

Highlights of the STATE OF THE NATION ADDRESS



Together we move South Africa forward

President 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 he was 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 of commodities through the ports to markets around the globe.

on State-owned Enterprises, which outlines how the institutions should be managed in order to achieve the developmental objectives and aspirations of South Africa.

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 the new manufacturers, including businesses owned by women and the youth, as part of broadening the ownership and control of the economy.

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."

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



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, nurture, develop and retain the best talent in financial services in South Africa and across the continent. This will also provide job opportunities for many young people.

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 consider, is the maintenance of two capitals, Pretoria as the administrative one and Cape Town as the legislative capital.

“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

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 last 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 Nestle, 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.



Ms Julia Shungube, the winner of the Female Entrepreneur of the Year 2015 Award from the Nkomazi Local Municipality 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.

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 had 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 area 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.

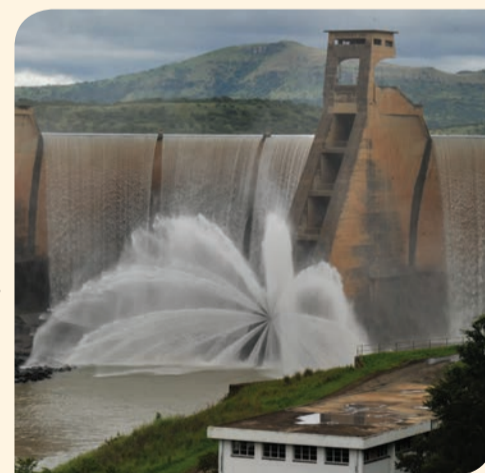
NEDLAC was also finalising a framework to stabilise the labour market by reducing the length of strikes and eliminating violence during strike action.

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 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.

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 in 2015, 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 had been 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



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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, is showcasing 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 has 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 continue 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 the National Recreation Day; Nelson Mandela Sports and Culture Day; World Move for Health Day; Golden Games, and 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.

