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## GENERAL NOTICE

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### NOTICE 101 OF 2010

## **PUBLICATION OF THE REVISED GREEN PAPER: NATIONAL PLANNING COMMISSION**

### **Introduction**

Our efforts to massively reduce poverty and roll back the extreme inequalities of the apartheid era have only begun to take effect. We need a long term perspective, focus and determination to realise our vision. Growth and development, strengthening institutions, nation-building and the making of a developmental state are long term projects. They do not happen overnight. A single term of government is too short a time to complete our project of building a prosperous, non-racial, non-sexist and democratic South Africa, where all citizens can share in the fruits of opportunity.

Lack of a coherent long term plan has weakened our ability to provide clear and consistent policies. It has limited our capacity to mobilise all of society in pursuit of our developmental objectives. It has hampered our efforts to prioritise resource allocations and to drive the implementation of government's objectives and priorities. In addition, weaknesses in coordination of government have led to policy inconsistencies and, in several cases, poor service delivery outcomes.

This Government is determined to fix these weaknesses. Critically, it will work with all social partners to mobilise society in pursuit of objectives that are broadly accepted and enshrined in our Constitution. More focus on planning and more attention to coordination are related interventions to remedy what has not worked.

The establishment of a National Planning Commission is the embodiment of government's efforts to improve long term planning and rally the nation around a common set of objectives and priorities to drive development over the longer term. This revised green paper sets out the role and purpose of the National Planning Commission, describes how it would work and interact with government and the broader society and presents an institutional framework to support the work of the Commission.

*Revised Green Paper: National Planning Commission*

On 12 August 2009, Cabinet approved the release of the Green Paper: National Strategic Planning, for public consultation. The Green Paper was launched at a press briefing on 4 September and officially tabled in Parliament on 8 September. Parliament established an Ad Hoc Committee to solicit comments and representations from organisations, institutions and individuals as part of a broader public engagement process.

The Ad Hoc Committee concluded its work and presented its report with recommendations to the National Assembly on 12 November for debate. After extensive debate, the National Assembly noted the report. The main recommendation of the Ad Hoc Committee is that Parliament supports the Green Paper and the primacy of Cabinet as the final arbiter and ultimate collective decision-making body responsible for all major policies and plans. In addition to the main recommendation, Parliament also noted the following seven recommendations for consideration by the Executive:

- A consultation process should be embarked on to clarify matters such as the appointment and role of Commissioners. Clarity should be provided on the role and responsibility of Cabinet Ministers, in relation to the National Planning Commission.
- The Minister in the Presidency: National Planning Commission should clarify the process to be undertaken in the appointment of Commissioners, as envisaged in the Green Paper: National Strategic Planning.
- A pronouncement should be made on whether a white paper process will ensue.
- Consistency and a common understanding should be ensured in the usage of concepts such as Policy, Planning, Co-ordination, and Implementation; in order to prevent interchangeability that results in undue confusion.
- To structure the relationship between the National Planning Commission and the Performance Monitoring and Evaluation functions so as to ensure complementarities, and the implementation and measurement of the same objectives across government.
- Consideration should be made on the role of Parliament to provide a national platform for public participation.
- Consideration should be made on a proposed role for Parliament to recommend nominations for the appointment of Commissioners to the National Planning Commission.

### ***Revised Green Paper: National Planning Commission***

At about the time that the Ad Hoc Committee finalised its report, the Select Committee on Finance of the National Council of Provinces also produced its report and recommendations. It too supported the Green Paper and proposed that the President or Deputy President chairs the Ministerial Committee on Planning and that clarity needs to be given on how the NPC will work with departments and external stakeholders.

The Green Paper was also discussed at a political level by the ruling party and its alliance structures. Again, these processes reaffirmed the commitment to planning, to the establishment of a National Planning Commission and to the primacy of Cabinet as the seat of decision making in government.

