



Rudi Dicks

in conversation with
Ann Bernstein

To mark 25 years since its establishment, in November 2020, CDE initiated a series of discussions with global experts and prominent individuals in South Africa on important questions on democracy, business, markets and development. The series was relaunched in 2022 as CDE Conversations. This is the 37th event in the series.

Ann Bernstein: It is a pleasure to introduce my guest tonight, Rudi Dicks. His career started in the labour movement, and he has held multiple leadership roles in the Congress of South African Trade Unions (COSATU) and its affiliates. From 2008 to 2013, Rudi was the executive director of COSATU's National Labour and Economic Development Institute. He has worked in the Department of Planning, Monitoring and Evaluation, and he is currently head of the Project Management Office in the Private Office of the President. Rudi co-leads Operation Vulindlela (OV), a joint initiative of the Presidency and the National Treasury.

Rudi, you have been quoted as saying that "we need to be honest about what is broken in the South African state". How bad is it?

Rudi Dicks: The system is not entirely broken. Some parts are functional, while others aren't. When we started Operation Vulindlela, we were astonished by the inability to implement policy, which was impeded by a host of factors, including limited capacity in areas like research, technical capabilities, data collection, and the management of financial resources. Generally, South Africans have underestimated the extent to which state capture, apart from the looting, hollowed out the capabilities of the state.

Many honest, capable and hardworking senior public servants were hounded out of the system and replaced with individuals who mostly sat around doing nothing. Our team had to carefully consider how to deal with these challenges, and where to target our interventions. We set out to learn how to do it, to build on our experiences and then replicate the successes in other parts of the public service.

Ann Bernstein: Is it realistic to expect meaningful reform from within a system that has been so weakened? Is it perhaps the reason why reform that looks sensible on paper often fails in practice? What are the key barriers to getting things done in your experience?

Rudi Dicks: We had to decide whether to start with building capacity or find ways to implement reform while building capacity at the same time. Initially, Saul Musker and I led the Project Management Office. Just the two of us. To help us we consulted private sector experts, people who were still in government, and those who had left the public service but were willing to come back. We realised that implementing reform was a vital way to build capacity. So, we decided to press ahead with our programme.

Reform is complex. For example, our decision to corporatise the National Port Authority led to questions about what would happen to Transnet's balance sheet, and to the money these entities owed, and whether the debt would be transferred to the sovereign. Separating operations from infrastructure management and development requires many complex deliberations.

Similarly, when we were unbundling the electricity sector, we collaborated with the regulator to understand how to create a wholesale electricity market and a separate National Transmission Company of South Africa. Considering that no steps had been taken to reform the electricity sector, despite this being policy since 1998, we could not wait for the capacity to materialise within the system. Instead, we brought in resources from outside the system, including global experts, and we learned from best practice.

In our government it has always been difficult for departments to cooperate and coordinate actions. This challenge goes back to the pre-2007 era. But since the sixth administration we have been able to play a coordinating role as the presidency across government. For instance, the development of the Just Energy Transition Implementation Plan would not have come about if we did not pull together all the relevant departments.

External partnerships are also an issue. Government officials tend to be suspicious of working with outsiders, whom they regard as vested interests possibly angling for government contracts. It is good to be careful, but we must learn to take to advantage of genuine offers from the private sector to help us navigate complex processes and transactions. This is one of the best ways for us to build capacity.

Ann Bernstein: Some say that South Africa has fallen into a low-growth trap. No one genuinely expects faster growth, let alone invests in anticipation of benefiting from that growth. In turn, low investment guarantees that growth does not happen. Do you agree with that analysis? And if so, can Operation Vulindlela genuinely reverse this path?

Rudi Dicks: Operation Vulindlela was formed during the sixth administration (2019-2024). The President tasked us with making tough decisions about trade-offs, asked us to factor in the centrality of the private sector, and instructed us to unlock the regulatory environment while fostering competition. That was seen as a way to get off the low growth track we were stuck on.

What ultimately drives growth is gross fixed capital formation, which consists of investments in buildings, water, electricity, transport, and roads. To grow above 3 per cent, which is what we are projecting, we need to increase the investment rate to at least 18 per cent of gross domestic product (GDP). Last year's annual rate of investment was just under 15 per cent of GDP. That means we have a significant hurdle to overcome. Reforms can be a catalytic way to get us there.

Let me illustrate this with the reforms we passed to enable private sector investment in the electricity sector. Before the reforms, companies that built power plants could not transmit across the grid. They were only allowed to build plants for their own use. Our reforms were designed to enable the private sector to build plants that could transmit to multiple customers and become part of the grid. We then set up a red tape regulatory team that evolved into the Energy One Stop Shop that is currently playing a critical role in enabling the emergence of private power plants.

