industry and the socioeconomic development imperatives of the country, we propagate the following, that:

1. Since the 2019 IRP is currently under review and government continues to claim that it supports a diversified and balanced mix of energy sources, nuclear energy must be elevated to become the backbone anchoring the decarbonisations of the grid. This means that nuclear's contribution must accordingly be raised to a significant share in the mix, to guarantee base-load supply in order to support industrialisation and ensure energy security. Accordingly, there must be an additional build programme of a new 6 800 megawatts nuclear capacity in line with the updated IRP of 2016.
2. Given the fact that ESKOM is not allowed to build renewable energy power plants whilst its fleet of coal-fired power plants is rapidly reduced, including the share of ESKOM's nuclear electricity supply, government must publicly clarify the long-term end-state of ESKOM generation.
3. There must be an integrated industrial policy programme strongly funded by the fiscus, designed to meet the objectives of the NEP, including:
    - The development of uranium conversion, enrichment and reprocessing capabilities as part of ensuring the local beneficiation of uranium and to ensure security of supply of nuclear fuel.

- The establishment of strategic control in uranium mining and milling and that the granting of uranium mining licences must provide sufficient guarantees of enough resources remaining in reserve for future allocation to cater for local demands.
- A commitment and a practical endeavour to acquire technological expertise to enable the design, development, construction and commercialisation of the country's nuclear reactor and fuel cycle systems.
- The strengthening of NECSA's capabilities in research and development to advance its capabilities in nuclear energy and radiation science and technology.
- The strengthening of the governance and financial support in the NECSA group of companies as well as the iThemba Labs and the Vaalputs Radioactive Waste Disposal Facility.

3. THE NATIONAL HEALTH INSURANCE BILL

By Comrade Slindile Mbhele, NEHAWU Researcher, Policy Development Unit

3.1. Introduction

On the 12th June 2023, the National Health Insurance (NHI) Bill was adopted in the National Assembly (hereunder the Bill). The Bill now proceeds to the National Council of Province (NCOP) for debate and thereafter to the President for his assent. This Bill has gone through extensive public consultation and scrutiny, and its adoption by the National Assembly marks a massive milestone for workers and the poor in this country. This article seeks to update our readers and members on the content of the NHI Bill, to provide answers to some of the frequently asked questions and to lay a contextual basis for the eventual implementation of the provisions. The right to have access to health care services is a basic human right guaranteed by the Constitution. Section 27 of the Constitution provides that everyone has the right to have access to healthcare services, including reproductive healthcare services and no one may be refused emergency medical treatment.

South Africa's NHI is a proposed healthcare financing system aimed at achieving Universal Health Coverage (UHC) and improving access to quality health care services for all South African residents.[8] The NHI is being developed to address the disparities and inequalities in healthcare access and to improve the clinical outcomes that exist within the country. The lack of access to quality health care, particularly in the global-south hampers economic growth and well-being. This issue is particularly prevalent in Sub-Saharan Africa, where the distribution of health resources is extremely unequal, leading to negative impacts on the region's development. A well-functioning health care system is crucial for economic growth, as a healthy population can actively contribute to the workforce and improve productivity. Additionally, an effective health care system improves health outcomes, and thus reducing the country's burden of disease and enhancing overall well-being. However, many countries worldwide struggle with limited access to quality healthcare due to underfunded public healthcare systems and the high cost of private health care services.

One of the key drivers of expensive and unaffordable healthcare is the marketization of healthcare systems. The reliance on employment-based medical insurance or the ability to afford healthcare services out-of-pocket, makes it unsustainable for a large portion of the population. As a result, the majority often have to rely on the underfunded public healthcare systems, and this exacerbates the unequal access to quality healthcare. To address the challenges of global health and well-being, as well as other economic issues, the international community developed the Sustainable Development Goals (SDGs). The SDG 3 specifically focuses on health and well-being, aiming to ensure healthy lives and well-being for all. Through policy changes and concerted efforts, the SDGs seek to tackle the barriers to quality healthcare and to create more inclusive and sustainable healthcare systems worldwide.

By prioritizing equitable access to quality healthcare and investing in healthcare infrastructure,

8 A Universal Health Care is whereby the healthcare system of a country provides assured access to healthcare to all residents, regardless of their class position and free at the point of the service.

education, and financing, countries can work towards achieving SDG 3 and ultimately improve the health, well-being, and economic growth in their society. The UHC is the proposed framework of healthcare system that can help countries to realise improved health and well-being through increased coverage. The UHC is also a system adopted by the World Health Organization (WHO) to ensure that all individuals and communities have access to essential healthcare services without facing financial hardship. It aims to provide a comprehensive range of quality healthcare services, including health promotion, disease prevention, treatment, rehabilitation, and palliative care throughout a person's life.

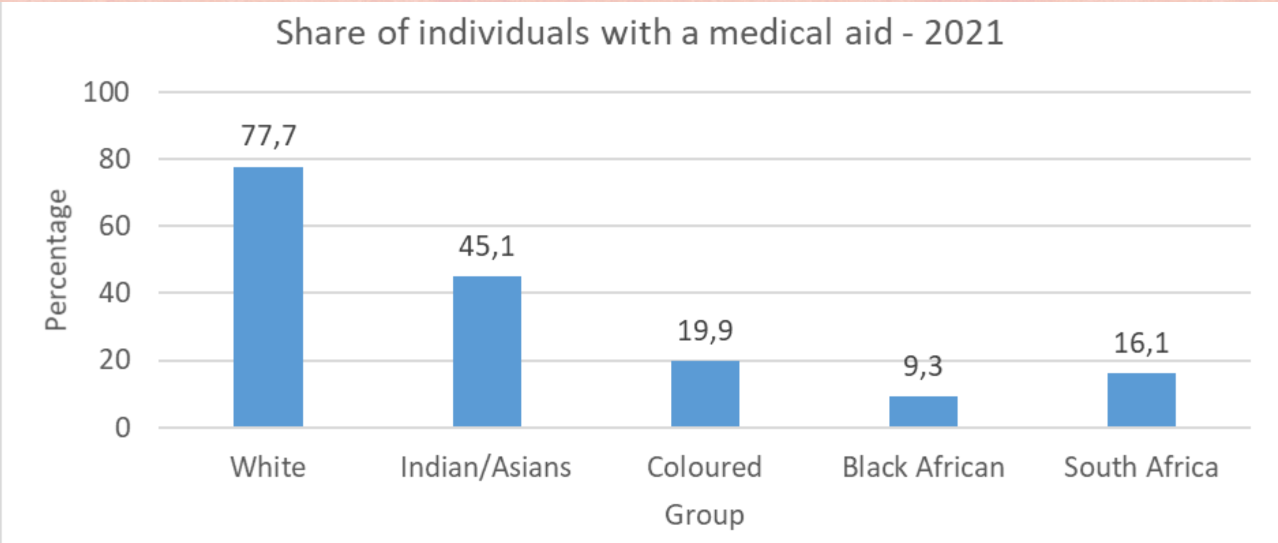
The UHC places a strong emphasis on strengthening Primary Health Care (PHC) to achieve greater health care coverage. PHC serves as the foundation of the healthcare system and plays a crucial role in providing essential health services. It is designed to be people-centered, focusing on the needs and preferences of individuals, families and communities. PHC acts as the first point of contact for individuals seeking healthcare, serving as a gateway to the broader health system through the referral system.

South Africa will implement its version of the UHC through the NHI to help achieve the SDG 3 and health goals stipulated in the National Development Plan (NDP), which include reducing maternal and child mortality rates, increasing life-expectancy and combating HIV/AIDS.

3.2. National Health Insurance Bill

The NHI is a health financing system that is designed to pool funds together to provide quality healthcare services to everyone based on their health needs. The NHI also aims to ensure equity in the distribution of healthcare resources through various mechanisms and strategies. The current two-tiered healthcare system is not able to provide equitable access to healthcare services due to uneven distribution of financial resources between the private and public health sectors. The existing health financing system is fragmented which affects its ability to provide equitable and accessible healthcare services to all citizens. Fragmented financing further contributes to an inequitable distribution of healthcare resources. Public healthcare facilities, particularly in rural and underserved urban areas, often face limited funding, inadequate staffing and insufficient infrastructure and equipment. Private health care facilities, on the other hand, generally have better resources but which are accessible only to those who can afford them.

Financing for healthcare in South Africa comes from various sources, leading to the existing fragmentation. The public sector relies primarily on tax revenue, with the government budget allocated to the National Department of Health (NDOH) and distributed to the provincial departments. However, healthcare funding is often insufficient, resulting in resource constraints and limited service provision. Additionally, the private sector operates on a predominantly private insurance model, with individuals and employers paying premiums to cover the healthcare expenses of medical aid scheme members. South Africa's healthcare system is characterized by a stark divide between public healthcare and private healthcare, leading to significant inequities in access and quality of care. The majority of the population, about 84% of the population, particularly workers and the poor, rely on the public healthcare sector, which is under-resourced and struggles to meet the healthcare needs of the population.



Source: Financial and Fiscal Commission

On the other hand, the private healthcare sector caters to those who can afford it, typically the wealthier segments of the population. This sector is characterized by more advanced facilities, better-equipped hospitals and shorter waiting times for procedures and consultations. However, the private healthcare system in South Africa is also one of the most expensive in the world, making it unaffordable for the majority of the population, including some of the medical aid scheme members. The NHI intends to improve facility planning and resource allocation to ensure a more equitable distribution of healthcare resources. This involves assessing the healthcare needs of different regions and populations and allocating resources accordingly, with a focus on addressing existing disparities.

The key objectives of the NHI are as follows:

- **Universal coverage**: The NHI aims to provide access to quality healthcare services to all South African residents, regardless of their socio-economic status. It seeks to ensure that everyone has equitable access to essential health services, including preventive care, primary healthcare, hospitalization, and specialist services.
- **Financial protection**: The NHI aims to protect individuals and households from financial hardship due to healthcare costs. By pooling resources and risk-sharing, the burden of healthcare expenses is spread across the population.
- **Quality of care**: The NHI intends to improve the quality of healthcare services provided in South Africa. It aims to establish a system where healthcare providers adhere to quality standards, deliver evidence-based care, and prioritize patient safety. Quality assurance mechanisms, such as accreditation and monitoring, will be put in place to ensure the delivery of high-quality care.
- **Health system strengthening**: The NHI seeks to strengthen the overall health system in South Africa. This includes addressing healthcare infrastructure deficiencies, improving the distribution of healthcare workers, enhancing health information systems, and promoting efficient health care delivery.
- **The funding**: the pool of the financial resources for the NHI will come from various sources, which

include:

1. General tax revenue, including the shifting of funds from national;
2. Government departments and agencies and the provincial equitable share;
3. The current conditional grants;
4. Reallocation of funding for medical scheme tax credits paid to various medical schemes towards the funding of NHI;
5. Payroll tax (employer and employee); and
6. Surcharge on personal income tax.

3.3. Mandatory insurance

The NHI will be a mandatory insurance that functions or operates differently from the voluntary medical insurance schemes that currently exist. Mandatory health insurance deals with adverse selection as individuals who contribute are specified by legislation. Voluntary health insurance is characterised by adverse selection, whereby those with the highest risk of illness are excluded through risk-related charges which makes the insurance unaffordable for the chronically ill and the elderly while attracting healthier individuals.

Voluntary	Mandatory
• Discriminates against the sick and elderly; • Targets the healthy group; • Unaffordable for those already sick and old; • Excludes those who need it the most.	• Deals with adverse selection; • Those who contribute are specified by legislation; • Deals with cream-skimming.