The Revised Green Paper responds to some of the recommendations and concerns raised by the Ad-hoc Committee. It deals only with the National Planning Commission and provides options and recommendations on the key debates raised in the hearings. It also sets out the role and functions of the National Planning Commission, its establishment, composition, its operations and proceedings and related matters.

#### **Defining the outputs**

The idea that South Africa needs a well articulated national vision and long term strategic plan received widespread support during the public hearings and subsequent political engagements. Furthermore, South Africa needs well researched, evidence-based input into the policy process on broad cross-cutting issues that have long term implications for our development, such as water security or energy mix.

The first output of the National Planning Commission is to draft a Vision 2025 and a long term strategic plan. The Vision 2025 will be an articulation of the type of society all South Africans would want to see in about 15 years time. It would set out the high level aspirations for the nation in terms of social, economic and political development. The long term strategic plan would be the plan to achieve that vision. It will attempt to define the path to achieve the particular objectives set out in the vision, defining the issues, weighing the trade-offs and putting together a coherent plan to achieve our long term aspirations.

***Revised Green Paper: National Planning Commission***

Why do we need a vision and a long-term strategic plan?

- **The mobilisation of society** around a commonly agreed set of long-term goals is a key aspect of a successful developmental state.
- **Greater coherence in government's work between departments and across spheres** can only be achieved if there is a common understanding in enough detail of the long-term objectives and direction of our society.
- **Longer term planning provides longer term certainty, improving the quality of decision making** for all parts of government – from national to local – and for the private sector – from big businesses to small. A national vision that is widely understood and agreed on will encourage a longer term view from all key institutions, allowing them to invest with greater confidence in buildings, equipment and their employees.
- **Providing a basis for trade-offs between competing objectives** and facilitating sensible sequencing of major decisions.

In this context, *South Africa Vision 2025*, will spell out where South Africa wants to be as a society in 2025:

- How far will we have reduced poverty and inequality?
- How many people will be employed in what kind of jobs, and how will we care for the remaining unemployed?
- How much lower will the rate of violent crime be, and how will we have achieved that objective?
- How will our health be cared for, and how low will TB and HIV and AIDS infection rates have fallen?
- How many children will finish school and how many will go to colleges and universities?
- How many of us will need private vehicles to get to school and to work, and how will our public transport system operate?
- Where will we be living? How much more urbanisation do we expect and plan for? Conversely, by how much do we expect the output and wealth of our rural areas to improve?
- What will be the underlying growth rate, on average, that will allow us to achieve our other goals, and how will we reach that growth rate?

***Revised Green Paper: National Planning Commission***

Given that the National Planning Commission includes external Commissioners, the NPC would produce such a document in consultation with government and broader society and present its report to government for consideration. Cabinet would be ultimately responsible for adopting a national vision and strategic plan. A clear understanding of how government works as well as independent input that clearly articulates the aspirations of ordinary South Africans are two essential ingredients of this national vision and strategic plan.

Secondly, on an ongoing basis, the National Planning Commission would produce research reports and discussion papers on key cross cutting issues that affect our development. These thematic papers will cover issues such as food security, climate change and human resource development trends and will be tabled in Parliament for discussion. The reports will be produced by the Commission working with sectoral experts both within and outside of government.

***Thematic or cross-cutting issues that should be the subject of focused investigations:***

- Long-term macro social and demographic trends
- Long-term availability of water
- Energy consumption and production
- Conservation, biodiversity and climate change mitigation and adaptation
- Local economic development and spatial settlements trends
- Food security and sustainable rural development
- Innovation, technology and equitable economic growth
- Public transport: medium and long term choices
- Poverty, inequality and the challenge of social cohesion
- National health profile and developmental health care strategies
- Defence industry and long-term defence capabilities
- Regional, continental and global dynamics and their long-term implications
- Industrial development trends and changing structure of the economy
- Capability and performance of the public service
- Advancing human resources for national development.

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Again, these reports will contain recommendations for the executive to accept, refine or reject. The task of developing legislation, policies and programmes to implement any of the recommendations contained in these thematic papers lies with line departments, provinces and municipalities.