In the first half of 2025, the National Energy Regulator of South Africa (NERSA) registered approximately 4 100 MW of large private generation facilities, a 208 per cent increase compared to the same period in 2024. Regulatory reforms have enabled a massive increase in planned capacity, with over 10 000 MW of additional capacity expected over the next few years from projects in the pipeline, and over 12 000 MW of confirmed projects currently in development. To keep the process going we need to remove all regulatory bottlenecks, grant grid access, and make the rules clear, thereby ensuring that the reform process creates a competitive market and unleashes massive investments and faster growth.

Ann Bernstein: I have often criticised the government for lacking a common diagnosis of why South Africa is in so much trouble on so many fronts. Let's go back to 2020. What was the core diagnosis that led to the creation of Operation Vulindlela? And has that diagnosis changed over the five years of OV's existence?

Rudi Dicks: The diagnosis has not changed but it has evolved. The evidence suggests that the policy choices we made regarding reforming telecommunications, water, electricity, visa systems, and, of course, energy,

were right. While we hoped that some of these reforms would materialise sooner, we acknowledge the binding constraints and have resolved to focus on the issues within our control. A lot of what we have done has created the environment for us to see higher levels of growth later on.

Our five focus areas are fundamental. Historically, South Africa had one of the most onerous visa systems. Now we have a state of the art visa system, including the 'Trusted Employer Scheme' and a points-based system. We are moving towards electronic travel authorisation.

In energy and transport, we created opportunities for private sector investment. Now, we need to instil confidence that there will be policy predictability.

When you try to shift policy, you often come up against ideological resistance. Reform is inherently difficult, but it is essential for reviving the economy. This does not mean the state no longer needs to regulate the economy; the state does have a developmental role because the private sector is not designed to coordinate economy wide reforms. But, for me, it is vitally important to lay a foundation that ensures consistency, creates regulatory certainty, and attracts capital into critical areas. I have seen the shift in sentiment from investors who were once hesitant. I engage with many investors, and it is astonishing the amount of capital they have begun to allocate for private sector investment because of the reforms.

Additionally, trade and investment, and various critical demand side measures, are important cogs in our overall strategy.

Ann Bernstein: I suppose the question now, which a leading academic asked me recently, is, do we have the right diagnosis? And that is why I am emphasising this, because we are not getting the economic growth we need. So, for example, if more attention had been paid to fixing the criminal justice system right from the beginning, would it have helped South Africa more? If we had put in place the right regulatory environment for the mining sector, then perhaps we wouldn't have lost a generation of mining exploration, as the head of Anglo American recently claimed. Where you start really matters. We had to do something about energy and logistics because the economy was coming to a standstill. But have we chosen the right priorities?

Rudi Dicks: I agree, the diagnosis is important. I also admit that historically we were not good at prioritising. This goes to the heart of the issues you always write about, Ann. Colleagues like yourself have raised salient points that have informed much of our approach. Operation Vulindlela's initial priorities did not run the whole gamut of public policy. We did a diagnosis of what we could do immediately that was within our control, and we decided to focus on five things. We could have chosen a different set of reforms, but we needed to prioritise our interventions. There will always be trade-offs.

Of course, there are many other important priorities. In education, we need better outcomes so that pupils in Grade 3 can count and read for meaning. We need to focus more on policing to deal with organised crime, because you cannot talk about economic growth and investment if the construction mafia is demanding a 30 per cent share of construction projects, or if criminal syndicates are stealing thousands of kilometres of copper cables every year.

There have been calls from professional bodies to include basic education and basic healthcare in the second phase of Operation Vulindlela. But if we included all these requests, it would dissipate our effectiveness. The focus must be on catalytic actions to get the economy going. Fixing local government – especially service delivery constraints which hold back growth and job creation – is a vital part of that. What is worth exploring is whether OV's methodology can be replicated in the security cluster vis-à-vis organised crime, or if the Minister of Basic Education can apply an Operation Vulindlela-type approach to improve basic education.

Ann Bernstein: A lot of people have said that one of the big successes of Operation Vulindlela was that it chose priorities. You have expanded your priorities in phase two, but you have not achieved everything you set out to do in phase one, in terms of energy reforms, for example. Business keeps telling us the reforms are not happening fast enough, especially where logistics, ports and rail are concerned. What is your response to people who are worried that Operation Vulindlela is now going to overextend itself by focusing on additional and very tough structural issues?