Medical aid schemes in South Africa have become exorbitantly expensive with no changes in benefits for members due to high private health care costs. According to Di McIntyre (2000), medical scheme expenditure and contributions to medical schemes were equivalent to 7% of average salaries in 1982, these had increased to 15% of salaries by 1992. Medical scheme expenditure and contributions have been increasing more than the general rate of inflation and average salary increases over this period. This trend has continued through the 1990s to present. The NDOH has stated that if nothing is done about the high cost of private health to financially protect households, by 2030 middle-income households are likely to spend a third of their income on medical aid premiums. The NHI will not abolish private health providers (private hospitals and surgeries) but they will operate under a different environment created by this Bill.

As a mandatory health insurance, NHI will be able to address the problems that arise from the existing fragmented health financing system and expensive private healthcare, by creating the NHI Fund as the sole purchaser and payer for healthcare services. The NHI Fund will be the only payer and purchaser of the essential healthcare services on behalf of the population, in order to allow for equitable and fair distribution and use of healthcare services. The NHI Fund will also take responsibility for purchasing and paying for every citizen. Single-payer insurance is generally known for lower collection costs in comparison to multiple-payer systems, i.e. the medical aid schemes and hospital plans which are currently in operation in our health system. A single-payer system is efficient in the collection of revenues, overall cost control, and the ability to subsidize healthcare for low-income individuals. The single-payer system prevents adverse selection which is used by multiple payers to minimize risks among the insured and which also discriminate against those who are sick, including the elderly. A single-payer system allows for a stronger purchasing position relative to providers or private hospitals companies. These powers create options for the NHI Fund to negotiate the tariffs on a ranges of healthcare services with the private providers and hospital companies.

The NHI will also be introducing different reimbursement or payment methods for providers of healthcare. The predominant reimbursement model in the private health sector is the fee-for-service whereby the model charges separately for each service performed. This model has been investigated by the Competition Commission in 2018. In the report of the Health Market Inquiry (HMI), the Competition Commission found that the fee-for-service model gives the private sector providers an incentive to over-service their patients - through unnecessary and clinical unsound increase in treatments, procedures, etc. in order to generate greater profits. Moreover, this model does not promote value-based care, therefore neglecting a focus on improving patient outcomes by providing the required care to control health care costs. The fee-for-service model contributes to the unsustainable and unaffordable health care system. The NHI has proposed the following payment methods which promote value-based care:

Global budget	A fixed amount is paid for the total number of services provided during a given period. Reduces the incentive for over-servicing and promotes prevention.
Capped case based fee	Reimburses all hospitals in the payment system at a pre-determined fixed rate for each treated hospital case.
Diagnosis Related Groups (DRG)	Classifies each case according to the diagnosis and other characteristics of the case, and the payment rate varies according to the resource intensity of the DRG.

3.4. The role of primary health care

The UHC relies on a strong PHC system as its features allow the health system to adapt and respond effectively to the complexities and rapid changes in the world. By strengthening PHC and integrating it into the broader healthcare system, countries can work towards achieving UHC and ensuring that all individuals receive the health care services they need throughout their lives. The NHI also places a strong focus on primary healthcare, aiming to enhance access to essential health care services for all South Africans. Through prioritizing preventative and early intervention measures, PHC seeks to address health issues at an earlier stage, potentially reducing the need for costly specialized care in the future.

PHC seeks to provide a broad range of essential health care services, including health promotion, prevention, treatment, rehabilitation and palliative care. It serves as a coordinator of care, ensuring seamless integration between different health care providers and facilitating continuity of care for individuals. PHC also allows for an integrated approach to healthcare, this means working with other sectors and services beyond the health sector, such as social services to address the broader determinants of health that impact health and well-being. As the Bill stipulates, PHC plays a vital role in the health care system because it is the first level of contact of individuals, households, and the community with the national health system, bringing health care as close as possible to where people live and work, and constitutes the first element of a continuing health care process.

Part of the reforms at a primary health care level in the Bill is the introduction of the Contracting Unit for Primary Healthcare (CUPs). This is part of creating a strong PHC system that can respond to the health needs of the community. Furthermore, it is a way of increasing health care coverage at the primary level, especially in rural communities that do not have access to these services. CUPs will consist of a district hospital, clinics or community health centres, and Ward Based Outreach Teams (WBOTs) and private providers organised in horizontal networks within a specified geographical sub-district area. The CUPs will be responsible for accrediting PHC services such as clinics, health centres, general practitioner practices and ward-based outreach teams. They will not be responsible for accrediting district hospitals.

CUPs are meant to identify and accredit local primary care facilities to meet the health needs of the people in a particular community. They will contract with these health establishments either in public or private health. The contract will stipulate the required access to, range, and volume of services as well as the expected performance, quality requirements and the data will be collected on the NHI digital health information system. The NHI Fund will also reimburse directly to accredited and contracted primary health care providers and health establishments at the sub-district level.

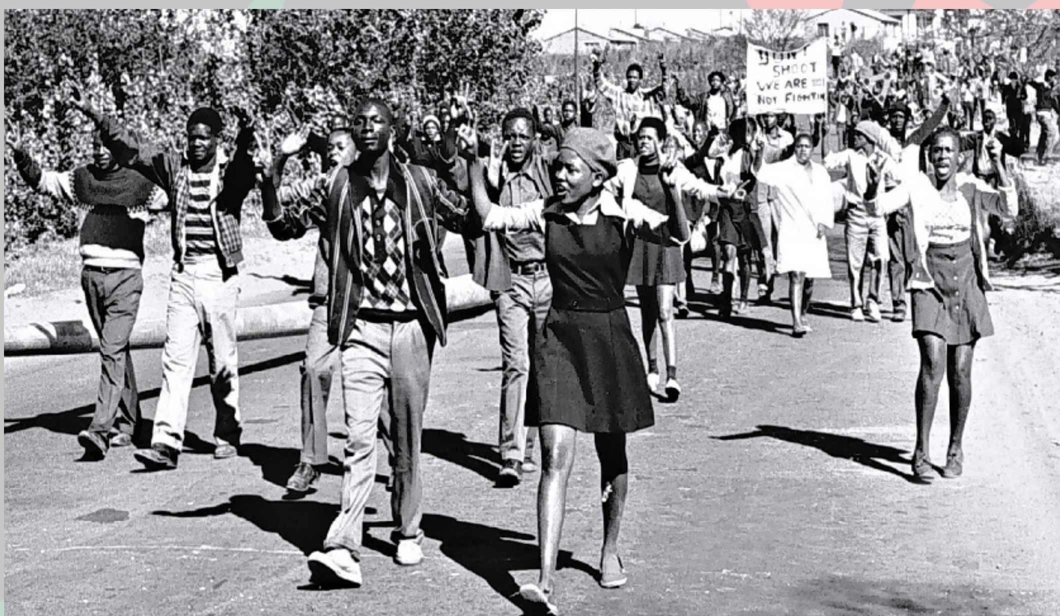
3.5 Way forward

The successful implementation of the NHI hinges on political will, which is reflected in the government's policy choices. The austerity measures, such as budget cuts and the failure to fill vacant positions in public healthcare, do not align with progressive strategies aimed at realizing the NHI. Urgent action is required to increase investment in human resources, particularly within the public health sector. As an example, there were 1 824 infant deaths that occurred at Chris Hani Baragwanath Hospital between 2020 and 2022. This heart wrenching occurrence stands as tangible evidence of inadequate investment and resource scarcity in public health facilities. Yet in the current financial year, the provincial department of finance diverted about R300 million from the provincial health department. Moreover, it is vital to recognize that certain challenges encountered in just one of our public healthcare stem from issues related to management and leadership rather than solely financial concerns.

Government must work towards achieving the health-related priorities that are outlined in the Medium-Term Strategic Framework (MTSF) which are meant to address the disparities that exist in the healthcare system. This includes the commitment to working towards achieving universal quality health care services through expanding health care infrastructure, improving service delivery and ensuring equitable access to essential health services. The MTSF raises the strengthening of the health care system through improving governance, management, financing mechanisms as well as enhancing workforce capacity. Government's progress in achieving these goals will be hindered within an economic environment that is embedded in market principles. The lack of investment and the inequality in the distribution of the resources between public and private healthcare account for the disparities in healthcare outcomes that prevail in the country. Government needs to further implement the recommendations of the Competition Commission's HMI report - this is an important step towards preparing the ground for the NHI and to address issues in the private health sector. The HMI's findings highlighted certain practices within the private health sector that have led to the escalating costs of medical aid schemes and substantial profits for private health providers. The NHI is, most fundamentally, a precondition for the majority of South Africans to realise their constitutional right to access quality universal healthcare.

4. SOUTH AFRICA'S YOUTH UNEMPLOYMENT IS A FULL-BLOWN MACROECONOMIC CRISIS

By Comrade Nhlonipho Baloyi, NEHAWU Researcher, Policy Development Unit



4.1. Introduction

Youth unemployment is currently a full blown macroeconomic crisis. On 16 June 2023, South Africans celebrated youth day, commemorating the 1976 Soweto Youth Uprising, while also recognising the significant role of young people in our society. Sadly, our youth are perpetually confronted with various challenges, youth unemployment being one of the major crises.

The challenges of unemployment in South Africa were exacerbated by the introduction of the Growth, Employment and Redistribution (GEAR) strategy in 1996, which is a Neoliberal policy. Government claimed that GEAR would be effective in reducing fiscal deficits, lowering inflation, maintaining exchange rate stability, decreasing barriers to trade and liberalizing capital flows. However, what government did not mention is that GEAR was to be implemented through introducing austerity measures to defray the Apartheid debt.[9] Austerity measures are intended to reduce government expenditure by decreasing employment in the public service, and also decreasing the wages of the public service workers. Reducing government expenditure directly contributed to low economic activity, discouraged industrialisation and contributed in escalating unemployment. Although the deindustrialisation and other negative economic trends such as financialisation and the casualisation of labour preceded the 1994 breakthrough, the implementation of GEAR certainly aggravated them.

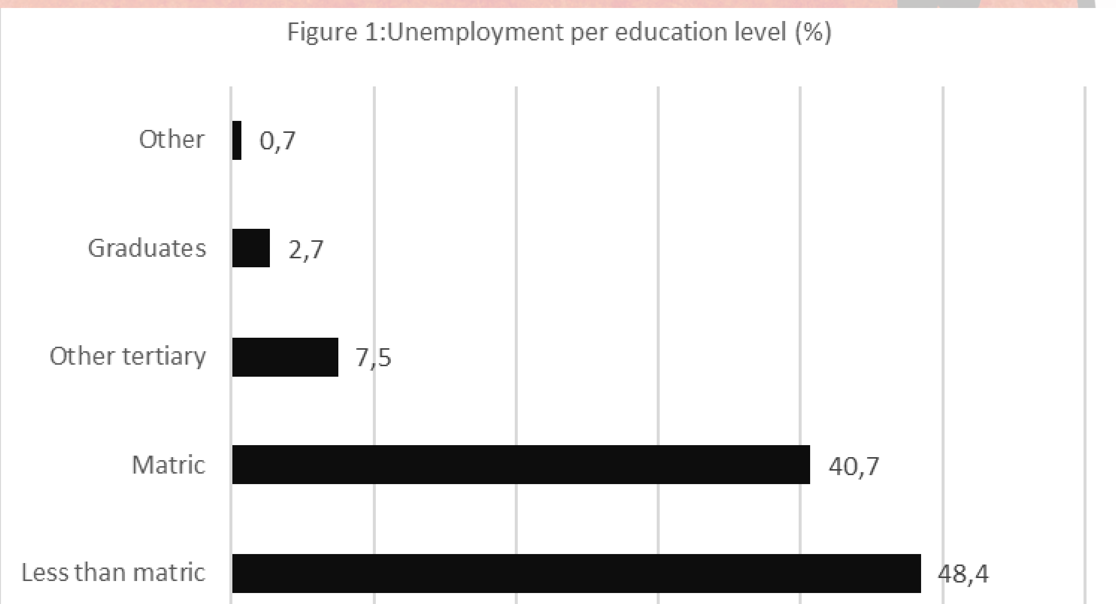
It is a historical fact that the 1996 class project, which was a faction leading government, systematically ushered in an era of Neoliberalism, which deepened the crisis of unemployment, inequality and a weak social protection system. The class configuration in the post 1996 era continued to conform to the fundamentals of the liberal political economy.