**What type of planning is envisaged?**

Planning means many things to many people. It is found in most fields from transportation and urban development to defence matters. All organisations conduct planning of some form. The construction of a bridge requires planning and so does the delivery of study material to schools. Firms plan and so do governments.

The type of planning that the National Planning Commission would concern itself with is mainly high level national strategic planning. A national strategic plan provides a road map, a set of beacons along the way in achieving a particular objective. For example, if government has a plan to reduce our carbon emissions by 2025, a national strategic plan would outline the path by which we get there, setting measurable targets for specific timeframes, outlining key policy trade-offs and setting out the sequence of decisions required in achieving such an objective.

Operational plans must take account of the broader national plan. The development of a national plan would not remove the need for the police service to continue to plan for the reduction of crime or for water authorities to continue to plan to supply water to economic centres and households.

Each department, sphere of government and state agency should therefore have planning capacity. The outcomes of their planning would feed into the development of the national strategic plan. The national strategic plan would, in turn, define high level outcomes and impacts. Sector plans would take account of the national plan and define what role sectors would play in achieving the outcomes defined in the national plan. This however does not mean that the planning horizons of all sectors should be the same. It is acknowledged that planning time-frames may differ from sector to sector with some sectors long-term plans going beyond the envisaged 15 year horizon of the national long-term strategic plan.

**Revised Green Paper: National Planning Commission**

To illustrate, take examples of planning in respect of energy and social security.

**Example 1: Strategic planning and energy security**

South Africa has to make a key choice in the next few years on energy sources. Given the lead times, the nature of network industries, environmental externalities and the costs of producing energy on a large scale, long-term strategic planning will be critical. Seminal choices will have to be made early on.

A national strategic plan would help guide these decisions by clearly prioritising objectives. This would make it easier to resolve trade-offs where there are competing objectives. It would also signal clear choices about long term energy options, including the sequencing of decisions required. It would provide a policy framework for pricing regulated network services, while the actual pricing policy will be developed by respective regulatory bodies and overseen by a department which has mandate for the functional area in question. It would set targets for green house gas emissions and for the energy intensity of our economy in general.

Developing such a plan calls for detailed research including projections on energy demand and supply. That would take into account such factors as the nature of economic growth, demographics and income mobility, build programmes across the sub continent, research and development on new energy sources, spatial development dynamics and so on. The Departments of Energy and Public Enterprises and Eskom would be critical to this; as would National Treasury and the Departments of Trade and Industry, Economic Development and Transport. A critical role would also be played by other departments, such as those dealing with mining and other economic sectors, water, the environment, international relations, science and technology. This is besides external research, academic and private sector bodies.

The national plan would provide the parameters for the Departments of Energy and Public Enterprises and Eskom to make certain choices. Together with the state-owned enterprises and regulators, they would take operational decisions. It would also signal key areas of research that further public research funding could be channelled into.

**Example 2: Social security reform**

Social security reform has implications for all South Africans and for future generations. Decisions on social security reform require long-term perspectives - as seen in many advanced countries, getting the design wrong can bankrupt countries in two or three generations. Secondly, social security reform involves several areas of government's work from regulating the financial services sector to national health insurance initiatives and managing of the Road Accident Fund. Several government agencies are involved in implementing policy decisions on such matters, from the South African Revenue Service and the South African Social Security Agency to the Unemployment Insurance Fund

A national plan with clear objectives and priorities will ease their task. It would provide clear guidance on the sequence of decisions needed and their possible timing. It would provide a consensus view of long-term demographic trends which are critical in social security reform. It would answer such questions as, how important it is to introduce a contributory social security system, who should pay and who should benefit, and by when each specific objective should be achieved.

