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'THE DECIDING FACTOR IN THE LATEST STATE-OF-NATION ADDRESS (SONA) TODAY WILL BE THE SUCCESSFUL COORDINATION AND IMPLEMENTATION OF PLANS AND PROJECTS, WHICH ALSO HELP TO REDUCE POLICY UNCERTAINTY', SAYS NWU BUSINESS SCHOOL ECONOMIST PROF RAYMOND PARSONS.

'The key message which President Cyril Ramaphosa projected in the latest SONA on the need for job-rich growth, expanding job opportunities for unemployed youth, ensuring good governance, and addressing the Eskom crisis strongly resonates with the well-known concerns of business and the markets. President Ramaphosa rightly wants to see a much higher growth rate than the current population growth if SA is to successfully combat unemployment, poverty, and inequality.

This will require that growth in the years ahead rises beyond 3% from its current expected growth of about 1% in 2019, or even less. Higher private and public investment is needed to make this happen. SA will also need to implement structural reform policies which maximize the number of jobs created at any given growth rate. It is clear from the SONA analysis that a priority-led action agenda is therefore indeed required if the economy is to be turned around on a collaborative basis sooner rather than later.

Regarding the overall policy framework, the decision in the SONA to again anchor future policy stances with the National Development Plan (NDP) is also an important step in the right direction. It can to help reduce policy uncertainty. But this will again heavily depend on translating plans into action and to ensure delivery. The problem with the NDP and other plans has hitherto largely been one of lack of adequate implementation. Much here will depend on widening and deepening the relationship with the private sector, especially if SA is to move closer to a 'social compact' in future.

The reaffirmation by President Ramaphosa of the SA Reserve Bank's constitutional mandate must also be welcomed. The SARB is widely respected both in SA and abroad for its general conduct of monetary policy and is seen as a key bastion of institutional strength, especially at a time when investor confidence about SA is at stake. The statement in the SONA on the status and role of the SARB underlines President Ramaphosa's commitment to economic stability, as well as to SARB autonomy.

Two vulnerable areas arising from the SONA are implications of the low growth rate for the Medium-Term Budget Policy Statement (MTBPS) in October and the fiscal consequences of another bailout for Eskom. Some tough decisions still need to be taken to reconcile expectations with affordability in SA's public finances. The MTBPS will probably need to reflect a revised fiscal plan to manage shifting economic realities if SA is to protect and rebuild its investment rating. The implementation of pro-growth reform policies and projects will therefore remain essential if the SONA's growth and employment targets and financial stability goals are to be reached over the next decade.'

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