4.2 Unemployment in South Africa

The overall unemployment rate stands at 32.9%, while the unemployment rate including discouraged work-seekers is 42.4% as of quarter one of 2023. The discouraged work-seekers are characterised as people who fall within the economically active population and who have been seeking employment for a long time without success.

4.3 Unemployment rates in South Africa

Higher education remains an important safeguard against unemployment as graduates are more likely to find employment in comparison to other categories of the unemployed, as indicated by figure 1 below:



9 Because Apartheid South Africa was sanctioned, most of the debt was taken from the public service pension savings of the predominantly white public servants. Ironically, these austerity measures meant that the new democratic government had to attack the increasingly black public servants and public services in order to protect the interests of the Apartheid public servants.

Source: StatsSA 2023, QLFS

Figure 1 indicates that there were 7.9 million people who were unemployed in the first quarter of 2023, as many as 48.4% of them did not have matric, and 40.7% had completed matric. Almost 8% of the unemployed had other tertiary qualifications, while only 2.7% of unemployed persons were graduates. Young people aged 15-24 and 25-34 are the most vulnerable in the South Africa's labour market today. The unemployment rate in these age groups is 61% and 39.9% respectively. This is higher than the overall national unemployment rate.

4.4 Drivers of high youth unemployment

Whilst in the labour markets of countries in the global-north economic growth is undermined by the lack of enough young workers, in South Africa which has a high youth population cohort, the youth bear the worst brunt of unemployment. The following are some of the factors driving high youth unemployment:

- **Inadequate early childhood development and basic education**: South Africa does not have a strong early childhood development system. This has long-term impact on the learners in school, thus exacerbating the challenges confronting our youth in successfully advancing further in the post-school education and training. A broken basic education system prevents students from gaining access to universities. Even those students that do manage to gain access to universities, only a few are able to get into essential fields that are in demand in the labour market. Such fields include science, finance and engineering. For those students who cannot gain access into any university, the options for alternative sources of further education are bleak, with technical and vocational training remaining relatively underdeveloped.
- **Mismatch of skills**: many schools offer little career guidance, which means that young people do not have enough information in selecting their school subjects that could be linked to their potential career aspirations. The skills mismatch is a root cause and one of the main contributing factors to high unemployment rate in the country.
- **Gender discrimination**: young women are disproportionately affected by unemployment compared to men in South Africa due to, among others, labour market discrimination and the gendered nature of care expectations. South Africa remains a highly patriarchal society.
- **Lack of work experience**: young people often wait longer in the labour market queue. Employers prefer not to hire young people due to training costs.
- **Discouragement and mental health**: many young people are discouraged to seek jobs. The number of discouraged youth keeps rising, leading to mental illnesses and psychological stresses such as depression. This often occurs when young people think they have failed in life, which can lead to further disconnection from the labour market. High youth unemployment engenders anti-social behaviour and even worst outcomes such as suicide.
- **Employers' hiring preferences and behaviour**
  Racial discrimination also affects the employers' hiring decisions. For example, where black candidates are coming from lower quintile schools and attended historically black universities, employers perceive them to be inferior. It has also been found that employers inflate labour market entry requirements to exclude large numbers of potential employees whose skills or education would otherwise match the job.

4.5 Solutions to mitigate unemployment rates amongst the youth

Youth unemployment is exacerbated by an education system that does not equip students with the necessary skills required in various economic sectors. Unless students, workers and academics consciously and deliberately support actions aimed at promoting the production of socially useful knowledge, the hopelessness that leads to desperation and violence should not surprise us at all. This reality requires all socially responsible citizens, which include students and academics to support the many forms of democratic, and public mobilisation for the common good. This also means confronting the power of those who persist in the production of desultory and damaging narratives about the most important issues of our times.

5. AN ASSESMENT OF THE POST-SCHOOL EDUCATION AND TRAINING SECTOR

By Comrade Nhlonipho Baloyi, NEHAWU Researcher, Policy Development Unit

5.1. Introduction

The Post-School Education and Training (PSET) refers to learning that takes place beyond basic education, where basic education refers to all learning from Grade R to Grade 12. The PSET sector consists of all education and training provision for those who have completed their basic education, those who did not complete their basic education, and those who never attended basic education. The PSET system in South Africa comprises of various key sectors with different areas of specialization, namely, public and private universities, Technical and Vocational Education and Training Colleges (TVET), Community Education and Training Colleges (CET), private colleges, Sectoral Education and Training Authorities (SETAs), apprenticeship programmes, and in-service training. Together, these different components form part of and contribute to the PSET sector.

The public and private higher education institutions are made up of 26 public universities, 50 TVETs, 9 CET, 132 and 185 private higher institutions and private colleges respectively as well as 21 SETAs. The DHET, formed in 2009, is responsible for bringing together all PSET institutions. PSET sector is a broad sector which is confronted by several difficulties. However, this article focuses on the public component of the sector.

5.2. PSET enrolments and the National Development Plan 2030 targets

Chapter 2 sub-section 29 (1) (b) of the Constitution states, "Everyone has a right to higher education which the state, through reasonable measures, must make progressively available and accessible". The broad thrust of the strategic objectives outlined in the White Paper for Post-School Education and its overarching framework advocates for the building of an expanded, integrated and effective PSET system. The Freedom Charter also states that: "Higher education and technical training shall be open to all by means of state allowance and scholarships awarded on the basis of merit." Post 1994, equity, access to and success in the PSET sector have been imperatives in the transformation agenda. Though, there has been notable increases in access, there is no comparable improvement in student success and equity. This has remained a challenge especially for students from poor socioeconomic backgrounds as well as those in historically black universities. University enrolment has increased from approximately 500 000 in 1994 to approximately 1.1 million in 2023 (DHET 2023), while enrolments at TVET colleges have increased by less than 50% from just over 345 000 in 2010 to approximately 497 032 in 2023 (DHET 2023). The vast majority of student enrolments are now Africans. This is a drastic increase although the number of students in the South African higher education system in relation to the size of its population of 60.6 million (StatsSA 2023) is still far too low compared to other middle-income developing countries. The National Development Plan (NDP) targets 1.6 million enrolments for universities, 2.5 million and 1 million for TVETs and CET colleges respectively by 2030. The enrolment trends clearly shows that the TVET and CET sectors are most likely to fail to achieve NDP enrolment targets by 2030, with a huge margin. The key objectives in strengthening colleges should significantly include improving their management and governance, developing a quality of teaching and learning, increasing responsiveness to local labour markets, improving student support services and developing infrastructure.

5.2.1. 2020 post-school education and training sector enrolments and completion rates

Type of Institutions	Public Universities	TVET Colleges	CET Colleges
Number of institutions	26	50	9

Number of Student Enrolled	1 094 808	452 277	142 538
Number of student completed	237 882	104 310	22 764

Source: DHET 2022

5.2.2. TVET enrolment between 2015 and 2023

In-line with the NDP and the 2013 White Paper, the objective is to expand enrolment in the TVET sector to 2.5 million by 2030, but the number was capped in 2015 at 710 535 because of austerity.

DATE	ENROLMENTS	PATTERN
2015	710 535	Decrease
2016	705 395	Decrease
2017	657 133	Decrease
2018	688 028	Decrease
2019	673 490	Decrease
COVID-19 Pandemic		
2020	409 438	Decrease
2021	452 277	Increase
2022	508 600	Increase
2023	497 032	Decrease

5.2.3. CET colleges

There are currently 9 public CETs after the merging of close to 3 000 Community Learning Centres (CLCs). The White Paper envisaged headcount enrolment of one million by 2030. However, because of lack of investment and systematic support, the CET enrolments have decreased from 265 000 in 2011 to 175 000 in 2023.

5.3. Challenges of accessibility in the post-school education and training sector

The sharp rise in student numbers indicates a major improvement in access to higher education. Most of the expansion is due to the higher enrolment of black students. However, there is continued racial disparity in the student population because whilst nearly 70 % in tertiary education are Africans, only 14% of this demographic are enrolled in higher education institutions, as opposed to 57% of White students. Black and female students are under-represented in science, engineering and technology as well as in business and commerce programmes. White males dominate postgraduate studies. Educational disparities therefore, remain deeply entrenched in a post-Apartheid era, many of the challenges we face in the higher education system are a result of the continued legacy of the past.

Racial disparities actually starts at the basic education level. In 2018, nearly half of African and so-called coloured South Africans did not complete secondary school in comparison with 80% of White South Africans. Of the African students that completed secondary school, only 4.3% enrolled in a higher education institutions, and as of 2020, only 4.1% have a degree. The World Bank found that if the household head achieved some higher education qualification in South Africa, the risk of poverty could be reduced by about 30% compared to a household in which the head did not achieve higher education qualification. As a result of South Africa’s history of racial oppression, access to inclusive and affordable education is a key pathway out of poverty for black South Africans. Educational barriers, such as the Bantu Education Act of 1953, segregated schools by race and the lesser-known Extension of University Act of 1959, prohibited the “non-whites” from attending formerly open universities. The ideology of white supremacy is still visible in many top universities, especially in the category of what is called traditional universities, which are the historically white universities. While many black students enrol in these universities, they struggle to find belonging. Therefore, there is a huge and significant need to break the hegemony of racism in the PSET sector, especially in the white liberal higher education institutions.

The digital divide is another difficulty that has confronted the PSET sector. The COVID-19 pandemic forced higher education institutions in South Africa to move to remote learning. While more South Africans living below the poverty level are attending universities at an increased rate, a large percentage do not have access to the internet or digital devices in their households. This relatively new form of disparity is digital inequality and the pandemic exacerbated this issue for students. The resulting exclusion of many students from teaching and learning reflected the stark disparities in socio-economic conditions as learning shifted to the home. The online transition illuminated and amplified the existing inequalities in South African society, with the poor, marginalised, precarious and under-resourced disproportionally experiencing its fallout. For impoverished black working class and rural students, online distance learning cannot provide opportunity or success, when students study due to lack proper laptops in unstable Wi-Fi hotspots, with power outages and in congested, noisy home environments. As of 2019, a study estimated that only 10.4% of South African homes have access to the internet. In addition, a 2020 survey report found that only 60% of students own a laptop. More than half of the students reported not having a quiet place to study.

Students who received funding through the National Student Financial Aid Scheme (NSFAS), a program for students' living below the poverty line, experienced the problems disproportionately. 90% of students indicated that the only devices they own are smartphones. There was another challenge caused by load-shedding, which engendered massive investments by universities to secure day-to-day running of institutions. Nevertheless, power volatility remains greatly disruptive to the PSET sector.

It is very vital to indicate the social unrest and Gender-Based Violence (GBV) in PSET sector especially the 2021 reports. The sector is rocked by gruesome high profile murders of female students. Despite calls for action on DHET by students, the situation has not ceased. Lastly, the impact of the faltering economy on higher education pertains not only to tight funding but to the demand side that is, whether university graduates will be able to find jobs after their degrees.

