

STATE OF THE NATION 2012

Review



On 9 February 2012, President Jacob Zuma delivered his 4th State of the Nation Address to a Joint Sitting of the National Assembly and the National Council of Provinces of the Parliament of the Republic of South Africa.

The State of the Nation Address is a significant and landmark event on the national political calendar for a number of reasons. It is one of the few occasions on which the President addresses a joint sitting of both Houses of Parliament and the broader South African public, to report on Government's achievement on the goals and targets it has committed to, as well as to outline Government's program of work for the year ahead. In so doing, the address provides citizens and Parliament with a yardstick by which to oversee and hold Government to account.

The delivery of the address also heralds the commencement of the new Parliamentary and legislative year. Parliament has the responsibility of aligning its legislative, oversight and public participation mandate accordingly to ensure adequate accountability of Government and approval of budget, taxes, appropriations and laws for Government to implement its program of work effectively and efficiently.

The central focus and prioritisation of catalytic infrastructure development and investment for economic growth and job creation, and fighting the triple challenges of unemployment, poverty and inequality underpinned the 2012 address.

Here's how it went down and what it means.

Government's 2011 Scorecard: *Accomplishments and Successes*

>> Service delivery

- ✓ **Steady progress** in health, education, crime, human settlements, energy, water and rural development.
- ✓ **Increased spending** on social spending and infrastructure for the 2010 FIFA Soccer World Cup.
- ✓ **The National Development Plan** is formulated.

>> Economic Growth and Development

- ✓ **365 000 new jobs created**, the country's best performance since the recession of 2008. All new jobs were created in the formal economic sector e.g. mining, transport, community service and trade.
- ✓ **Signing** of the procurement, skills development, basic education and the green economy accords between government, business and labour.
- ✓ **Over R1bn allocated** from the R9bn Jobs Fund to approved projects.
- ✓ **Procurement regulations** designating specific industries where local content is prescribed came into effect e.g. clothing textiles, canned vegetable, leather and footwear.
- ✓ **Progress made** in consolidating and amalgamating the small business financing loan books of the Industrial Development Corporation (IDC), Khula and SA Microfinance Apex Finance (SAMAF).
- ✓ **R1.5bn** out of the R10bn IDC job creation fund approved for 60 companies to promote increased job creation.
- ✓ **Development** of the Mining Beneficiation Strategy.

Government's 2012 Program of work: What to look forward to

>> Catalytic economic & social infrastructure investment

Planned investment	Region
Rail, road and water infrastructure aimed at unlocking mineral beneficiation in coal, platinum, palladium and chrome.	Eastern and western regions of the Limpopo Province
Expanding rail transport, connecting coals fields to power stations and decisively shift coal transportation from road to rail freight to improve logistics efficiency and reduce road network deterioration.	Mpumalanga Province
Improve movement of goods, economic integration and export capacity.	Durban-Free-State-Gauteng logistics and industrial corridor
A major new South Eastern node to improve industrial and agricultural development and export capacity and logistics linkages.	Eastern Cape, Northern Cape and KwaZulu-Natal.
Water, road, rail and electricity infrastructure expansion	North West Province
Iron-ore rail line expansion increasing capacity to 100million tons per annum	Sishen in the Northern Cape and Saldanha Bay in the Western Cape,



“ I will convene a Presidential infrastructure summit to discuss the implementation of the plan with potential investors and social partners.” - President Jacob Zuma, State of the Nation Address, 9 February 2012

>> Transnet Market Demand Strategy:

R300bn over the next seven years. R200bn is already allocated to rail projects and the majority of the balance to planned ports projects, include expansion of the Iron Ore Export Channel from 60million to 100million tons per annum.

>> Reduction of port charges:

Equal to R1bn for manufactured export.

>> Hospital refurbishment:

Laying the basis for the National Health Insurance.

>> Building two new universities:

In Mpumalanga and Northern Cape.

>> **Economic Transformation:**

- > Amendment of the Broad-Based Black Economic Empowerment Act, to criminalise fronting and other forms of empowerment misrepresentation, as well as establish a statutory Commission to deal with non-compliance and circumvention.
- > Finalisation of a Women Empowerment and Gender Equality Bill to promote compliance in both government and the private sector and to provide sanctions for non-compliance.
- > Finalisation of law on Atypical Forms of Employment and Labour Broking.



>> **Crime and Corruption:**

- > Review of the state procurement system and vetting governmental supply chain personnel.
- > Collaboration between the banking industry and the Department of Home Affairs to rollout online fingerprint verification to assist in fraud prevention and detection.



>> **Housing:**

- > R1bn Housing Guarantee Fund enabling banks to lend to the indigent poor for housing finance will become operational in April 2012. Earners between R3500 and R15 000 will be able to obtain a subsidy of R83 000 from Provinces to enable obtaining finance from an accredited Bank.



>> **Electricity and Energy:**

- > Eskom to investigate price reduction in support of economic growth and job creation and provide the President with proposals for consideration.
- > Continued search for renewable energy sources, especially solar electricity and bio fuels, including installing 1 million solar geysers by 2014 – 2012



...What next?



14 – 15 February: Debate on the State of the Nation

Parliament debates the State of the Nation Address. This is an opportunity for Members of Parliament and political parties represented in Parliament to directly pose questions to the President for reply. The debate provides useful insights into the strategy and approach of opposition parties to government oversight and accountability.



16 February: President's Reply to the Debate

The President replies to the debate on the State of the Nation Address, including all question, comments, suggestions and remarks made by Members of Parliament and political parties.



14 February – 16 March:

Parliamentary alignment with the State of the Nation priorities

Parliamentary committees meet to align the legislative, oversight, budgetary and public participation activities with the priorities set out in the State of the Nation Address. This includes receiving Strategic Plans tabled by Government Departments.



22 February: Budget Speech

The Minister of Finance, Mr. Pravin Gordhan tables the National Budget, including the division of revenue between the three spheres of Government and taxation information. This includes the allocation of funding for meeting the priorities set out by the President in the State of the Nation Address.



22 May – 29 June: Departmental Budget Votes

Government Departments table their budget votes in Parliament and outline their detailed programs of work to give effect to the State of the Nation priorities.

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