

Feature: South Africa Makes Progress

Date: 08 February 2017

When President Jacob Zuma stepped up to deliver the 2016 State of the Nation Address (SONA) on 11 February last year, South Africa's economy had been facing difficulties since the global financial crisis of 2008.

The prices of minerals which South Africa heavily relies on such as gold, platinum and coal were dropping significantly and continued to be low. Globally, the economies of two of South Africa's partners in BRICS - namely Brazil and Russia - were expected to contract that year. The situation required an effective turnaround plan, the President noted at the time. And as he prepares to address the nation on Thursday evening, there is no doubt that some of the challenges he alluded to last year are still with us.

Given the fact that the South African economy is not out of the woods yet, the Presidency has emphasised that, going forward, efforts to reignite economic growth will have to continue. It said government will achieve this by working with other social partners, taking forward the achievements of the past year and advancing growth in a difficult economic environment.

While the problem of unemployment is still a major issue for the country, not all has been gloomy in the past year.

**SAnews** looks at some of the key interventions announced in last year's speech by the President and some of the progress made so far to stimulate growth and create jobs.

A close analysis of data from various sources including Statistics South Africa shows that while challenges remain, South Africa has made a lot of progress in building a resilient economy that is inclusive and capable of creating jobs.

The data also shows that, in most instances where government has made interventions, whether within the policy space or facilitating swift authorisations and approvals or providing some incentives, it has unlocked private sector investment. In the 2016 SONA, President Zuma also announced the development of a One Stop Shop/Invest SA initiative to signal that South Africa is truly open for business. An Inter-Ministerial Committee on Investment Promotion was also established to ensure the success of investment promotion initiatives.

### **Improvements in economic performance**

There is a clear demonstration that consolidated efforts by government, business and labour in implementing the nine point plan are beginning to have an impact. Figures released by Statistics South Africa in December indicate that things are improving for the country's economy following a period of sluggish growth.

Statistician-General Dr Pali Lehohla released the Gross Domestic Product (GDP) estimates for the third quarter of 2016 which showed a growth rate of 0.2%. This follows the contraction of 1.2% recorded in the January-March quarter.

The main contributors to the GDP growth rate were the mining and quarrying industry, finance, business services; and general government services.

This follows the contraction of 1.2% recorded in the January-March quarter.

As part of facilitating access to finance for SMMEs, including co-operatives, the Department of Small Business Development supported 149 enterprises in the quarter under review. In addition, 104 cooperatives were supported through the Co-operative Incentive Scheme.

Coega Development Corporation signed a deal with the Beijing Automobile International Corporation for a new automotive investment worth R11 billion in the Eastern Cape. The plant – once constructed – will have the capacity to produce about 50 000 cars, trucks and sport utility vehicles.

Last year, President Zuma said for the state-owned companies like Coega to contribute to the successful implementation of the National Development Plan, they must be financially sound.

"They must be properly governed and managed. We will ensure the implementation of the recommendations of the Presidential Review Commission on State Owned Enterprises, which outlines how the institutions should be managed," he said.

## **Jobs**

While unemployment still remains high, official numbers show that more people were able to find work last year, thanks to a series of interventions led by government.

The manufacturing sector alone created more than 7000 new jobs during the first six months of 2016.

At least 11 554 people were employed through various initiatives that were implemented in the rural space. In addition, 218 989 work opportunities and 43 971 full time equivalent jobs were created through the Expanded Public Works Programme.

Meanwhile, the Inter-Ministerial Committee on Public Employment Programmes is driving government's efforts to create at least six million work opportunities by 2019. This is being done through programmes that create jobs for those who cannot find work. The programmes include investment on new infrastructure or the improvement of the existing infrastructure.

## **Energy**

There is no doubt that an unstable energy supply has a negative impact on the economy and social lives of South Africans.

Significant progress has been made to stabilise the electricity supply and address energy challenges as part of the Nine Point Plan priority interventions. Eskom has been able to meet the demand throughout the winter season of last year with diesel consumption being significantly reduced. There has been no load shedding since August of 2015 - something that has brought relief for both households and industry alike.

Government has invested more than R83 billion in Eskom which has enabled the utility to continue investing in Medupi and Kusile, while continuing with a diligent maintenance programme. Additional units from Ingula power station will be connected this year.

## **Education**

According to the Department of Basic Education, at least seven additional schools were funded through the Accelerated School Infrastructure Delivery Initiative (ASIDI) Grant, increasing the number of new schools completed, to 170, by 30 September 2016.

Ten additional schools were provided with access to water - increasing the number of schools with water access to 615. An additional nine schools were provided with decent sanitation, increasing the number of schools with decent sanitation to 425.

By 30 September 2016, 306 schools were provided with electricity. In the higher education sector, the National Student Financial Aid Scheme (NSFAS) currently covers over 75% of students in tertiary institutions. Government has also introduced measures to alleviate the burden on students whose families earn up to R600 000 a year, the so-called 'missing middle'. During the last financial year, government has spent just over R9 billion to assist students from poor and working class families.

The provision of a fully subsidised free university education for new university entrants from poor and working class families in 2017 is expected to cost the state slightly less than R6 billion.

The Presidential Commission of Inquiry into Higher Education and Training, led by Justice Heher, will make final recommendations on the long-term funding of higher education and training.

## **Human Settlements**

The Department of Water and Sanitation served an estimated 24 000 households with water infrastructure, this translates into a cumulative total of 260 200 households served since 2014, which has also been confirmed in the latest General Household Survey and Community Survey.

A further 11 170 households were provided with individual services during the quarter through the Human Settlements Development Grant, with the cumulative total at 205 782 since 2014.

The Department of Energy connected an additional 96 932 households to grid energy supply and 2 863 households to non-grid technology (Solar Home System) in the second quarter.

This translates into a cumulative figure of 628 061 households connected to grid and 40 569 households to non-grid technology since 2014. One of government's most significant successes has been to ensure that more than 22 million people have been provided with housing over the last two decades. More than half of these beneficiaries have been women. In real numbers, this translates to more than 4.3 million houses and subsidies.

### **Crime and Corruption**

Government says fighting crime and corruption remains a top priority.

The implementation of an effective crime combating strategy and actions for contact crimes made good progress in reducing overall crime in South Africa. According to crime statistics data, overall crime in South Africa has decreased between 2015 and 2016.

Progress is also being continually made in the fight against corruption. At last 58 persons were convicted in relation to reducing corruption amongst government officials in the last year. Five people were convicted for corruption or offences relating to corruption where the amount involved per cases was more than R5 million and value of freezing orders obtained are R185 million.

The State of the Nation Address will start at 7pm on Thursday. – **SAnews.gov.za**

[www.sanews.gov.za](http://www.sanews.gov.za)