

Zuma's mixed bag of promises

The president made many commitments last year, few of which have been honoured

Mmanaledi Mataboge, Charles Molele & Lynley Donnelly

President Jacob Zuma's administration has implemented some of the promises he made in last year's State of the Nation address, but has struggled to fulfil others.

The lack of time frames for some crucial projects and the failure to meet implementation deadlines has forced him to carry over announcements he began making a year or two ago.

In his address last year, Zuma outlined a new emphasis on infrastructure development. This has been given practical expression with the presidential infrastructure co-ordinating committee and the national infrastructure plan launched late last year. The committee identified 18 strategic infrastructure projects intended to address everything from logistics to energy, social programmes, water and sanitation.

In his 2012 address, Zuma focused on the completion of the Medupi and Kusile power stations, and outlined five geographically focused infrastructure projects. They included the development of a southeastern node that incorporates the building of the Umzimvubu dam and irrigation system, and an oil refinery at Coega; the Durban-Gauteng logistics corridor; and unlocking the mineral belt in the Waterberg region.

A number of these plans were already on the cards or dovetail with existing plans of state-owned enterprises, such as Transnet's market demand strategy, which is designed to boost rail and logistics capacity.

The Passenger Rail Agency of South Africa has undertaken a massive rolling stock renewal programme to acquire a new fleet of modern passenger coaches over a 20-year period at an estimated cost of R137-billion. Commuters will have to wait for at least two more years before the trains are put to use because the first batch is only expected in 2015, said rail agency spokesperson Moffet Mofokeng.

A tender for manufacturing the trains was awarded to Gibela Rail Transportation in December last year. To conclude the second part of the rolling stock fleet renewal programme, the passenger rail agency needs to appoint a black economic empowerment partner for Gibela.

Implementation of all the plans is set to be a multi-decade process and financing remains a formidable challenge. In the 2012 budget the infrastructure proposals were estimated to be worth R3.2-trillion. But a number of the programmes were not budgeted for because they remained in pre-feasibility stage.

Existing projects are also facing their own challenges — notably Medupi and Kusile. Eskom maintains that Medupi is on track to be commissioned late this year but the project has been substantially delayed, faced cost overruns and been beset by labour unrest. About 20% of the funding for Kusile must still be secured, though the utility is confident it can obtain this. However, it faces a great deal of opposition from the public over a

Promises kept or broken

Following up on Jacob Zuma's state-of-the-nation promises

The address was given by Zuma a year ago on February 9



- Energy delivery was promised with the completion of the Medupi and Kusile power stations **These projects were already on track but Medupi has been beset by labour unrest**
- Zuma outlined the large-scale replacement of rolling stock for passenger trains over two decades **First delivery of coaches scheduled for 2015**
- A fund to provide access to home loans for newly built houses was promised from April 2012 **Full implementation has been rescheduled to 2013**
- Hospitals and nurses' homes to be refurbished in preparation for National Health Insurance **Good progress has been made but many rural facilities have been left waiting**
- An end to abusive practices in the labour-broking industry to give workers greater protection **Resolution has been delayed by Cosatu, which want the broking to be made illegal**
- R300-million allocated for work to begin on building new universities in Mpumalanga and the Northern Cape **Lack of progress because projects are underfunded**
- R10-billion to be made available over five years for investment programme to create jobs **First stage of programme has been implemented**

Graphic: JOHN McCANN
Research: MMANALEDI MATABOGE, CHARLES MOLELE and LYNLEY DONNELLY

requested 16% per annum over the next five years tariff hike of 16% a year ago.

There has also been criticism that the roll-out of the infrastructure programmes has been relatively slow and financial feasibility issues still hang over proposed projects.

Questions remain over the cost and necessity of a fuel refinery at the Coega Industrial Development Zone near Port Elizabeth. It forms part of the southeastern node project and threatens to put a number of existing refineries out of business.

The *Mail & Guardian* also monitored the progress on other major projects announced in Zuma's speech.

Home loan fund

A R1-billion guaranteed fund to promote access to home loans was supposed to come into effect from April 2012. The National Housing Finance Corporation was going to manage it. This was a promise carried over from the 2011 speech. Two years later it is yet to be fully implemented.

