



This is Zuma!

My first impressions of the State of the Nation Address by the president were of a much more self-confident and stronger leader. Clearly his recent election victory is showing! His speech was clearly saying, "This is Zuma," and this Zuma stands for "getting more involved".

Keep in mind that it is the opening of parliament and too much detail could not be expected. Furthermore, innuendos and double speak have to be interpreted to get to the real story. I have tried to highlight what stood out for me and offer you my interpretation on some issues:

- Expect economic growth for 2012 to be disappointing at 2.5%.
- More than R800bn has been spent on new infrastructure. I doubt this number.
- Two more universities are to be built. It's about time!
- Much about corruption in the private sector. Particular attention to the construction industry. These guys are going to be investigated by the Competition Commission. Expect construction shares to take a beating!
- State intervention in certain industries is good! I am not convinced.
- BEE legislation and codes to be more strongly enforced. Expect even more BEE requirements.
- Much about youth job creation – agreements and public works programs as well as a call on the private sector to employ more young people. BUT NOTHING on the youth wage subsidy! This is a huge win for Cosatu – the youth wage subsidy is off the table!
- On Marikana. Trying to make peace between role players, and Zuma is not taking sides. Sounds like a real statesman! Again mentioned that nationalisation is not on. Emphasised the constitution and various rights but also the responsibility to act within the law.
- On taxes. "Evaluate mining royalties", read "mines will pay more taxes". But also, we need money and we need to overhaul the tax regime. I agree, the tax system is complicated and in need of an overhaul. BUT, the president doesn't mean it like that. He needs more money for his grand ideas. Taxes are going to go up. Maybe even in this budget!
- Zuma is very upbeat about the "progress" in education. He is wrong. Education in SA is in a mess! He also "recognises the rights of teachers to strike, implying that teaching will not be declared an essential service. He also mentioned that a remuneration commission will be established to evaluate salaries and conditions of civil servants, starting with teachers. This is code for: another win for SADTU (Cosatu) and that civil servants will be paid more. I am very concerned about this. Civil servants are already totally overpaid and are, on average, hopelessly unproductive. But they do make for easy votes...
- On health. Huge increase in life expectancy – obviously because of a change in the policy towards the treatment of AIDS. Zuma should get the credit for this. Well done! But National Health Insurance will be introduced by 2014 – it is unaffordable!
- On land. A bit of a bombshell. The "willing buyer, willing seller" principle is to be abolished. However, this is very much in line with the constitution and not really a deviation. It is likely to create quite a reaction nevertheless. What is more concerning is the reopening of land claims and even the extension of claims dating back into ancient history. This will add to uncertainty and is not good! The commitment for a speedy resolution to claims is good, but, don't hold your breath!
- "Decision making bodies" to have 50:50 gender split, thus more social engineering.
- No mention of the inefficiency of the state – in my mind the single most important danger to the economy.
- No mention of the damning report of the auditor general!

This was a confident and forceful Zuma. We know what we are going to get. More state intervention, more social engineering and more taxes. Welcome to the People's Republic of South Africa.

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