

# GovComms

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A newsletter for government and public sector communicators

## Let us move SA forward together

By Chris Bathembu and Amukelani Chauke



**HIGHLIGHTS OF THE  
STATE OF THE NATION  
ADDRESS**



**UPDATE ON THE  
NINE-POINT PLAN**



**WORKING TOGETHER TO  
IMPROVE INVESTMENT**



President Jacob Zuma has encouraged South Africans to work together to help move the country forward.

**P**resident Jacob Zuma has moved to assure South Africans, uneasy about the current unfavourable economic conditions, that they should not be despondent, but rather the country should work together to turn the situation around.

In his State of the Nation Address last month, which was watched by millions of people, President Zuma highlighted that the tough global and domestic conditions should encourage "us to redouble our efforts, working together as all sectors".

"We have had fruitful meetings with business, including the high level meeting with CEOs... We have heard the suggestions from the business community on how we can turn the situation around and put the economy back on a growth path," said President Zuma.

He announced that government was developing a 'One-Stop Shop/Invest SA' initiative to signal that South Africa is truly open for business. Government will speed up the implementation of this service in partnership with the private sector.



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President Jacob Zuma and Speaker of Parliament Baleki Mbete making their way into Parliament with first lady Bongwiwe Ngema-Zuma and Speaker of the National Council of Provinces Thandi Modise.

### GLOBAL ECONOMIC DOWNTURN

President Zuma reminded South Africans that the country, like many other developing economies, has been affected by the global economic downturn.

“Our reality right now is that global growth still remains muted. Financial markets have become volatile. Currencies of emerging markets have become weak and they fluctuate widely.

“Because our economy is relatively small and open, it is affected by all of these developments. Our economy is also

affected by domestic factors such as electricity constraints and industrial relations, which are sometimes unstable,” he said.

The International Monetary Fund and the World Bank predict that the South African economy will grow by less than one per cent this year. The lower economic growth outcomes and outlook suggest that revenue collection will be lower than previously expected.

The President also acknowledged that South Africa seems to be at risk of losing its investment grade status from ratings agencies.

“If this happens, it will become more expensive for us to borrow money from abroad to finance our programmes of building a better life for all, especially the poor.”

He urged South Africans to take advantage of the exchange rate as well as the recent changes to visa regulations, to boost inbound tourism. SA Tourism will invest R100 million a year to promote domestic tourism, encouraging South Africans to tour their country, he said.

### PROGRESS IS BEING MADE

Reflecting on the progress that has been made in the past few years, President Zuma mentioned that state-owned freight company Transnet has built rail infrastructure which has enabled the country’s mines to move massive bulk commodities through the ports to markets around the globe.

The South African Road Agency Ltd (Sanral) has built some of the best roads in Gauteng and in many parts of the country.

The Trans Caledon Tunnel Authority has built dams of varied capacities, making it possible for South Africans to have access to safe drinking water.

“Eskom, in spite of the challenges, still manages to keep the economy going, against all odds. Our development finance institutions such as the Industrial Development Corporation, Development Bank of Southern Africa and others have provided finance for infrastructure, various industries and agricultural businesses without fail, even in the aftermath of the global financial crisis,” he noted.



Young South Africans were excited to hear what President Zuma had to say to the nation.



### NINE-POINT PLAN

President Zuma also reflected on developments related to the Nine-Point Plan he announced last year saying, among others, that progress has been made to stabilise electricity supply.

The plan aims to boost economic growth and create much-needed jobs. It consists of, among others, revitalisation of the agriculture and agro-processing value chain, promoting beneficiation, unlocking the potential of small business and the energy challenge.

President Zuma said government has invested 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 in 2017, even though some of them will begin synchronisation this year.

The multiple bid windows of the Renewable Independent Power Producer Programme have attracted an investment of R194 billion.

“This initiative is a concrete example of how government can partner with the private sector to provide practical solutions to an immediate challenge that faces our country.”