5.4. Funding in the PSET

In general, public institutions in the PSET sector obtains funding from various sources such the government subsidies, student tuition fees, donors as well as investment yields. In terms of government funding, public Higher Education Institutions (HEIs) are funded directly by DHET while the processes of funding TVETs is a bit more complex. There was a constitutional amendment to shift the function of the TVETs from the provincial to the national sphere of government. In 2015 the TVETs function shifted to the national sphere of government, which meant that the national sphere became responsible for paying the salaries of TVET staff and to make direct transfers to TVET institutions themselves. The allocation of funds to public HEIs is based on a number of criteria and planning processes, including student enrolment planning processes, while that for TVETs is based on national norms and standards. Public HEIs received Block Grants that are used to fund the operational costs of teaching and learning and are under the control of University Councils, while earmarked grants are geared towards ensuring that the universities address national priorities such as producing high quality graduates for the labour market, advance knowledge in all disciplines and ensure societal development. Funding for TVETs takes into account the type of programmes offered, student enrolment numbers, the cost of delivery, the need for capital infrastructure and the ability of the colleges to utilise resources efficiently. From the 2015/16 financial year, the TVETs received funding directly from DHET for operational costs with TVET college lecturers being paid directly from national government and in the 2020/21 financial year TVET colleges also received earmarked funds for infrastructure from DHET.

Until 2014, CET Colleges were funded and administered by provincial education departments through the national and provincial budgeting processes. This function has shifted to DHET – from 1 April 2015 the CET Centres received funding from the DHET for operational costs. DHET has been paying the salaries of the CET lecturers since the 2015/16 financial year.

Medium Term Estimates[10]	2022/23	2023-24	2024/25	2025/26	Percentage of total METF allocation	Average of annual METF growth
PSET overall Funding	133 098	135 605	148 321	153 904	30,6%	5.0%
University Subsidies	42 846	44 477	46 370	48 448	9.7%	4.2%
HE institutions Infrastructure	3 510	673	4 750	3 239	0.6%	-2.6%
NSFAS	47 456	50 099	54 231	56 686	11.3%	6.1%
TVET	13 023	12 880	13 596	14 055	2.8%	2.6%
compensation of employees	7 532	8 094	8 452	8 829	1.8%	5.4%
TVET Infrastructure	931	542	708	592	0.1%	-14.0%
Subsidies	4 560	4 245	4 436	4 634	0.9%	0.5%
CET	2 348	2 728	2 929	3 070	0,6%	9.3%
Compensation of employees	2 348	2 447	2 558	2 670	0.5%	4.4%
CET Infrastructure	-	281	371	400	0.1%	
Skills	23 397	24 275	25 980	27 950	5.5%	6.1%

Source: Budget review 2023, chapter 5 page 61

5.5. Challenges that emerge from funding

There are persistent funding and fees challenges that South African universities and the PSET sector in general are experiencing. These challenges constrain the right to access to higher education for thousands of students. There is a huge compounding negative impact that these challenges are having on students, universities and the working class at large. These challenges led to crises, which have repeatedly played themselves out at the start of almost every academic year. Below are some of the major challenges such as student debt, the missing middle and corruption.

5.6. Student debt, historical debt and the missing middle

Since 2011, South Africa's student debt has spiralled from R3.2 billion to R16.5 billion in 2022 (Wits 2022). The 26 public universities in South Africa cater to, an excess of 1 million students. An increase in student debt is attributed to the historical underfunding of the sector as a percentage of GDP, economic stagnation, and a larger set of austerity measures underpinning the financial crisis in the country as a whole. University students are suffering due to historical debt, as it also hinders students the ability to register and allow them to progress with their studies. The historical debt is also a major contributor to university drop out statistics. Students in their final year are not able to graduate and obtain their qualification because of historical debt. However, there are other universities that allow students to graduate but they do not get a qualification as they are indebted to the institution. This also contributes to the unsuitable levels of unemployment that our youth are confronted with.

The concept of the so-called missing middle student refers to students who come from households that

10 The total funding allocated to public HEIs, TVET colleges and CET colleges during the 2022/23 financial year was R58.2 billion. NSFAS allocated R47.5 billion for student funding during the 2022/2023 academic year.

can neither afford higher education, nor qualify for the government's financial aid and obtain loans from the banks. In order to qualify for NSFAS, your household income needs to be below R350 000 per year. This ceiling of R350 000 affects many students whose parents are working in the public service, as their parents cannot afford to fund higher education studies nor obtain a loan from the bank. These students are often confronted by huge student debt and therefore unable to register or obtain qualification upon graduation.

5.7. Student accommodation

Students are confronted with major challenges in terms of accommodation. This is mainly fuelled by a lack of student accommodation and infrastructure. An overwhelming number of universities outsource student accommodation, most of which tends to be even more costly. Many NSFAS students are facing an accommodation crisis due to the recently announced R45 000 accommodation funding cap. Students are expected to cover the shortfall between rent and the DHET accommodation cap. The 2020 study developed by the Durban University of Technology on student residence, showed that accessibility to the university accommodation for residential purposes is a great challenge for many students across the country.

5.8. Corruption

The current model of student funding is stipulated to be unsustainable by various stakeholders. The government introduced a new funding model as an alternative. In February 2022, the Auditor General released its findings on the National Skills Fund (NSF), in which it failed to account for an amount of R5 Billion. This fund is a government public entity that reports to DHET. In the same year, NSFAS had a funding shortfall of R9.6 Billion amidst allegations of corruption.

5.9. Compensation of PSET staff versus inflation and GDP growth rate

A competitive remuneration for PSET staff is very vital because in the face of ageing academics at most South African universities, as well as the transformation of the academic profession in order to make it more representative of the South African population, it is important to attract the best qualified young people from all population groups in significant numbers into our institutions. Without competitive remuneration for academics, many promising academics (especially at the lower echelons of the profession) will be lured away to other carriers.

There is also an ongoing brain drain in our country. Some of the best researchers at universities in South Africa have taken up prestigious academic positions in other countries, sometimes as a result of better remuneration associated with these positions. On the other hand, as a result of the weak Rand, it is difficult to attract international academic staff to South African higher education institutions. It is therefore to the benefit of our country to ensure that the staff is the PSET sector is properly and adequately remunerated.

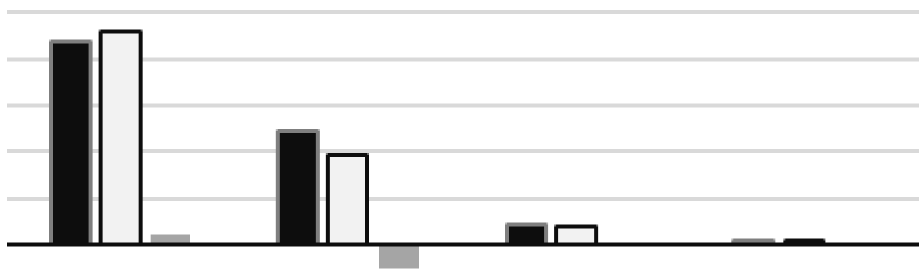
5.9.1. Average Remuneration of in the Universities relative to Public sector salary levels and Private sector grades.

Peromos grades	Paterson grades	HE sector academic ranks	Public sector salary levels	Private sector grades
5	D3 (D4)	Professor, Director	13 Director	D3
6	D1	Ass, prof, director (UoT)	12 Deputy Director	D2
7	D1/C5	Senior Lecturer	11 Deputy Director	D1/C5
8	C4	Lecturer	10 Assistant Director	C4
9	C3	Junior Lecturer	9 Assistant Director	C3

Source: Higher Education South Africa Remuneration Report

The above table indicates the average remuneration of all universities per position. The data was collected from by the 26 universities and has been recorded in the HESA report. It is important to note that there is no central bargaining council for universities. Therefore, salaries per occupation differ from one institution to another, hence the averaging of salary increases in different institutions. According to the university salary agreements, the average salary increase for university staff is 3% for 2021 and 4% for 2022, with UCT leading by an increase of 3.8% for Junior Research Fellows, Assistant Lecturers, Senior Lecturers and Associate Professors. Lecturers received a 4.8% increase and Professors a 3.0% increase. In 2022 the university provided increases at 7.2% across the board.

Figure 1: Economic classification of expense cash flows for operating activities for the 2019* and 2020 financial years



	Compensation of employees	Purchases of goods and services	Other payments	Interest
■ 2018	43 693	24 456	4 063	590
□ 2020	45 733	19 379	3 865	628
■ Difference	2 040	-5 077	-198	38

■ 2018 □ 2020 ■ Difference

Figure 1 shows the economic classification of expense cash flows for operating activities for the 2020 and 2021 financial years. In 2021, higher education institutions' main expenses were compensation of employees (R48 769 million) and purchases of goods and services (R21 928 million).

5.9.2. Compensation of workers allocated for TVET and CET colleges

	Revised Estimates	Medium Term Estimates		
	2022/23	2023/24	2024/25	2025/26
TVET	7 532	8 094	8 452	8 829
CET	2 348	2 447	2 558	2 670

Source: Budget Review, chapter 5 2023

Although, the data reflects an increase on the compensation of the academics, the average annual inflation growth rate stands at 6.9% and average annual GDP growth rate is at 0.9%, while the average universities growth rate is 4%. This data reflects that the compensation of workers has been growing marginally in comparison to the inflation rate. It clearly indicates that the purchasing power of workers have been declining. Moreover, the South African Reserve Bank (SARB) has increased the prime lending rate six times in 2022 and started 2023 by increasing the prime rate by 0.25 basis points, currently standing at 10.75%. This makes the lives of workers unbearable, as it is very difficult for them to obtain any type of loan and extremely difficult to repay the current loans that they may have acquired.

6. AN ASSESSMENT OF HIGHER EDUCATION AND TRAINING FUNDING MODELS

By Comrade Barry Mitchell, NEHAWU Parliamentary Officer, Policy Development Unit

"Everyone has the right— to a basic education, including adult basic education; and to further education, which the state, through reasonable measures, must make progressively available and accessible."

Section 29, South African Constitution

6.1. Background and context

On 01 November 2022, the Department of Higher Education and Training (DHET) convened a number of stakeholders to present recommendations from the Department's Ministerial Task Team (MTT) on a sustainable funding model that would ensure the provisions contained in Section 29 of the Constitution, find resonance within the higher education landscape. In particular, seeking to address persistent features of the colonial-apartheid legacy on our education system whilst also attempting to tackle many contemporary symptoms associated with a highly unequal society.

This presentation by DHET's MTT was prefaced by the tabling of the Medium Term Budget Policy Statement (MTBPS) on 26 October 2022 before Parliament, wherein the Minister of Finance indicated that a comprehensive funding model was in development by DHET which would feature in the 2023 Budget Speech. In November 2022, NEHAWU was invited to develop a submission on the MTT's recommendations to DHET. Our submission was received by the DHET and subsequent to this, the national union requested and engagement with DHET.

