

HIGHLIGHTS FROM SONA

Overall

Although President Ramaphosa's SONA didn't provide the substantive reforms everyone was hoping for, there was little reason to expect it would, I still appreciated the speech. The SONA didn't provide substantive reform as a result of the President and his inner circle not knowing what to do. In fact, the SONA proved that they know exactly what to do, but organised labour isn't ready to hear the message yet. But I am positive the time is getting close, that we will already see some of these changes materialize in the upcoming Budget.

Expropriation and Accountability

The first hot topic that President Ramaphosa addressed was most notably land expropriation without compensation. Before everyone could fall off their wagons, believing that everything would be taken from them, he explained that 44,000 hectares of state land was released, and that an additional 700,000 hectares would be released in 2021, for agricultural production. He also added that the beneficiary selection policy would include compulsory training before land is allocated. Another significant announcement is that the President wants to sign performance agreements with each Minister. These agreements will be made public so that Ministers can be held accountable - similar to the KPI's all non-civil servants are held accountable to.

State Finances

I liked what the President said about government finances, about reducing spending on redistributive policies but increasing spending on wealth creation policies, and about improving efficiencies. However, the pressure is now on Finance Minister Tito Mboweni to break the news about the implementation of these tough changes. President Ramaphosa acknowledged that low economic growth means revenue is not growing, while debt is heading towards unsustainable levels. He explained that government spending is misdirected towards consumption, rather than infrastructure and productive capacity. This is exactly the type of structural reform we need in state finances and will stimulate both economic growth and job creation. President Ramaphosa also quickly added that there are already negotiations with labour and other stakeholders about the steps they must take to contain the public wage bill and reduce wastage.

SOEs

The President was adamant that it was now time to move from the stabilisation of SOEs to repurposing them to support growth. After years of State capture, corruption, and mismanagement, SOEs must now be restructured into businesses that are operationally sustainable and not dependant on government funding. That is, all SOEs must fulfil their developmental mandate whilst being financially sustainable.

Education and Our Youth

I agree with the President that education (and the development of skills and capabilities) is the most significant contributor to inclusive economic growth. It was good to see their refocus to early school learning, away from silly talk about free tertiary education. However, education is a two-decade plan, so their immediate interventions to improve quality and relevancy are therefore crucial. Better quality education will support the government's drive to allow better opportunities for the youth. The president had a lot to say about ways in which the youth can be mobilized. Should these plans come to fruition, it will go a long way towards reducing social tension in South Africa.