The President said this year government will select the preferred bidders for the coal independent power producer.

### SA HAS MADE A LOT OF PROGRESS

Addressing The New Age business briefing, in Cape Town, a day after he delivered the State of the Nation Address, President Jacob Zuma said despite being a young democracy, South Africa has made a lot of progress in building a resilient economy that is inclusive.

He added that while a lot still needs to be done, he is satisfied with the progress that has been made by the country.

“I believe that as a

country, given our age and the challenges, we have made good progress.

“We have dealt with the social issues that affect our country and we have created jobs. The only problem is that while we are creating jobs, we are losing jobs at the same time,” said the President.

### BOOSTING INVESTMENT

Government, through the Department of Trade and Industry, introduced a number of incentives in the past few years to boost investments in the manufacturing sectors, especially textiles, leather and the automotive sectors.

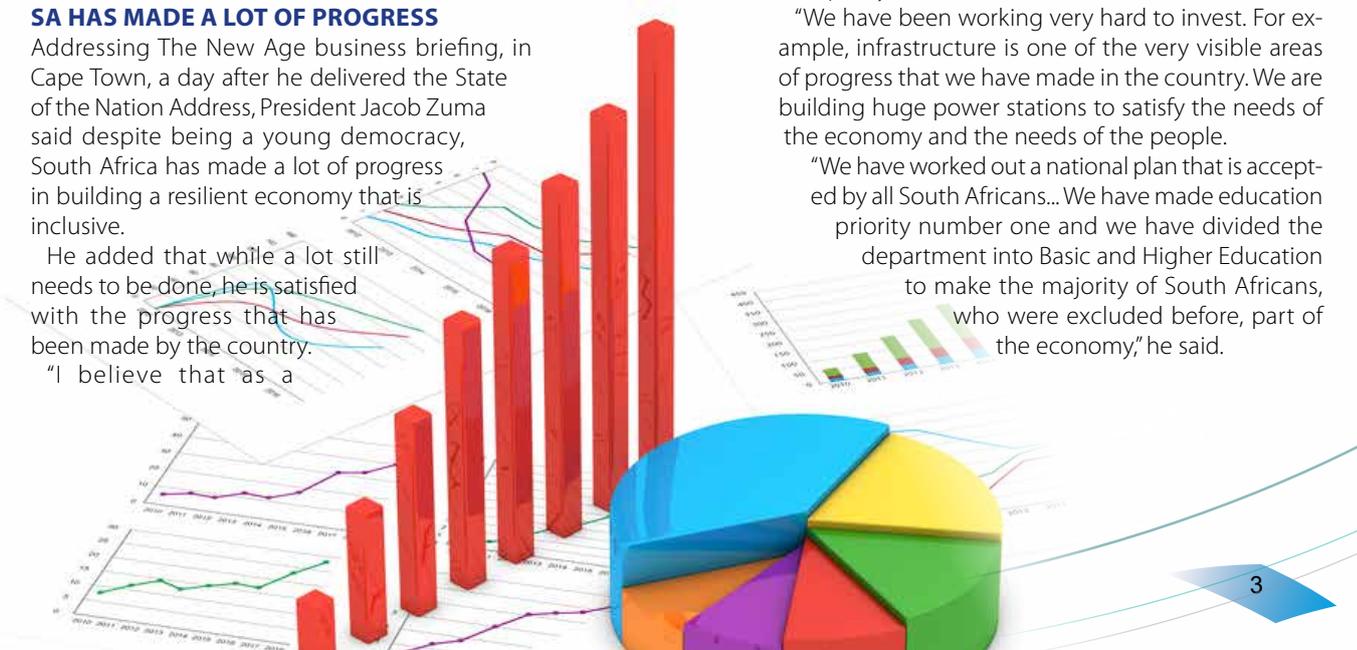
The President said incentives that were introduced for the automotive sector have attracted investments of over R25 billion over the past five years.