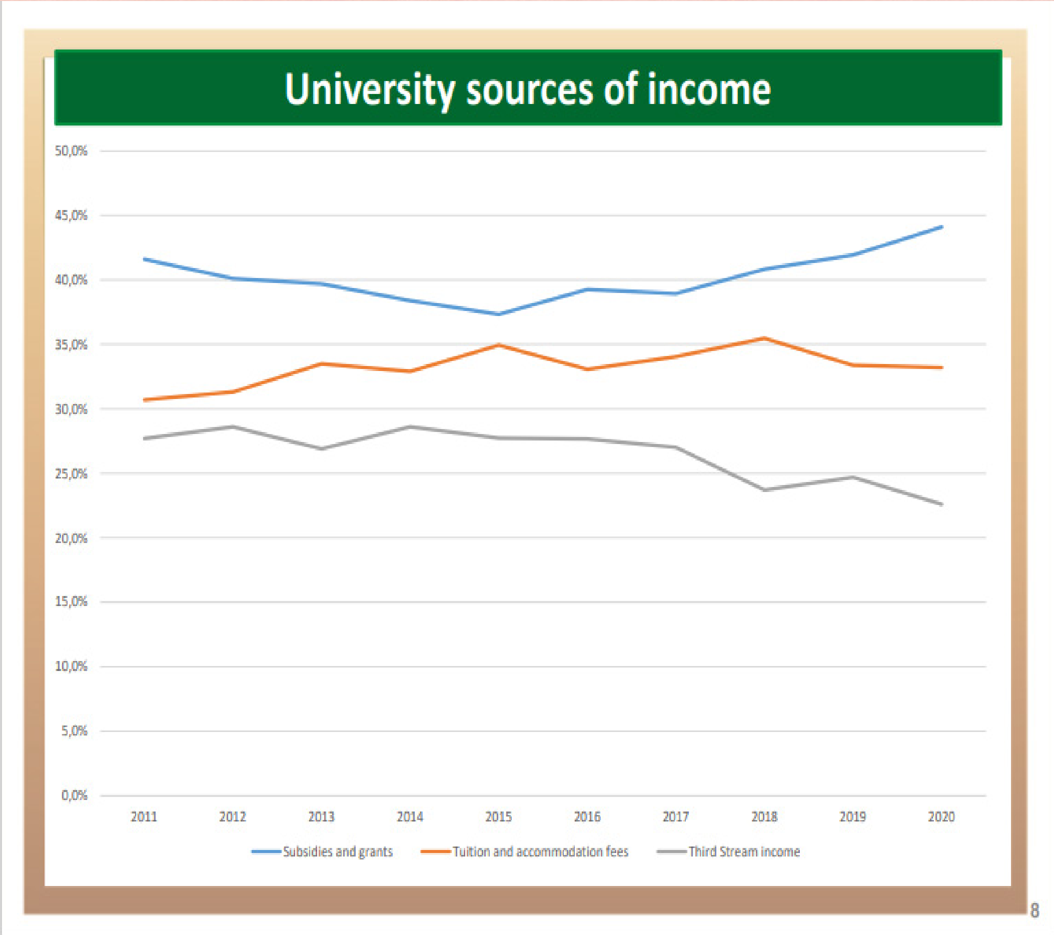
This article seeks to provide our readers and members with the national union's developing perspective and ongoing work in relation to the proposed funding model by the DHET.

6.2. The evolution of funding higher education

This history of South Africa's higher education funding model is informed by the colonial-apartheid character of our economy, accompanied with generations of racial oppression and exploitative government policy. The 1953 Holloway formula [$F(H)=Sb+Ss+A$] represents the possible origins of South Africa's contemporary funding model, it also coincides with the 1953 Reservation of Separate Amenities Act, the 1950 Group Areas Act and the 1950 Suppression of Communism Act, amongst others. The Holloway formula was an extremely narrow funding model skewed to benefit the privileged white minority. The formula solely determines funding based on "basic" and "standard" teaching determinations that are not linked to student numbers. From 1959 the $+A$ of the formula included a "staff living costs compensation". This funding model development during Apartheid was not only racialised and ideologically exploitative of the black population, it is devoid of a proper comprehension of knowledge production as a means for societal development, the formulae are simply inhumane. The funding model was also taken advantage of by universities looking to increase subsidies, forcing the Apartheid government to revise its funding models.

From 1977 onwards the Apartheid government implemented the revised, Van Wyk de Vries formula and, from 1984 to 1993 the South African Post-Secondary Education Information System (SAPSE) subsidy formula for higher education institutions was developed and implemented. The earlier version of the SAPSE formula (1984 to 1986) bizarrely determined an assumption that students themselves, are in the best position to determine their own "welfare". From 1993 to 2003, so-called earmarked funding for subsidising Higher Education emanated in the establishment of National Financial Aid Scheme (NSFAS), the predecessor of the 1991 Tertiary Education Fund of South Africa (TEFSA). From

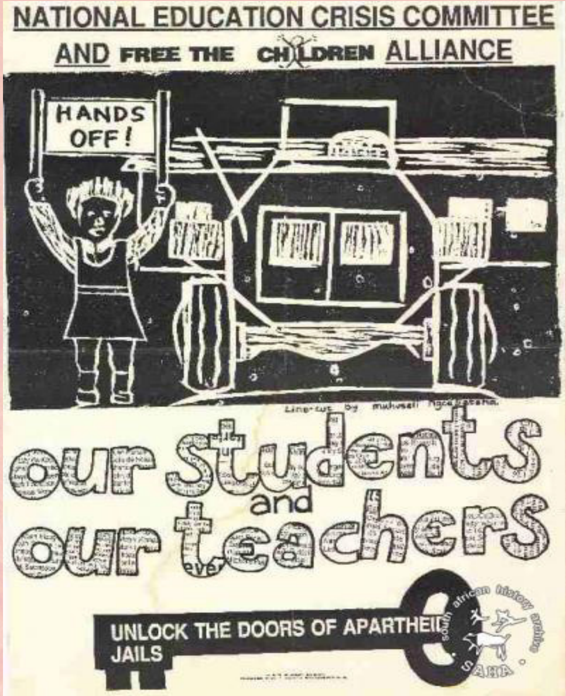
1995, NSFAS was administered by TEFSA until 2000, when TEFSA became legally known as NSFAS.



Source: DHET

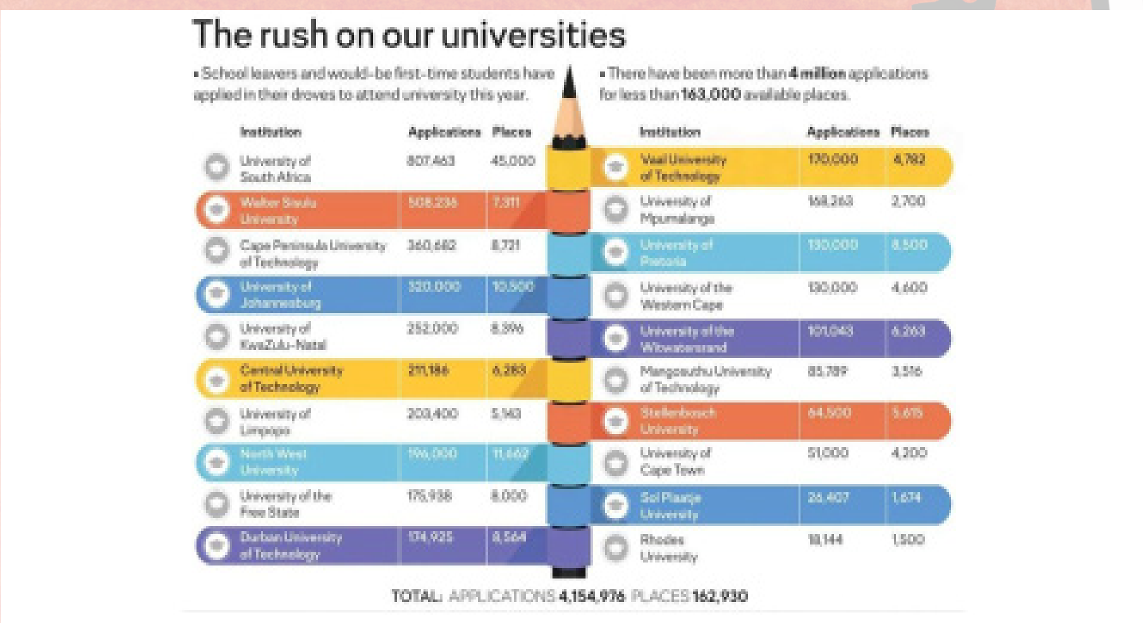
6.3. Chronology of important policies in the Higher Education Landscape:

- 1997 Education White Paper 3;
- 2012 Green Paper for Post-Schooling and Education;
- 2013 White Paper for Post-School Education and Training;
- 2014 Gazetted White Paper for Post-School Education and Training.



The 1994 politico-juridical transition radically shifted the notion of education as a formulaic business enterprise based on racial supremacy to that of espousing the principles contained in Section 29 of the Constitution. Many of these educational principles are derived from notions contained in the Freedom Charter and in the subsequent resolutions of the ANC-led alliance conferences and congresses. This radical transformation of colonial-apartheid education funding was largely brought about by the mass mobilisation of students, workers, parents and academics in the form of the National Education Crisis Committee during the 1980's. The challenge however post-apartheid was the extent of the task at hand. Student intake considerably increased post 1994, the transition was budgeted for in the earmarked funding allocated to redress from 1993 to 2003, but this was cosmetic.

The real catalytic change came in the form of student protests that engulfed Higher Education campuses in 2015. It might also be worth reminding our readers that prior to the Fees Must Fall protests, a 2012 DHET working group was established with a scope of developing conceptual policies on Fee Free University Education for the Poor. Subsequent to this, the MTT report was tasked with developing support and funding models for poor and Missing Middle students.


The rush on our universities

• School leavers and would-be first-time students have applied in their droves to attend university this year.

Institution	Applications	Places
University of South Africa	807,463	45,000
Walter Sisulu University	508,236	7,311
Cape Peninsula University of Technology	360,682	8,721
University of Johannesburg	320,000	10,500
University of KwaZulu-Natal	252,000	8,396
Central University of Technology	211,186	6,283
University of Limpopo	203,400	5,140
North West University	196,000	11,662
University of the Free State	175,938	8,000
Durban University of Technology	174,925	8,564

• There have been more than **4 million** applications for less than **163,000** available places.

Institution	Applications	Places
Vaal University of Technology	170,000	4,782
University of Mpumalanga	168,263	2,700
University of Pretoria	130,000	8,500
University of the Western Cape	130,000	4,600
University of the Witwatersrand	101,043	6,263
Mangosuthu University of Technology	85,789	3,516
Stellenbosch University	64,500	5,615
University of Cape Town	51,000	4,200
Sol Plaatje University	26,407	1,674
Rhodes University	18,144	1,500

TOTAL: APPLICATIONS **4,154,976** PLACES **162,930**

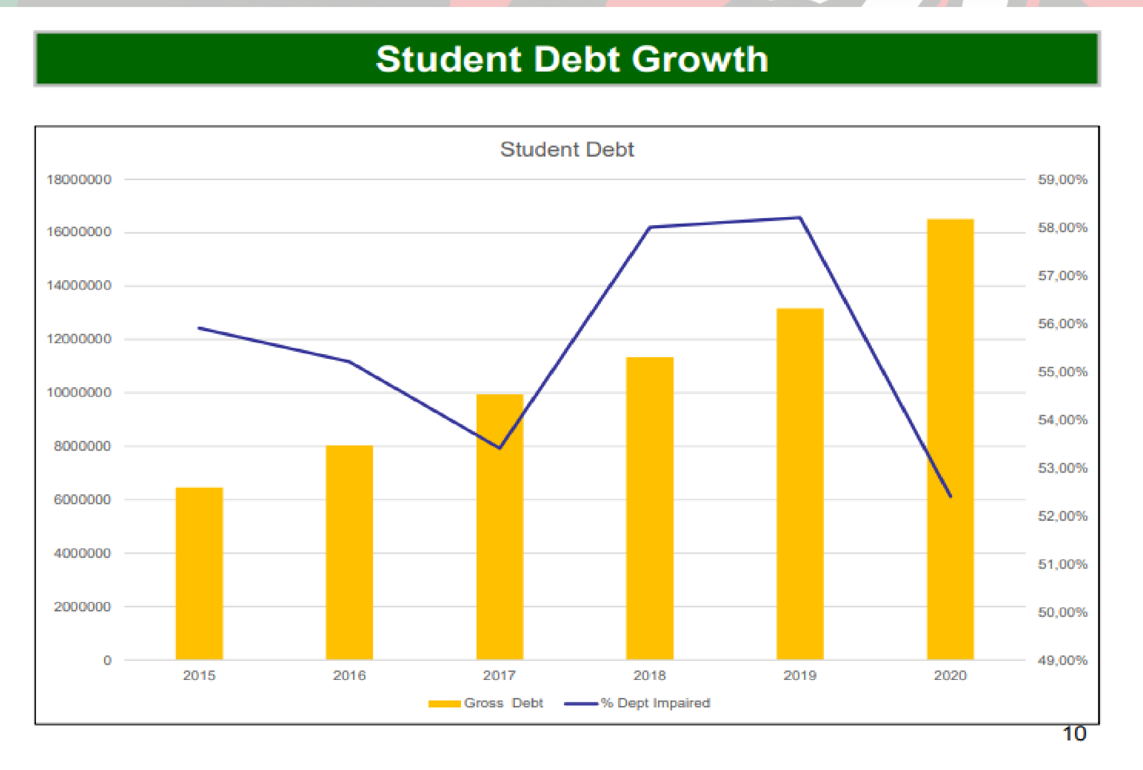
6.4. Outcomes of Ministerial task team funding model

Option 1 - Continuing with the *status quo*, Government to continue with the fully subsidised model. DHET has deduced that this option is unsustainable due to increases in costs and growth in student number.