When the initial undertaking that the government's R1-billion mortgage-backed insurance fund would kick off in October 2012 failed to materialise, the corporation moved the implementation date to this year. The mortgage default insurance product programme, as it will be known, will give lower-income consumers the opportunity to qualify for loans that they otherwise wouldn't qualify for.

"Initially, we expect that by March 31, 7 000 mortgage finance loans would be granted by various participating lenders in the programme," reads the corporation's 2012 annual report. Discussions about risk mitigation and sharing the risks between commercial banks and the corporation have delayed the process. The finance-linked individual subsidy programme subsidy, launched in April last year, applies to newly built houses with a price tag of R300 000 or less. The subsidy is meant for households that earn between R3 500 and R15 000 a month.

Refurbishment of hospitals and nurses' homes

Last year the government budgeted R450-million to upgrade about 30 nursing colleges and R426-million was allocated for rebuilding five major tertiary hospitals. To deal with the shortage of nurses, the government put aside R1.2-billion to refurbish nursing training colleges. Despite the notable progress, there

is still a huge backlog of rural health facilities. National Education, Health and Allied Workers' Union spokesperson Sizwe Pamla said progress has been "too slow".

"There's a lot of work that still needs to be done. Some rural clinics run out of water and if you're running a health facility of any form you can't afford to run out of water and electricity," said Pamla.

"What concerns us more is that

there are no time frames [for implementation]. Health was a priority area in the 2009 manifesto."

Labour broking

There's still a stand-off between the ANC and its ally, labour federation Cosatu, on this one. Cosatu wants labour brokers banned altogether, believing it to be an abusive practice, but the ANC's national congress resolved to regulate the industry.

New universities

R300-million has been allocated for the preparatory work towards building new universities in Mpumalanga and Northern Cape. Groundwork has begun but little progress has been made. This is partly because the budget allocated to this can only fund foundation work.

Job creation

The Industrial Development Corporation has implemented an investment programme and has a budget of R10-billion over the next five years to invest in economic activities that have a high job creation potential. The corporation's spokesperson, Mandla Mpangase, said the programme was "well on track" and funding of R1.5-billion was approved in the first nine months. The businesses for which funding was approved are expected to create 8 160 direct jobs, said Mpangase.

Youth unhappy with Zuma leadership

Young South Africans between the ages of 18 and 34 are unhappy with President Jacob Zuma's performance, according to the latest survey conducted by Pondering Panda, a Cape-Town based company.

Two in three (62%) of the 1 087 respondents said they were unhappy with Zuma's way of running the country. The survey results were released on Wednesday, a week before Zuma is to deliver his State of the Nation address in Parliament next Thursday.

"Black respondents are the most positive, with 37% saying Zuma is doing a good job," the survey found. "KwaZulu-Natal is the only province with more than 50% of respondents saying Zuma is doing a good job."

An Ipsos survey in December found that four out of every 10 (39%) South Africans thought the country was going in the right direction with Zuma at the helm. This figure had dropped seven percentage points from 46% in May last year. The number of those who said the country was going in the wrong direction increased in December to 42% from 33% in May. — *Mmanaledi Mataboge & Charles Molele*



FIRST CALL FOR PAPERS

Faculty of Management & Law

Hosts its First International Conference on
Development Finance & Economic Transformation

Theme:

Finance, Transformation, Development & Growth
in Developing Countries for the 21st Century

Date: 27-29 October 2013

Venue: Hans Merensky Hotel & Spa, Phalaborwa

Due Date for Submission of Abstracts: 09 March 2013

The developing world is beset by teething financial and economic challenges that impair societal transformation and development. Whereas Africa has continued to enjoy an average annual economic growth rate of about 5% in recent years, the global economic and Eurozone debt crises are destined to catch-up with most countries in the continent. Simultaneously, the governance, or lack thereof, of the international economics & politics has become increasingly complex as China and the BRICS, in particular, strive to out-compete the traditional

economic powers such as Japan, USA and the EU, which are the traditional sources of development finance and reform policy prescriptions. It is in this context and in pursuit of the University's Motto of "Finding Solutions for Africa" that the Faculty of Management & Law at the University of Limpopo, South Africa, invites scholars, practitioners, students, policy makers and politicians to submit abstracts and papers to the *First International Conference on Development Finance & Economic Transformation*.

For more information visit www.ul.ac.za

Alternatively contact:

Prof Johannes Tsheola on 015 268 3198 or icdfet2013@ul.ac.za

Finding Solutions for Africa