Construction has begun in at least five Agri Parks, which include the West Rand in Gauteng, Springbokpan in North West, Witzenberg in Western Cape, Ncora in the Eastern Cape and Enkangala in Mpumalanga.

The President said government often made difficult decisions and has invested in several areas to improve the quality of life of all citizens.

“We have been working very hard to invest. For example, infrastructure is one of the very visible areas of progress that we have made in the country. We are building huge power stations to satisfy the needs of the economy and the needs of the people.

“We have worked out a national plan that is accepted by all South Africans... We have made education priority number one and we have divided the department into Basic and Higher Education to make the majority of South Africans, who were excluded before, part of the economy,” he said.



# Highlights of the STATE OF THE NATION ADDRESS

**Together we move South Africa forward**

**P**resident Jacob Zuma delivered his State of the Nation Address (SoNA) to Parliament in Cape Town on Thursday, 11 February 2016. It was his third SoNA since being re-elected to lead the fifth administration in May 2014. Among other things, the speech focused on the need to accelerate economic growth.

The President also provided an update on the Nine-Point Plan that he unveiled at the 2015 SoNA, which seeks to stimulate economic growth and create much-needed jobs.

## Human rights

Human Rights Day on 21 March will this year be commemorated as the national day against racism. It will be used to lay the foundation for a long-term programme of building a non-racial society.

## Growing the economy

A resilient and fast-growing economy is at the heart of South Africa's radical economic transformation agenda and the National Development Plan.

Government has embarked on an aggressive infrastructure development programme to stimulate growth. It has urged business and labour to continue marketing the country as a preferred destination for investments.

In order to create the correct investment support infrastructure, government

is developing a One-Stop Shop/Invest SA initiative to signal that South Africa is truly open for business.

To ensure the success of this initiative, government will remove the red tape, and review any legislative and regulatory blockages.

Government has also established an Inter-Ministerial Committee on Investment Promotion to ensure the success of investment promotion initiatives.

## Performance of state-owned companies

The South African National Roads Agency Limited has built some of the best roads in Gauteng and in many parts of the country.

The Trans Caledon Tunnel Authority has constructed dams of varied capacities, which makes it possible for South Africans to have access to safe drinking water.

Transnet has built rail infrastructure which has enabled the country's mines to move massive bulk commodities through the ports to markets around the globe.

Development finance institutions such as the Industrial Development Corporation or Development Bank of Southern Africa and others continue to provide finance for infrastructure, various industries and agricultural businesses.

Government plans to implement the recommendations of the Presidential Review Commission on State-owned Enterprises, which outlines how the institutions should be managed in order to achieve the developmental objectives and aspirations of South Africa.

**The  
President said:  
"To achieve our  
objectives of creating  
jobs, reducing inequality and  
pushing back the frontiers of  
poverty we need faster growth.  
"In the National Development Plan,  
we set our aspirational target  
growth of five per cent per  
year, which we had hoped to  
achieve by 2019."**



### Boosting tourism

South African Tourism will invest R100 million a year to promote domestic tourism and encourage South Africans to tour their country.

### Migration

The draft migration policy, which will make it possible to import scarce skills into the country, will be presented to Cabinet during 2016.

### Developing small businesses

Government, through the Department of Small Business Development, will provide access to high-quality, innovative business support that can dramatically improve the success rate of new ventures and empower small businesses to accelerate their growth.

Economic transformation and black empowerment remain a key part of all economic programmes of government. Government has launched the Black Industrialists Scheme to promote the participation of black entrepreneurs in manufacturing.

Government has urged big business to partner with new manufacturers, including businesses owned by women and the youth, as part of broadening ownership and control of the economy.

Local banks – through the Banking Association of South Africa and in collaboration with the Ministry of Finance and National Treasury – will launch a project aimed at establishing a centre of excellence for financial services and leadership training.

This will help ensure that the country attracts, nurtures, develops and retains the best talent in financial services in South Africa and across the continent. This will also provide job opportunities for many young people.