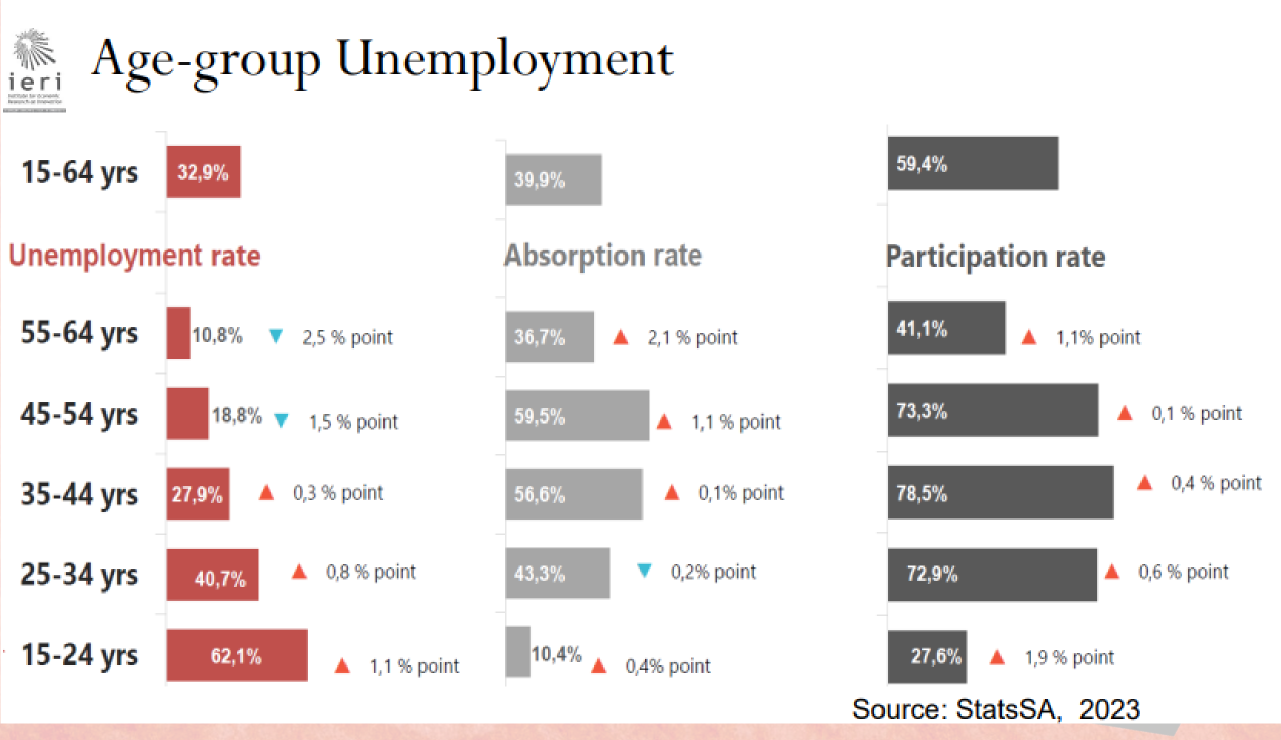
Option 2 - Introduce a hybrid model. This will take the form of a combined loan/ bursary model using income thresholds. Different loan models include: a Direct Lending Arrangement (similar to NSFAS but stricter regulation through SARS), *Wholesale Lending Model Government contributes equity to independent loan schemes for investment) and Credit guarantees (Government de-risks lending to *Missing Middle*).

Option 3 - Introduce a modified *status quo* model which contains a range of controls on a fully subsidised model. This model forecasts higher course pass rates, capped accommodation allowances, constrained growth in other allowances and slower than inflation increases.

It is without a doubt that policy changes have seen a significant shift in the prioritisation of ensuring students from working class and poor backgrounds (characterised as a family earning an income of less than R350 000 per annum) have access to institutions of higher learning through a fully-subsidised model. The funding model put forward proposes that DHET and the MTT are now in the process of exploring different formulas to ensure financial sustainability and affordability for students from working class and poor backgrounds (as well as the so-called *Missing Middle*). However, student debt in public universities equates to approximately **R16.5 billion** in 2020, this debt increases by approximately R1.2 billion per annum, equating to approximate student debt in 2023 standing at around **R20 billion**. The MTT presentation to stakeholders in November 2022 began by quoting the Constitution, which amongst others, requires that "*the state, through reasonable measures, must make progressively available and accessible*". It was NEHAWU's expectation that any review of the current funding model regime ought to then build on the existing gains on a sustainable basis in order for the state to progressively make available and accessible measures for the realisation of this right.



Source: DHET



Source: Institute for Economic Research on Innovation

6.5. The notion of the "Missing Middle"

The definition of the notion of the *Missing Middle* has been expanded in a monetary sense since its inception into the DHET analysis. Initially the notion was characterised as: "... children from families who earn above the R122 000 per annum qualification threshold, but who still cannot afford to attend university." Subsequently, the definition of the notion was expanded to: "... students who come from households who earn from R0 to R600 000."

The MTT has developed a number of mechanisms to fund the so-called *Missing Middle*. These mechanisms include different loan and bursary options for students that fall within this category. DHET does admit however that the current definition is limited as it categorises students falling within the so-called *Missing Middle* to be solely determined by household income thresholds and NOT the student's funding constraints and needs.

The MTT's analysis also points to the socio-economic stratification or non-homogenous nature of the so-called *Missing Middle* and identifies "categories within categories" of this section of student society, these include i) Self-Paying students who rely on their own financial resources to fund their education; ii) Credit Funded students who rely on loans and debt to fund their education through the credit rating of their parents/ guardians and, iii) Sponsored Funding in which students are awarded funding through prerequisites or qualifying criteria (family/ household income, academic performance or tertiary qualification sought) and, iv) NSFAS eligible non-funded students who fall within the expanded definition of the so-called *Missing Middle*, these are students from households who earn an income of between R0 to R600 000 and/ or who for some reason or another, are not able to qualify for NSFAS funding.

6.5.1. 2000 to 2019 national undergraduate cohort for public higher education institutions

National Cohort Rates	NSFAS Cohort Rates (Students who have received financial assistance at some point in time outperform the national cohort)

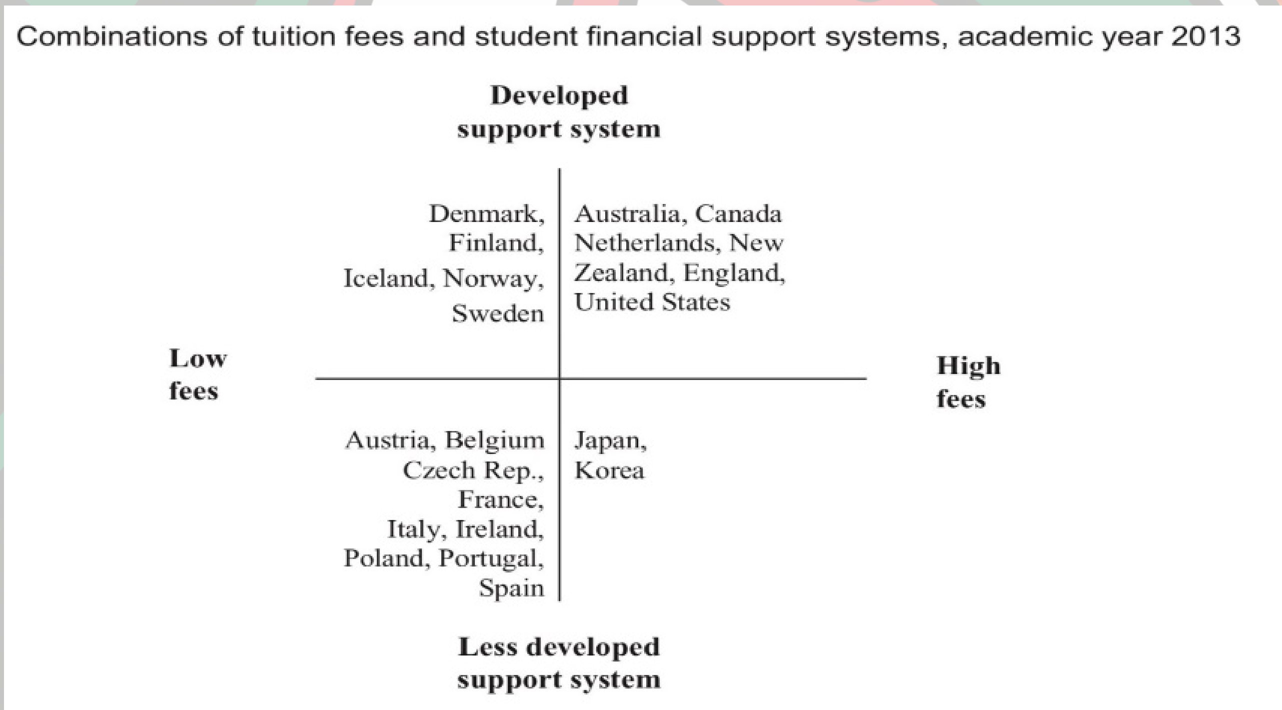
• **Dropout - 32.4%** • **Throughput - 61.2%**	• **Dropout - 20.8%** • **Throughput - 71.3%**

Source: DHET, Ministerial Task Team 2020

6.6. Weaknesses in the funding model proposal

NEHAWU recognises that government, pursuant to Section 29 of the Constitution, has made progressive strides towards funding higher education through various mechanisms. To reiterate however, student debt is sky-rocketing and the status quo model (Option 1) will incur a R4.4 billion forecasted shortfall.

The processes undertaken by government since the 2015 student demands for free higher education included international benchmarking higher education funding models. The MTT used comparative analysis primarily benchmarked from developed states of the Organisation for Economic Co-operation and Development (OECD), such as Denmark, France, Germany etc. The MTT could have included a broader variety of states to benchmark higher education funding models. In particular, states that are located within the periphery of international markets, states that are developing but constrained by colonial manifestations in their respective economies, states in Latin America, Africa and Asia by example.



Source: DHET, Ministerial Task Team 2020

The international comparative work undertaken by the MTT is therefore embarrassingly illogical. None of these countries are SA's peers in terms of per capita GDP, university participation rate and let alone the crisis level of poverty and inequality. The horizontal axis of the graph titled "high fees" and "low-fees" is also illogical, it is unrelated to any economic context and development imperatives as well as other socioeconomic and demographic variables in those countries.