Rudi Dicks: I worry too! We have not completed the reforms for electricity but we are well on the way, and we have made phenomenal progress on rail logistics. In water and sanitation, the political and administrative leadership in the department are fully committed to reforming bulk water and regulating water standards. We have created sufficient momentum. Looking at energy, there are a couple of areas of concern, like grid access. Given the limited grid capacity, the rules must be fair. Working with NERSA and publishing grid access rules, given the current limitations, is important.

We are on track for the wholesale electricity market launch, which is an important first step towards creating a competitive market. The fact that Eskom withdrew its legal case against trading entities after the publication of the trading entity aggregators' rules is equally significant. We religiously track and push for systemic changes to remove delays.

In transport, issuing a Network Statement in December 2024, which was the first step towards creating third-party access for private sector train operators, is historic. Eleven of the 25 train operating companies were allocated slots. Many are in the process of building local capacity or importing rolling stock, and they are going to be competing on the rail network with Transnet Freight Rail. Our modelling suggests that third-party access can handle current volumes with the potential of an additional 20 million tonnes from road to rail over the next few years.

As far as the ports go, the Durban Container Terminal is the largest and most critical container terminal on the African continent. We aim to enhance its efficiency to attract private investment while negotiating ownership and management issues, including the 49 per cent stake in the terminal, and establishing a transport economic regulator. If the President had the power to issue decrees, perhaps this could have expedited the unbundling process, but our society is not designed that way. Since we are a constitutional democracy, we must consult widely and adhere to due process. Unbundling the National Ports Authority from Transnet was an intricate process that required consultation with the best experts to prevent complications.

Ann Bernstein: I certainly have an idea of how hard you and your team are working, so take this comment from whence it comes. I think there are ways in which the reform programme could be advancing much faster. Let me just give you one example: your latest report expresses the hope that we will get back to the volumes of freight transported by rail that we last saw in 2016/17, but only by 2030. Surely there are ways in a democracy to speed things up? Do we need to think out of the box even more? And don't we need greater urgency? Are leadership personalities or vested interests holding back progress? Because when I look at what needs to be done to get growth and employment going, I want everything to speed up.

Rudi Dicks: I totally agree that certain areas have lagged. The rail target of 200 million tonnes is important for export-led growth, but the challenge we face is that there is limited fiscal space. The National Treasury has made it quite clear that they are not going to bail out Transnet Freight Rail as they did Eskom. Our only option is to attract the private sector given the lack of adequate investment in freight rail network maintenance. This has led to speed restrictions and increased the risk of derailment on train tracks that could break and snap.

In addressing this challenge, Transnet has actively engaged its customers, like Kumba Iron Ore and Exxaro Resources to co-invest in moving goods from 'pit to port'. This is a collaborative setup, where customers agree to help procure metal and offset costs against tariff charges. Some of these initiatives have yet to be announced publicly because the governance arrangements must still be finalised. There is another conversation, for example, around electricity prices that have exponentially increased – the steel/ferrochrome sector is struggling – and this has led us to develop policy interventions that will reduce their costs and keep smelting operations viable.

Ann Bernstein: Even though people are coming together, business leaders (including Business Leadership South Africa) are complaining that collaboration is not producing the desired results fast enough. So, I understand the innovations you are getting going, but how do we proceed with much greater speed? Maybe that is above your pay grade!

Rudi Dicks: I suppose the easy answer is that it is indeed above my pay grade! I take the criticism; some of the work is unfortunately slow. But as I have painstakingly explained to a great many people, we have not done this before and we are learning about competitive markets while consulting several experts. Looking back at 2020, we have done phenomenally since then. Despite criticisms about the slowness, we have initiated many of the most important decisions and above all, the President is holding us accountable.

Ann Bernstein: Let me ask you about accountability. It is often difficult to know who is accountable for reform. The private sector is not shy to claim a big role in some areas thanks to its partnership with the government. But Operation Vulindlela, the Presidency and National Treasury are all critical role-players too. So, the question is, what is the role of cabinet ministers and their top officials in the accountability story?

Rudi Dicks: Reforms associated with a particular sector remain the responsibility of the relevant government departments and their ministers. The executive authority and the accounting authority have to own the reforms.

How have we strengthened accountability? Firstly, we have improved performance agreements between the President and the ministers, and these are cascaded down to the director-general and all the relevant deputy director generals and chief directors. So that is an essential part of the performance system.

A second layer of the accountability eco-system, which other countries have also developed, is where the President actively engages ministers and supports them by asking what they require to do their jobs. The President has been quite stern about consequence management and the failure to deliver within agreed-upon timeframes. Our responsibility is to monitor, ensure we remain on track, and provide support to meet the targets.