“ We cannot change the global economic conditions, but we can do a lot to change the local conditions. “Let us work together to turn the situation around. It can be done.” – President Jacob Zuma



### Cost-cutting measures

To cut wasteful expenditure without compromising on the core business of government and the provision of services to the people, government will implement the following austerity measures:

- Overseas trips will be restricted and those requesting permission will have to motivate strongly and prove the benefit to the country.
- The sizes of delegations will be greatly reduced and standardised.
- Further restrictions on conferences, catering, entertainment and social functions will be instituted.
- The Budget Vote dinners for stakeholders hosted by government departments in Parliament, after the delivery of budget speeches, will no longer take place.

A big expenditure item, that government would like to persuade Parliament to review is the maintenance of two capitals - Pretoria the administrative capital and Cape Town the legislative capital.

## Higher education

The Minister of Finance will provide details of the financial shortfall arising from the zero per cent university fee increase in his Budget Speech on 24 February 2016.

Government has appointed a Judicial Commission of Inquiry into higher education.



## Health

Life expectancy of South Africans for both males and females has significantly improved to 62 years, which is an increase of eight and a half years since 2005.

The HIV policy turnaround in 2009 led to a massive roll-out of HIV testing and treatment for 3.2 million people living with the virus. This has contributed immensely to healthier and longer lives for those infected.

Government, through the Ministry of Health, aims to revive prevention campaigns, especially amongst the youth.

The state-owned pharmaceutical company, Ketlaphela, has been established to supply antiretroviral drugs to the Department of Health from the 2016/17 financial year.

The White Paper on National Health Insurance (NHI) was released in December 2015 for public comments. NHI is aimed at achieving universal access to healthcare for all people in South Africa.

## Local government issues

Local government elections will be held within three months after 18 May, the date of the last elections.

Government has urged all citizens over the age of 18, particularly the youth, to register to vote during the first registration weekend of 5 and 6 March 2016.

Government will intensify the implementation of the Back to Basics local government revitalisation plan, which was launched in September 2014.

More active monitoring and accountability measures to be used will include:

- unannounced municipal visits;
- spot checks of supply chain management processes;
- the implementation of recommendations of forensic reports;
- site visits of Municipal Infrastructure Grant funded projects; and
- increased interventions to assist struggling municipalities.

A 10-point plan of Back to Basics priority actions has been developed and it includes the promotion of community engagement.

## Safety and security

The South African Police Service is undergoing transformation and has adopted the Back-to-Basics approach to management to rebuild the organisation and improve performance at all underperforming police stations.



Government has condemned the killing of police officers and also urged police officers to defend themselves when attacked, within the confines of the law. To date, 57 police officers were murdered during the 2015/16 financial year.

## Strengthening relations in Africa and the world

South Africa continues to support peace and security and regional economic integration by participating in the African Union and the Southern African Development Community initiatives.



It continued to assist sister countries such as Lesotho and South Sudan to resolve their issues.

The South African National Defence Force, which has been deployed in various peacekeeping missions on the continent, showcased its capability in Port Elizabeth from 13 to 21 February, as part of the celebration of the annual Armed Forces Day.

Brazil, Russia, India, China and South Africa (BRICS) have reached agreement on the New Development Bank or BRICS Bank, which is envisaged to approve its inaugural projects in April this year.

South Africa participated in the India-Africa Summit held in New Delhi, India from 26 to 30 October 2015 and the Forum on China-Africa Cooperation hosted in Johannesburg from 4 to 5 December 2015.

As part of the US\$50 billion worth of investments announced by China recently, South Africa will receive US\$10 billion for infrastructure, industrialisation and skills development.

On North-South cooperation, South Africa continued its engagements with the European Union (EU), which is the country's largest trading partner and foreign investor. Over 2 000 EU companies operating within South Africa have created over 350 000 jobs.

