

Ramaphosa's New Dawn

15 May 2018

Cyril Ramaphosa was elected president of SA on Thursday 15 February and delivered his first state of the nation speech (SONA) on 16 February where he declared "a new dawn". How much of that new dawn is so far visible?

Two caveats are in order. Ministers' budget votes are only now being discussed in parliament and that is where most information is divulged. The president pronounces, ministers execute. We thus cannot compile a final tally yet. Also, not all the actions are of equal importance. Fixing SOE boards or SARS is arguably more important than organising a summit. Even so, we find the preliminary results instructive.

We count 53 promised actions in the SONA. Of these 11 (21%) have been done; 19 (36%) are in progress; 9 (17%) have not been done yet; and on 14 (26%) we do not have information.

The president declared his goal to ...

"... Set the country on a new path of growth, employment and transformation"

"This will be done by getting social partners in our country to collaborate in building a **social compact** on which we will create drivers of economic recovery".

The idea of a social compact is a key recommendation of the National Development Plan. It was also a specific undertaking in Ramaphosa's election manifesto. This is a hard and arduous initiative, but in this fractured country a necessary one. *It will take a while to tick this one. Progress unknown.*

He stated that **confidence** had to be restored and an investment **downgrade prevented**. *Both done.*

The president also recognised that tough decisions would have to be made to close the **fiscal gap** and stabilise debt. *In the budget following the SONA VAT was increased – a tough call indeed. Done.*

A major push for the year would be to encourage significant new investment and to this end an **investment summit** would be organised within three months. *Four investment ambassadors have been appointed in a lead up to the summit; now expected in the third quarter (that three-month promise was a bit rash!). In progress.*

A **job summit** would be held with the focus how to grow the economy and make it more productive. *Not done.*

Government aims to promote investment in key **manufacturing industries** through incentives like special economic zones and a localisation programme where textile, clothing, furniture, rail rolling stock and water meters are designated for local procurement. R57 billion will be spent on local goods. *In progress.*

Transformation would be pursued through **preferential procurement**, support for **black professionals** and **industrialists**, **competition policy** that opens markets for black entrants, investment in **businesses in townships and rural areas** and by **dealing decisively** with companies that resist transformation. *In progress.*

On youth unemployment the president promised to launch the **Youth Unemployment Service** Initiative that places unemployed youth in paid internships with companies. Together with the participating businesses the aim is to create 1 million internships over three years. *Done; launched in March, 100 companies signed up.* The president also undertook to establish a **youth working group** so that the voices of the young can be heard. *Not done.*

On infrastructure he wanted to **assemble a team** to speed up implementation with a focus on budgets and monitoring systems. *Progress unknown.*

On mining the president promised that engagements on the **mining charter** would be "intensified". *Done.* He noted an indication by Parliament that the **minerals amendment bill** would be finalised during the first quarter of 2018. *Not done.*

On small business four commitments were made: to build, with social partners, a **support ecosystem**; to honour government's undertaking of a **30% set-aside** for small business and co-operatives; to establish a small business and innovation **fund to help start-ups**; to reduce the **regulatory barrier** for small business. *In progress.*

The Small Enterprise Finance Agency has launched a programme to help entrepreneurs with **disabilities**. *Done*.

On tourism the president undertook to enhance support for **destination marketing** and take further steps to **reduce regulatory barriers** and **develop emerging businesses**. *Progress unknown*.

Regarding science, technology and innovation he undertook to appoint a **Digital Industrial Revolution Commission** to help position the country; and to finalise the **allocation of spectrum** to build efficient networks (*not done*).

The president also signalled that he wanted to appoint a **Presidential Economic Advisory Council**. *Not done*.

Agriculture, land and expropriation

The president undertook to accelerate land reform to bring more producers into the agricultural sector. This accelerated approach will include expropriation without compensation done in a way that increases agricultural production and food security; and ensures that the land is returned to those from whom it was taken. He committed government to undertake a process of consultation on how to achieve this. (*In progress*).

Trade agreements

The president noted that negotiations on a **continental free trade agreement** were progressing briskly and he expected an agreement would be concluded soon. *The agreement was concluded in March, but government has committed itself to more consultation before tabling it in Parliament. Cabinet has endorsed for Parliamentary approval the Tripartite Free Trade Agreement covering 26 countries in Eastern and Southern Africa. Done*.

Labour market

One presidential target that has not been met is the introduction of a **national minimum wage** on 1 May. Parliament has not concluded its legislative work on this. *Not done*.

Education

He promised details on the financing of fully subsidised **free higher education**. That *was done* in the subsequent budget speech. Efforts would continue to improve the **outcomes** of public schools. He promised that all outstanding **school infrastructure** projects would be completed by the end of the next fiscal year. *Both in progress*.

Social grants

He gave his personal undertaking that there would be no interruptions in the **payment** of social grants on 1 April (*done*) and that a public sector-led **hybrid model** would be developed to pay social grants (*in progress*).

Recognising the importance of NGOs and community-based organisation in tackling poverty, inequality and related social problems, a **social sector summit** would be convened this year (*progress unknown*).

Health

An additional two million people would be on **antiretroviral treatment** by December 2020 (*in progress*) and a **cancer campaign** would be launched in three months (*not done yet*). Certain **NHI projects** would commence in April (*unknown*) and the **NHI Bill** would be processed through government and submitted to Parliament (*in progress*).

Crime

The **Community Policing Strategy** to restore trust in the police as well as the **Youth Crime Prevention Strategy** to involve young people in crime fighting would be launched. A key focus for this year would be the **distribution of personnel and other resources** at police station level (*progress unknown*).

Building a strong and capable state

A process would be initiated to review the **configuration, number and size** of national government departments (*progress unknown*).

A lot of attention was given to **state owned enterprises**, promising to intervene decisively to stabilise and revitalise them and saying that action at Eskom was just the beginning. (*Done*) Steps would be taken to **remove board members from procurement** and work with the Auditor-General to strengthen **external audit** processes. (*progress unknown*). The funding model of SOEs would be re-visited (*progress unknown*).

The tide of **corruption** in public institutions would be reversed, promising that the State Capture Commission would commence its work soon. (*In progress*)

Steps would be taken to **stabilise SARS** (*done*) and a **commission of enquiry** into SARS governance would be established (*not done*).

The president promised to **visit every department** to engage with senior leadership and ensure that the work of government is effectively aligned (*progress unknown*).

So What?

- By far the most dominant theme in SONA was the economy, jobs and transformation. More than half of the president's actions fall into that category.
- Building a capable state has the second largest number of actions. There the focus is clearly on turning SOEs and the tide of corruption around.
- Education, health and social support make up the balance of his programme.
- A scorecard of 21% "done" within the first 90 days and 36% "in progress" is in my opinion not bad at all. Even some of the 17% "not done" will be realised over the coming year; as will many of the 26% on which we do not have information currently. All and all a very solid beginning.
- With clear priorities (which he has spelt out), a strong team (which he has in the critical area of the economy) and decisive action in building a capable state (which we are seeing) the scorecard should improve considerably over the remaining 275 days of the year.
- The elephant in the room is of course land and the issue of expropriation without compensation. This vexed issue can undo all the good envisaged. How he finesses that will determine his presidency. The stakes could not be higher.