Ann Bernstein: Many people have been appointed to positions for which they are not competent, never mind excellent. One party in the government of national unity (the Democratic Alliance) seems recently to have demoted a minister for performance reasons. Are we ever going to see similar actions by other parties, including the African National Congress? Would we need Operation Vulindlela if we had a better cabinet and no cadre deployment?

Rudi Dicks: I am not a political cadre, but a public servant deployed to professionalise the bureaucracy. I regularly emphasise to colleagues that we are capable professionals, and come what may in political cycles, we have a responsibility to do our work diligently. The public service is in the process of being professionalised so that we can create a pipeline of skilled, young people.

Several countries across the world have established some form of a delivery mechanism or unit, like OV, where the head of state can keep track of core programmes implemented during their term of office. Tony Blair did it; Lula da Silva has a delivery mechanism; and in the United States, governors who manage states have set up these types of arrangements. Delivery units must have a limited life span and be able to show quick wins. They should be staffed by capable people working with various government departments. But if you institutionalise these units as a permanent part of the public service, then there is no reason for them to exist.

Ann Bernstein: The Public Service Commission Bill was passed by the National Assembly earlier this year, and hopefully it is going to help professionalise the civil service and provide for better ways of appointing people. That lies in the future. The big challenge is what do we do now.

Rudi Dicks: We are strengthening the professionalisation framework that sets the standards for national and provincial bureaucrats like me. To attract the right skills into the public service, there must be a proper career path, with fair rules, training opportunities and prospects for specialisation.

The Public Service Commission Bill extends the Public Service Commission's oversight mandate to local government bureaucrats, which is important for a stable political-administrative interface. We need to be able to protect municipal officials as some may be threatened or dismissed if they fail to comply with political directives.

Perhaps we should be asking whether senior public servants ought to enjoy the same labour law protections as deputy directors or 'level eight' officials. There must be better ways of dealing with disputes where incapacity is concerned for senior managers who should have a different dispensation than ordinary workers. I know that my colleagues from COSATU have pushed back against this, but it is a necessary debate.

Ann Bernstein: I want to ask you two quick questions before we end. The first one is when will we see cities begin to take over passenger rail? I can think of no rational reason why a national utility should run commuter rail in metros with the capacity to do so, and yet this reform keeps being pushed out – now beyond late 2026. What is happening?

Rudi Dicks: Ask any city whether they want to take over passenger rail right now and they will say 'no', unless there are guarantees around subsidies and various forms of incentives. It's easy to talk about this, but when you get into the nuts and bolts – about who takes responsibility for rail infrastructure, the transfer of workers, and the issue of integrating with taxis, bus services and other modes of transport – it gets complicated. It's more difficult than we initially thought.

We must move towards better integrated cities with greater levels of densification through a demand-side model, like a rental subsidy. CDE has done extensive work in this regard, showing the importance of building houses closer to places of work. While housing and a demand-side subsidy are one component, public transport (including rail) is equally important. You've got to develop an integrated system.

Ann Bernstein: Well, there is one city that's asking to take over passenger rail.

Rudi Dicks: Even if that city is lobbying for devolution, we ought to ask whether the officials are prepared to take over the function as it exists right now.

Ann Bernstein: With the President's backing, you've been able to do all sorts of things in Operation Vulindlela. Are you concerned about the local government elections and the political trajectory of the country? What does it mean for Operation Vulindlela? Is there something you really want to do before things change?

Rudi Dicks: Accelerating the reforms would be the main objective. Can we do that in two years? Yes, and we ought to do it with speed. Of course, I have concerns. The end of 2026, leading up to 2027, is the key moment when speed and momentum will matter. Political uncertainty always comes with risk. If certain political parties came to power – parties opposed to private sector involvement and investment – then we would be in a tough situation. But there are guardrails in place. We are introducing further legislation to ease the regulatory environment. Ultimately, citizens have to hold the government to account.

The team at Operation Vulindlela wants to leave an enduring legacy, including for the President who has played such a central role in leading the reform programme. We must sustain this reform, and, through consistency and continuous improvements, we will get better growth. Even though some people are saying that the reforms are not producing results, I can see the results and the improved investor confidence. We are collaborating with boards, investors, and chief executive officers and convincing them to invest or build new generation plants for their firms, because it may be too expensive to continue in the way that they are right now. With the President leading the reforms it will unleash growth.

The question of speed is important because the faster we go, the quicker we see the results. However, various dynamics – social, political, and others related to security and capacity – all influence the pace of reform and whether we get across the line. But I remain confident that we are on the right track and have made the correct choices.

Ann Bernstein: Rudi, thank you very much for giving us this time and for being frank with your answers to my sometimes, difficult questions. CDE was one of the first organisations to publicly welcome Operation Vulindlela when it was established in 2020 and it has certainly helped push the reform process.

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