South Africa's relations with the USA and Canada con-



tinue to strengthen, especially in the areas of economy, health, education, energy, water, safety and security, capacity building and the empowerment of women.

The renewal and expansion of the African Growth and Opportunity Act (AGOA) has provided a platform for the enhancement of industrialisation and regional integration. All outstanding issues around AGOA are being addressed.

### Sporting programmes for a healthy lifestyle

Government has urged all people in South Africa to participate in several programmes aimed at promoting healthy lifestyles and nation-building.

These include National Recreation Day; Nelson Mandela Sports and Culture Day; World Move for Health Day; Golden Games and the Andrew Mlangeni Golf Development Day.

### Promoting arts and culture

Government has established the Living Legends Committee to coordinate the participation of performing arts legends in nation-building activities in the country.

South African musicians and actors have heeded government's call to unite and have since formed the Cultural and Creative Industries Federation of South Africa. The Presidency has established the Presidential Creative Industries Task Team to support the artists.



# Update on the **Nine-Point Plan**



## Resolving the energy challenge

The fact that there has been no load-shedding since August 2015 shows that government has made progress in stabilising the electricity supply.

Government has invested R83 billion in Eskom to enable the power utility to support Medupi Power Station in Limpopo and Kusile Power Station in Mpumalanga, and also to continue with a maintenance programme. Additional units from Ingula Power Station, situated on the border of both the Free State and KwaZulu-Natal, will be connected in 2017.

The multiple-bid windows of the Renewable Independent Power Producer Programme have attracted an investment of R194 billion.

Government will this year select the preferred bidders for the coal independent power producer. A Request for Proposals will also be issued for the first windows of gas to power bids.

The nuclear energy expansion programme remains part of the future energy mix.

Government plans to introduce 9 600 megawatts of nuclear energy in the next decade, in addition to running the Koeberg Nuclear Power Station.

## Incentives to boost investments

Government, through the Department of Trade and Industry, has introduced a number of incentives in the past few years to boost investments in the manufacturing sectors, especially the textiles, leather and automotive sectors.

The incentives for the automotive sector have attracted investments of over R25 billion over the past five years. They include key investments from Mercedes, General Motors, Ford, Beijing Auto Works, the Metair group, BMW, Goodyear and VW.

Multinational companies such as Nestlé, Unilever, Samsung

and Hisense have also affirmed South Africa as a regional manufacturing hub by retaining and expanding their investments in new plants.

## Agriculture and land reform

Government has introduced the Agri-Parks Programme to increase the participation of smallholder farmers in agricultural activities.

Construction has begun in at least five Agri-parks in the West Rand in Gauteng, Springbokpan in North West, Witzenberg in the Western Cape, Ncora in the Eastern Cape and Ekangala in Mpumalanga.

As part of the 50/50 Policy Framework that proposes relative rights for people who live and work on farms, 27 proposals have been received from commercial farmers and four are being implemented in the Eastern Cape and the Free State.



Julia Shungube, the winner of the Female Entrepreneur of the Year 2015 Award from the Nkomazi Local Municipality in Mpumalanga, at the SoNA.

The Regulation of Land Holdings Bill will be presented to Cabinet in the first semester of 2016. The Bill aims to place a ceiling on land ownership at a maximum of 12 000 hectares and would prohibit foreign nationals from owning land. They would be eligible for long-term leases.

Since the reopening of land claims for people who missed the 1998 deadline, about 120 000 new land claims had been lodged by December 2015.

## Water and sanitation

Government will continue to support farmers and communities affected by the drought, especially in the North West, KwaZulu-Natal, Free State, Limpopo and Mpumalanga. Among other things, it will provide mobile water tankers.



The first phase of the Mokolo and Crocodile Water Augmentation project in Lephalale, in Limpopo, is fully operational. It will provide 30 million cubic meters of water per year.

The raising of the Clan William Dam wall in the Western Cape will raise the existing dam level by 13 metres to provide additional water supply.