Departments would contribute to research in their areas of specialisation and make proposals on targets and milestones for purposes of the national strategic plan. They would need to come up with detailed plans on several fronts: retirement reform; the future shape of unemployment insurance; post retirement health care funding; taxation systems; IT and administrative systems; long term fiscal plans and so on. The existing institutions, working together, are best placed to fulfil these tasks. The national strategic plan would set parameters and milestones for the detailed work.

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The distinction between plans and policies varies in different contexts. In some contexts, a plan is a detailed account of how to implement a policy – with the latter deriving from electoral mandates and ensuing choices of the Executive and/or legislatures. In this context, planning means translating policies into long-, medium- and short-term objectives, prioritising the objectives and sequencing implementation.

The planning process described in this Green Paper is mainly about providing a coherent vision and long term plan to achieve the political objectives of social justice, economic development, environmental protection and freedom and security. It is the function of the Executive to ensure that appropriate policies and strategies are developed, enhanced and applied to attain intended objectives. It is the task of line departments to develop and implement the specific policies required to achieve government's long term objectives.

It is quite conceivable that the national strategic plan will identify areas in which the quality of policies or operational plans of departments may need to be improved in order for the long-term goals to be achieved. This implies that the relationship between planning and policymaking will have to be dynamic. Building concrete walls between planning and policymaking may turn out to be counter-productive.

### **The role and composition of the National Planning Commission**

Section 85(2) of the Constitution clearly assigns the responsibility for policy to the President and Cabinet by stating that:

*The President exercises executive authority, together with other members of Cabinet, by*

- (a) implementing national legislation...;*
- (b) developing and implementing national policy;*
- (c) co-ordinating the functions of state departments and administrations;*
- (d) preparing and initiating legislation; and*
- (e) performing any other executive function provided for in the Constitution or in national legislation.*

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The NPC will be an important institution tasked with working with government on a long term vision for the country and a long term strategic plan for government. Furthermore, the NPC will also provide input on cross-cutting developmental issues that will impact on our long term success or failure as a country. Cabinet remains responsible for policy decisions including the adoption of a long term vision and strategic plan.

The National Planning Commissioners, serving on a part-time basis for a period of five years, will have the following functions:

- Lead the development (and periodic review) of a draft Vision 2025 and long-term national strategic plan for approval by Cabinet (first plan 2010);
- Lead investigations into critical long term trends under the supervision of the Minister in the Presidency for the National Planning Commission, with technical support from a Secretariat and in partnership with relevant other parties;
- Advise on key issues such as food security, water security, energy choices, economic development, poverty and inequality, structure of the economy, human resource development, social cohesion, health, defence capabilities and scientific progress.
- Assist with mobilising society around a national vision and other tasks related to strategic planning;
- Contribute to reviews of implementation or progress in achieving the objectives of the National Plan;
- Contribute to development of international partnerships and networks of expertise on planning.

After considering the advantages and disadvantages of various options for the nature of the commission, it is proposed that the panel broadly be an expert panel but that commissioners need to be representative of the major social forces in society. The nature of the Commission cannot be one where the plan is negotiated, but instead one where a plan is developed that is based on the best evidence, in the long term interests of the country as a whole. The operating principle should be that people sitting on the Commission should be knowledgeable and representative of the diverse views in the country, but willing and able to work collaboratively to develop a coherent and consistent national plan.

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Commissioners should therefore be drawn from various sectors of society based on experience, knowledge and expertise in various fields. The NPC will work under the guidance of the Minister in The Presidency to produce a long-term plan for South Africa with technical and administrative support from a Secretariat.

This advisory and expert nature of the Commission has three broad implications. Firstly, the Commission can develop an independent perspective on our long term plan unencumbered by the structures and systems of government and bureaucracy. The Commission can get the best experts on any issue to make recommendations that are in the best interests of the country's long term success. Secondly, the Commission can garner input and perspectives from a range of parties, organisations, individuals and groups to broadly reflect what all South Africans want. In this respect, it would work with Parliament to lead a national dialogue on the South Africa we aspire for. Thirdly, the Commission must interact with government to understand the capabilities, resource constraints, potential and limitations of what is possible and achievable in a specific timeframe. The Commission's interaction with the Ministerial Committee on Planning is therefore critical.