Unfortunately, the thrust of the funding model proposal is merely a recycling of the recommendations in the Heher Commission Report, which was correctly and widely rejected. This represents a consistent pattern on the part of the National Treasury to claw back the gains of the working class and the poor, as we see on a broad array of public services, such as the NHI. Our proposals must defend the current gains. The shortfalls are budgetary shortfalls informed by an austerity budget linked to the debt/deficit targets that have been set whilst giving away corporate tax cuts. This is yet another indication of structural reforms taking place. The recommendations are abstract from the reality of youth unemployment and the national imperatives of addressing poverty and unemployment. There is also no reflection on the widening backlog in terms of the White Paper targets with regard to increasing the student populations, especially in technical vocational training.

As NEHAWU we are concerned with the lack of clarity as to whether the MTT is set out to address the missing-middle issues or to use this issue as a ruse to embark on a total overhaul of the existing funding mechanism, including roll-back the existing gains for the working class. In this regard, to premise the recommendation on a new definition of the missing-middle that incorporates everyone from households with incomes below R600 000 is conceptually ridiculous and dishonest. This brings to question the validity of the "Missing Middle" in the context of claims the MTT make. It seems the underlying purpose of the funding model proposal and review relates to "*the sustainability of the post-school education and training student financial aid system*", this is just another way of saying how to make funding fit within the austerity envelope and typically not consider the implications from the standpoint of skills development, inequalities and poverty.

Another problem that NEHAWU encountered with the proposed funding model is that they are narrowly focused on the existing fiscal envelope – fitting funding within the current MTBPS envelope – the models are not even guided by the imperatives of youth unemployment, national participation rate or even the White Paper and NDP targets, especially in the TVET sector. The short-term initiative of "*exploring the possibility of a government guarantee for commercial bank loans*" must be clarified:

- What would be the government's demands or conditions on commercial banks in providing them with this captive market?
- What would "guaranteed loans" mean in terms of the current extortionate spread between the Repo rate and the bank's lending rate and who is to address defaulting students?
- Why would the banks be willing to forfeit the current profit margins from the usurious rates they are charging on those who are not eligible for funding by NSFAS for a government guaranteed scheme?
- Why would this privatised funding approach even be regarded as comprehensive on the part of the government?

Lastly, the recommendations include the establishment of two agencies, whilst NSFAS is already in existence and operating. The recommendation of the establishment of another two agencies/ entities leads to a further fragmentation of the state and creates a top-heavy hierarchical system. There seems to be no political will in addressing the unnecessary bourgeoning of agencies, focus ought to be placed instead on consolidating and benefiting from economies of scale.

6.7. Way forward

A deeper assessment of the criteria requirements for funding needs to be explored and developed by the DHET in the short-to-long term. The current classification of a fluctuating strata within a strata based on household income can be demystified by simply referring to students who come from working class and poor backgrounds, attested to the MTT's own presentation which indicates that 85.6% of all South African households fall in the low-income category, earning less than R350 000 per annum.

NEHAWU met with a delegation of DHET earlier this year. The National Union presented our perspectives and concerns on the proposed funding models. The engagement with the Director General and his officials took account of our critique and proposed the establishment of a working technical team comprising of representatives from NEHAWU and the DHET. NEHAWU's National Education Sub-Committee endorsed this process as part of our efforts at strengthening our policy and organising work in institutions of higher learning as well our broader strategy of establishing a popular Education front.

We will make sure that our readers and members are updated on the developments of this process in our third quarter bulletin.

7. PARLIAMENTARY UPDATES

By Comrade Barry Mitchell, NEHAWU Parliamentary Officer, Policy Development Unit

In this second addition of the QPB, we provide an update on two important pieces of legislation that have been released during the second quarter of this year, i.e. the Draft Revenue Laws Amendment Bill and the Pension Laws Amendment Bill, otherwise known as the "two-pot" retirement system.

7.1. Draft Revenue Laws Amendment Bill and Pension Laws Amendment Bill

While we briefly covered the Pension Laws Amendment Bill in our first quarter addition of the QPB, there have been some recent developments that have further refined the bill and what is means to workers.

COSATU has been engaging National Treasury on these two draft bills which have recently been released for public comment. The bills will then be sent to Parliament for debate in August 2023 and COSATU believes their adoption might take place before the end of this year which will then provide the opportunity for the President to sign the bills into law. If this timeframe is not unduly interrupted, implementation of the two-pot retirement system will come into effect on 01 March 2024. As a reminder, the two bills provide for all workers, public and private, early access to a portion of their pension funds.
Some of the key provisions contained in the bills are as follows:

- Workers would be able to access a limited portion of their pension funds without having to resign from their jobs or cash out their entire pension funds;
- The provisions of the legislation would be binding upon all pension funds, public and private, with all pension funds being required to restructure into a new two pot pension regime;
- It will come into effect on 1 March 2024;
- One third of the pension funds would be deposited into a savings account that workers can access once a year;
- Two thirds of the pension funds would be deposited into a preservation account that workers can access in the event that they are retrenched or when they retire;
- Workers can transfer 10% (up to a maximum of R25 000) of their existing savings when the bills come into effect on 1 March 2024 in order to have immediate access to a portion of their savings;
- Workers will retain access to their existing funds that were accumulated up to 1 March 2024 in the event of retrenchment, dismissal or resignation.

Many workers are drowning in debt, with our households' cost of servicing debt in relation to the disposable income increasing from 7.5% in the third quarter of 2022 to 8.1% in the fourth quarter, indicating a combination of higher debt and interest rates. Most workers are likely to exhaust their disposable income three weeks into the month and the cost of living has reached a fourteen-year high, life itself is becoming impossible for many workers to sustain. An average basket of food, consisting of necessities such as maize meal, bread, milk, sugar, meat etc. will cost over R5 000.00. This is exorbitant and completely unaffordable. Astronomical food inflation is not limited to South Africa as plotted on the diagram below, our partners in BRICS and regional counter-parts in the South African Development Community (SADC) are also experiencing uncontrolled inflation combined with sky-rocketing food prices.

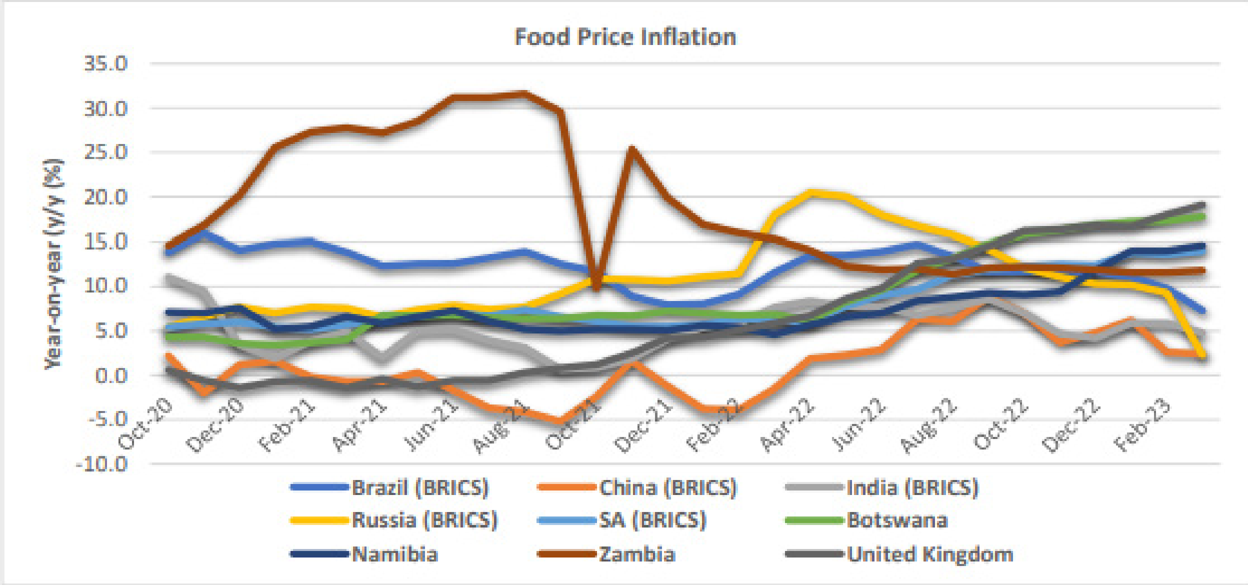
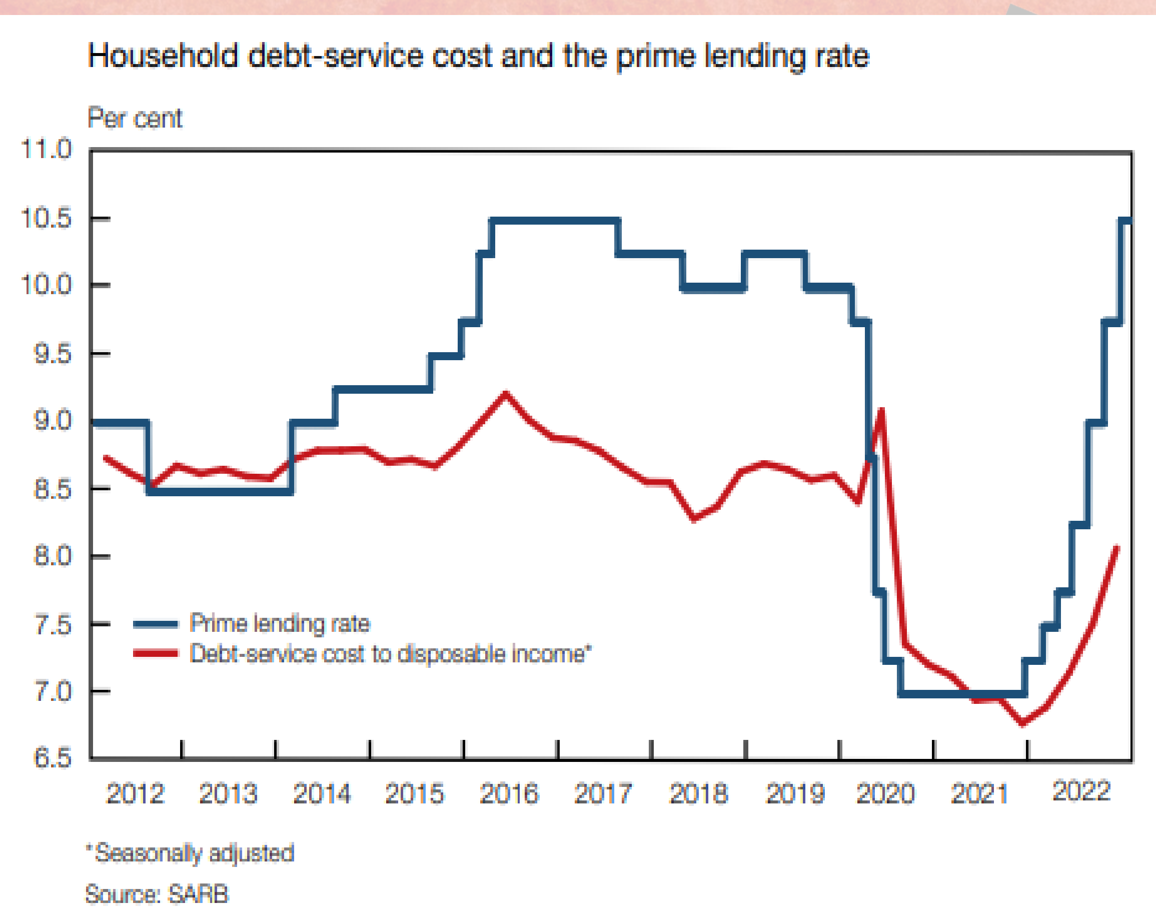
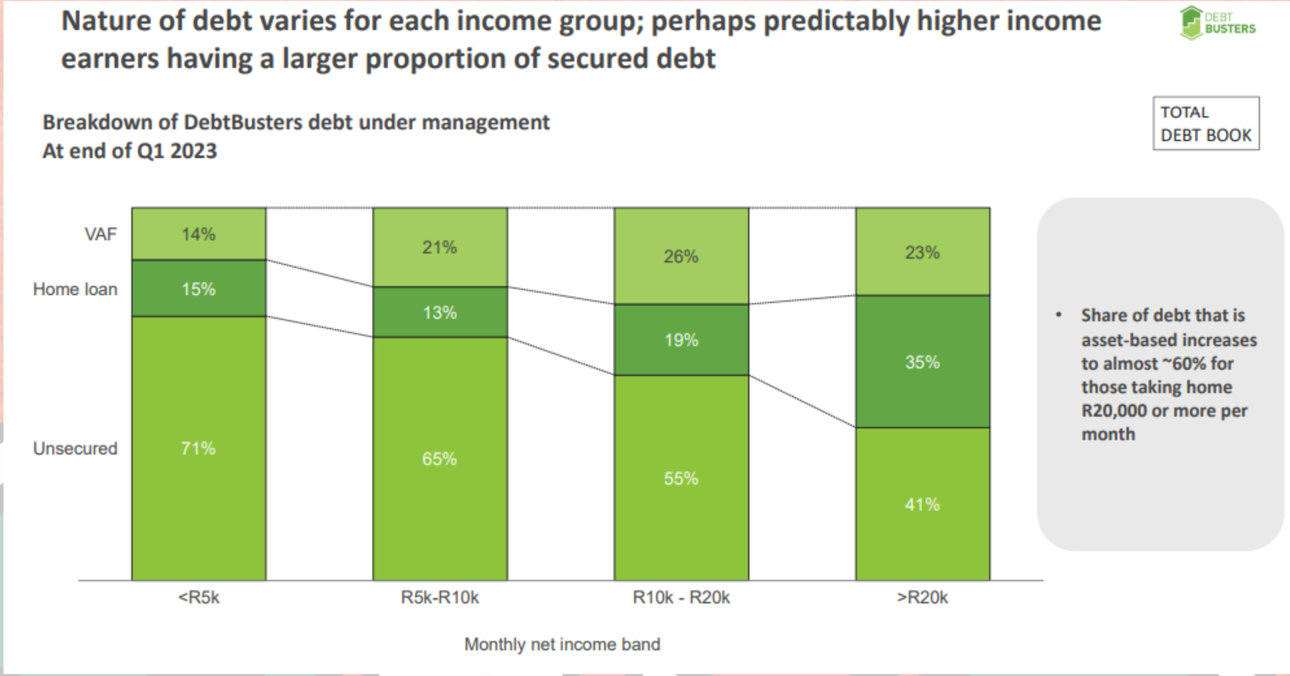