The Department of Water and Sanitation is training 15 000 young people as artisans to fix leaking pipes and curb water wastage.

### Improving labour relations

Government has welcomed the agreement reached by social partners at the National Economic Development and Labour Council (NEDLAC) on the principle of a national minimum wage.

NEDLAC is also finalising a framework to stabilise the labour market by reducing the length of strikes and eliminating violence during strike action.

Government is in discussion with the Congress of South African Trade Unions to find a solution to contentious matters related to the Tax Laws Amendment Act, which was signed into law in December 2015.

Through the Department of Social Development and National Treasury, government is finalising the comprehensive social security policy.

### Mining sector

One of the positive developments in the mining sector was the Leaders' Declaration to Save Jobs, which was signed by mining industry stakeholders in August 2015.

To curb job losses, government has appealed to business to ensure that retrenchments should not be the first resort when they face difficulties.

### Operation Phakisa

As part of Operation Phakisa – the fast-result methodology launched in 2014 and implemented in the ocean economy, health, education and mining sectors – R7 billion has been committed in new port facilities. This followed the adoption of a public-private partnership model for port infrastructure development by Transnet National Ports Authority.

Through the oceans economy segment of Operation Phakisa, South Africa has registered two bulk-carrier vessels in Port Elizabeth and a third tanker in Cape Town.

The launch of a fuel storage facility in Cape Town has brought an investment of R660 million.

About R350 000 in private-sector investment has been committed in the aquaculture sector, which is an important growth area within the oceans economy segment of Operation Phakisa. Nine aquaculture farms are already in production in the Eastern Cape, KwaZulu-Natal, Western Cape and Northern Cape.

The Department of Science and Technology is expected to finalise the Sovereign Innovation Fund, a public-private funding partnership aimed at commercialising innovations based on ideas from the public and private sectors.

### Broadband roll-out

Government has allocated R740 million to fast-track the implementation of the first phase of broadband roll-out to connect more than 5 000 government facilities in eight district municipalities over a three-year period.



# Working together to improve investment

By Stephen Timm

**W**hile South Africa may face a tough economic year ahead, President Jacob Zuma said government together with stakeholders will work to address domestic issues that have affected investors' confidence in the economy.

In his reply to the State of the Nation Address in February, the president said the country, as well as a number of others, is facing an economic slowdown, on the back of low commodity prices.

"This is a serious matter. If the economy does not grow, jobs will not be created, and existing jobs are at risk," he stressed.

However he said government and stakeholders would work together to improve the investment climate. He added that he briefed premiers on cutting unnecessary spending, improving the performance of the state and boosting growth.

"Our position is that since we cannot change the global economic outlook, we will focus on correcting domestic

circumstances that have affected confidence in the economy," he said.

He also welcomed the support of business. Between mid-January and the middle of February President Zuma met four times with chief executives from some of the country's top companies.

Business has set up three teams. These will tackle the prospect of the sovereign downgrade, identify areas for co-investment and improve small business development. Finance Minister Pravin Gordhan and the Chairman of Telkom Jabu Mabuza will head two implementation teams.

President Zuma said high up on our agenda is to prevent a sovereign downgrade, adding that a downgrade would have an adverse effect for all South Africans.

He will meet again with the chief executives of top companies in May, following the World Economic Forum in Africa, to assess progress made. He added that government also intended to



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hold talks with labour.

However he said, while the economic situation remained challenging, South Africa has proved to be a resilient economy with good fiscal management and sound monetary policies.

"It is for this reason that we say that South Africa's positive attributes far outweigh the challenges," he said.

These challenges, he stressed, are being addressed through measures such as continued investment in infrastructure, expanding the energy mix through the country's independent power producer programme, rolling out affordable broadband and promoting black ownership through BEE and the black industrialists programme.

Government will also finalise amendments to the Mineral and Petroleum Resources Development Act to end uncertainty in the mining sector. Added to this it will enhance business incentive programmes and promote new sectors such as the oceans economy.