The composition should also be broadly reflective of South African society. The NPC will be a permanent institution with part-time commissioners. The mandate of the NPC will be updated and renewed periodically by the President.

*How will the Commission be appointed?*

Given that an expert commission is broadly the preferred approach and the need for the speedy formation of the Commission, it is proposed that the Presidency call for public nominations to the Commission and that the President appoints 20 Commissioners on the basis of their experience , knowledge and expertise in various fields.

**The role of the Ministerial Committee on Planning**

The Ministerial Committee on Planning will be tasked with facilitating a constructive interaction between the National Planning Commission and Cabinet on our vision and long term strategic plan. Given its role, this Committee may, from time to time, meet with the full National Planning

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Commission. This Committee will not have decision making powers in its own right, but will advise Cabinet on, amongst other things, the outcomes of the National Planning Commission.

The Minister in the Presidency: National Planning Commission will chair the Ministerial Committee on Planning and the President will appoint the other members from the members of Cabinet.

The Minister will facilitate interaction between the NPC and the other structures that play a role in National Strategic Planning, including the President's Coordinating Council (PCC).

#### **The Secretariat**

The National Planning Commission will have a secretariat based in the Presidency tasked with supporting the work of the Commission and the Minister. This secretariat will be composed of capable people who can manage complex research processes, consultative processes and who are skilled enough to help draft reports.

The secretariat will work with key centres of excellence in planning such as the Human Science Research Council, the Development Bank of Southern Africa, the Council for Scientific and Industrial Research, universities, research institutions and think tanks.

The typical person employed in the secretariat may not be a career bureaucrat but instead the secretariat may include people who are brought in for limited periods of time (public sector, including secondment from government departments, agencies and universities) to work on the outputs that the Commission is tasked with producing.

#### **What role for Parliament?**

During the process of tabling the Green Paper in Parliament and the ensuing comments/debate, it became evident that the character of the planning function and the composition of the structures should enjoy broad support and legitimacy. This is particularly the case with the composition of the NPC. The NPC has been assigned a key role in the development of a long-term vision and plan for the country. The process by which the NPC is appointed and its

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composition is therefore critical for the success of the entire national strategic planning initiative. If its composition is contested this would undermine the entire process of developing a participatory consensus building national strategic vision.

While the Commission will invite input in its own name and right, it is envisaged that Parliament will be the key facilitator of a national dialogue on a long term vision and strategic plan for the country. Parliament has the legitimacy, credibility and constitutionally mandated role to draw in a diverse range of comments from South Africans into the process of developing a national vision. The process by which an ad-hoc committee was created and public inputs received on the Green Paper was an exemplary one that could serve as a model for how the public can provide both input and comment on work of the Commission.

Furthermore, Parliament is responsible for holding the executive accountable for the implementation of government's decisions and policies. In this regard, Parliament would also play an oversight role over the work of the executive in respect of planning and in particular, in the development of a national strategic plan.

**Should government release a white paper on national strategic planning?**

A white paper is a formal policy paper of government. It usually precedes legislation that gives legal effect to the policies. Given that there will be a degree of 'learning by doing' in the establishment of the Commission and in the development of a vision and long term strategic plan, it is proposed that government chooses not to turn the green paper into a white paper. Instead, it was agreed that a Revised Green Paper be tabled in Cabinet on 2 December for consideration and public release. This approach has the advantage that it provides a public commitment on the broad approach but still leaves room for flexibility. This is a learning process and government is likely to make mistakes along the way. It is not necessary to first construct a complete six lane highway before one can embark on a journey. The degree of formality would increase gradually as our approach evolves and becomes more institutionalised.

***Revised Green Paper: National Planning Commission*****Conclusion**

The Revised Green Paper: National Planning Commission is thus now published in the Gazette, proclaiming the establishment of the Commission and inviting nominations.

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