Figure 1: Global food inflation
Source: Trading Economics, 2023; Stats SA, 2023 & NAMC calculations

Source: Trading Economics, 2023; Stats SA, 2023 & NAMC calculations



Source: South African Reserve Bank



These two bills will provide workers immediate relief in alleviating some of the cruel manifestations associated with the crisis of social reproduction. The bills will allow workers an opportunity to tap into their pension fund if confronted with a financial emergency. Rather than resigning and exhausting one's entire pension to service debt or deal with an emergency, workers will now be able to use a portion of their hard-worked pension to settle these payments whilst keeping the majority of ones retirement fund secure. The bills are also said to assist workers by encouraging savings through the one-third savings pot allocation and the incentive to draw from this pot once per annum.

COSATU has however raised a number of areas of concern in relation to the bills with Treasury and is engaging them on refining the following elements:

- COSATU contends that the 10% cap or the R25 000 ceiling that can be accessed on 01 March 2024 is too low and is negotiating with Treasury to increase this amount.
- The federation is also concerned with the category of workers who are dismissed and retrenched and contend that they must be given access to their preservation pot for future savings after 01 March 2024.
- Lastly, COSATU is seeking further engagement with Treasury on the implications of workers who are forced to resign to assist an ill relative or, if the family has to relocate to a different province.

We will continue to keep our readers and members updated on the development of these two bills.

APRIL 2023 Household Food Index

Foods tracked	Quantity tracked	Index		Rands	%
		Apr_2022	Apr_2023	Apr 2022 vs. Apr 2023	Apr 2022 vs. Apr 2023
Maize meal	*30kg*	R252,11	R315,79	R 63,68	25%
Rice	*10kg*	R135,15	R132,61	-R 2,54	-2%
Cake Flour	*10kg*	R104,73	R126,16	R 21,43	20%
White sugar	*10kg*	R170,04	R178,51	R 8,48	5%
Sugar beans	*5kg*	R172,16	R167,17	-R 4,99	-3%
Samp	*5kg*	R53,04	R65,02	R 11,98	23%
Cooking oil	*5L*	R177,23	R172,59	-R 4,65	-3%
Salt	*1kg*	R13,26	R14,01	R 0,75	6%
Potatoes	*10kg*	R69,48	R92,41	R 22,93	33%
Onions	*10kg*	R73,37	R133,55	R 60,19	82%
Frozen chicken portions	*10kg*	R374,64	R397,76	R 23,12	6%
Curry powder	*200g*	R31,20	R31,47	R 0,27	1%
Stock cubes	*24 cubes x2*	R37,60	R45,26	R 7,66	20%
Soup	*400g x2*	R38,66	R42,75	R 4,09	11%
Tea	*250g*	R24,12	R24,95	R 0,83	3%
Full cream milk	*6L*	R80,73	R91,13	R 10,41	13%
Maas	*4L*	R50,15	R57,09	R 6,94	14%
Eggs	*60 eggs*	R118,96	R125,53	R 6,57	6%
Chicken feet	*2kg*	R70,81	R81,14	R 10,33	15%
Gizzards	*2kg*	R81,96	R90,78	R 8,82	11%
Chicken livers	*2kg*	R64,78	R73,02	R 8,24	13%
Beef liver	*2kg*	R98,05	R101,22	R 3,17	3%
Beef	*2kg*	R179,31	R176,21	-R 3,09	-2%
Wors	*2kg*	R129,06	R138,96	R 9,90	8%
Inyama yangaphakathi	*2kg*	R85,30	R89,03	R 3,73	4%
Fish	*2kg*	R110,21	R114,83	R 4,62	4%
Tomatoes	*6kg*	R113,13	R139,05	R 25,91	23%
Carrots	*5kg*	R35,38	R45,01	R 9,63	27%
Butternut	*10kg*	R80,14	R87,96	R 7,82	10%
Spinach	*8 bunches*	R105,35	R117,63	R 12,28	12%
Cabbage	*2 heads*	R37,18	R44,98	R 7,80	21%
Green pepper	*2kg*	R44,68	R64,08	R 19,40	43%
Cremora	*800g*	R41,47	R42,76	R 1,29	3%
Tinned pilchards	*400g x6*	R132,53	R142,65	R 10,12	8%
Canned beans	*410g x6*	R71,53	R83,96	R 12,43	17%
Bananas	*4kg*	R67,53	R64,39	-R 3,14	-5%
Apples	*3kg*	R40,84	R42,27	R 1,43	4%
Oranges	*7kg*	R89,80	R59,74	-R 30,06	-33%
Margarine	*1kg*	R40,04	R40,50	R 0,47	1%
Peanut butter	*400g x2*	R65,07	R65,87	R 0,80	1%
Polony	*2.5kg*	R64,00	R63,96	-R 0,04	0%
Apricot jam	*900g*	R30,85	R34,78	R 3,92	13%
White bread	*25 loaves*	R357,92	R419,47	R 61,55	17%
Brown bread	*25 loaves*	R329,41	R385,95	R 56,54	17%
Total household food basket		**R 4 542,93**	**R5 023,95**	**R 481,02**	**10,6%**

7.2. National Water Resource Infrastructure Agency and Catchment Management Agency

Another important development we would like to bring to the attention of our readers is the draft National Water Resource Infrastructure Agency (NWRIA) Bill, which was released for public comment on 16 September 2022. The envisioned agency, according to the Department of Water and Sanitation (DWS), will be established under the Public Finance Management Act 1 of 1999 as a "major state-owned entity."

The purpose of the NWRIA Bill is to provide for the incorporation and establishment of the South African National Water Resources Infrastructure Agency Limited as a state-owned company and major public entity owned and controlled by the state. The state will administer, fund, finance, operate, maintain and provide advisory services in respect of national water resources infrastructure in accordance with the Constitution and national policy. The draft bill further makes provision for the transference of assets and liabilities from the DWS and the Trans-Caledon Tunnel Authority (the draft bill refers to this as "the disestablishment" of the Trans-Caledon Tunnel Authority).

On 12 December 2022, NEDLAC convened an engagement with the Development Chamber on the NWRIA Bill. In March 2023, DWS submitted a letter and a summary of comments received from the public to the NEDLAC Executive Director, requesting to table the NWIRA Bill at NEDLAC for engagement. The NEDLAC Development Chamber agreed to establish a six-a-side task team to engage on the NWRIA Bill.

On paper, the NWRIA Bill reflects some helpful aspects that seek to bring entities into a central coordinating body, but the reality is that we are already experiencing the terrible effects of *agentification* on workers. There is very little evidence that agencies are effective. The use of the Public Finance Management Act to drive agencification of government's divisions and entities further fragments the public service. Most of our major state-owned entities have been hollowed out by corruption and incompetent leadership.

Our key concern with the NWRIA Bill is the impact and effects that the transfer of nearly two thousand workers from the DWS to the agency will have on workers. There are also broader ramifications on the future consolidation of other water entities into the single agency that we must be vigilant and aware of, as COSATU correctly asserts: if this trend continues across all departments, it will collapse the idea of a single public service.

This reconfiguration of the state is part-and-parcel of the Neoliberal structural reforms that are underway in different areas of public infrastructure, which creates the possibility of the hollowing out and eventual privatisation of state-owned entities. On 20 June 2023, Government signed an R18 billion ($1 billion) green hydrogen deal with Denmark and the Netherlands. In addition to this plan (referred to as SA-H2 Fund), a $327 million water infrastructure fund will be raised. Whether these funds will be grants, loans or equity is still to be determined. Government has made it clear that this funding is not part of the Just Energy Transition Investment Plan (JET-IP) financing but will be a "supportive" element in South Africa's energy transition.

NEHAWU's immediate key concerns with the NWRIA Bill are based upon the proposed transfer of public service workers from DWS to the envisaged agency. This transfer will have a direct impact upon workers' status under the existing collective bargaining framework, as they would be taken out of the provisions and regulations under the Public Service Act. Approximately two thousand workers also face losing their rights in wage negotiations and the benefits derived from GEPF and GEMS schemes. We have experienced the effects of *agentifaction* in terms of the transfer of the workers from various departments when the Border Management Agency (BMA) was established. In this regard, in the very first year of the existence of the BMA the transferred workers were left in the lurch due to government's failure to develop and implement a proper transition plan when the entity was created. Very little communication or support from the employer has been forthcoming in this regard, as the salaries are paid late because the new employer lacks basic administrative capacity. The engagement with NEDLAC is currently stalled as a result of the impact that the NWRIA Bill will have on the employment conditions of workers. Bilateral engagements between COSATU/NEHAWU and the DWS are anticipated to take place as soon as possible.

In the third addition of the QPB we shall be not only updating our readers and member on this bill, but take a deeper dive into policy perspectives and analysis of water and sanitation.