In addition President Zuma said government had taken a decision that as of 1 September 2015, all new legislation will be subject to a socio-economic impact assessment before being passed.

He said all government programmes have now been

aligned to the National Development Plan (NDP). The first implementation programme, the Medium Term Strategic Framework, will run for five years, focusing on 14 outcomes.

The first National Planning Commission completed its term in May last year and a new commission, which was appointed in September, started working immediately, he said.

The NDP is supported by the Nine-Point Plan for economic renewal, which the President reported on in his State of the Nation Address.

Meanwhile President Zuma said education remains a key government priority. He pointed out that government is spending R1.8 billion on early childhood development for children up to the age of four, reaching more than a million children. More than nine million learners now attend school without paying fees, while receiving free daily meals, he said.

Government has also made available R1 billion for all provinces to promote technical and vocational education in schools, through the Mathematics, Science and Technology Conditional Grant. This will help towards achieving the NDP goal of producing 30 000 artisans a year.

President Zuma said the Departments of Basic Education and Higher Education are in talks to gradually align technical vocational programmes in schools with programmes offered at Technical and Vocation Education and Training (TVET) colleges.

Government also expects to connect 2 892 schools to the internet this year and will train teachers and learners in the use





of technology to improve learning and teaching.

In addition, three new universities and 12 technical education and training colleges are being built.

Government has so far delivered 136 new schools through the Accelerated Schools Infrastructure Delivery Initiative. A further 571 schools were provided with water, 410 were given decent sanitation and 294 schools were provided with electricity.

President Zuma said at a summit held in December last year by the Department of Basic Education, teachers, learners and parents committed to working together to root-out violence, drug and substance abuse and other anti-social behaviour in schools.

Youth development continues to remain a priority, with the National Youth Policy 2020 having been adopted by the cabinet in May last year.

The policy aims, which include improving youth economic participation and combating substance abuse, have been added to the annual performance plans of departments.

President Zuma said this year government will roll out the National Youth Service programme, which aims to inculcate a sense of service and patriotism among young people.

More than 100 000 young people have already been involved in a variety of National Youth Service Programmes, including the War on Leaks and Working for Water, he said.

Turning to tackling corruption, President Zuma said the Asset Forfeiture Unit last year completed 463 asset forfeiture cases worth about R2 billion and executed 342 freezing orders to the value of R2.8 billion. In all R1.6 billion was paid back to the victims of crime, recovered from corrupt activity.

The Protected Disclosures Amendment Bill was tabled in the National Assembly late last year. It aims to provide protection to whistle blowers who report cases of corruption.

Another bill, the Prevention and Combating of Corrupt Activities Amendment Bill, aims to address practical challenges of the Prevention and Combating of Corrupt Activities Act. It will be introduced in Parliament later this year.

President Zuma said the Ministry of Police will establish special units under the Hawks to deal with drugs and related transnational crimes as well as violence and the proliferation of firearms.

The President said about 2.7 million households are affected by the current drought. Support is being provided to farmers by the Department of Agriculture Forestry and Fisheries, while the Department of Water and Sanitation has invested over R450 million on measures such as water tankers, fixing boreholes and improving infrastructure.

A further R498 million has been approved in addition to the R124 million allocated by provinces, to assist affected farmers with livestock feeds and water.

The Regulation of Agricultural Land Holdings Bill, which will prohibit foreigners owning agricultural land (they will only be allowed to lease it), will come before the Cabinet this year.

President Zuma said from 1 April all suppliers doing business with government will have to register only once on the National Treasury's tender portal.

This will reduce the cost for suppliers and save the state hundreds of millions of rands as tenders will no longer be advertised in newspapers.

President Zuma stressed that South Africa, like many emerging markets, faces challenges, but that the country has time and again succeeded where others thought it would fail.

"Now is the time for us to unite and harness this power and provide leadership and direction to our people during this difficult time," he said.

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