



HIGHLIGHTS OF THE STATE OF THE NATION ADDRESS

Thursday, 7 February 2019

Together we move South Africa forward



REPUBLIC OF SOUTH AFRICA



President Cyril Ramaphosa delivered the 25th Annual State of the Nation Address (SoNA) in a free and democratic South Africa on Thursday, 7 February 2019 in Parliament, Cape Town.

HIGHLIGHTS OF THE STATE OF THE NATION ADDRESS



The past, present and future

The President said: "This year, as a diverse people and as a united nation, we will celebrate one of the greatest of human achievements.

"We will celebrate the triumph of freedom over subjugation, the triumph of democracy over racial tyranny, the triumph of hope over despair.

"We will celebrate the irresistible determination of an oppressed people to be free, equal and fulfilled.

"We will use this time to recall the hardship and the suffering which generations of our people endured – their struggles, their sacrifices and their undying commitment to build a South Africa that belongs to all who live in it.

"We will remember the relief and exhilaration of the day of our freedom, the moment at which we became a nation, a country at peace with itself and the world.

"During the course of this year, we must and will reflect on the journey of the last 25 years.

"As South Africans, we will have to ask ourselves whether we have realised the promise of our nation's birth.

"We must spend this year, the 25th anniversary of our freedom, asking ourselves whether we have built a society in which all South Africans equally and without exception enjoy their inalienable rights to life, dignity and liberty.

"Have we built a society where the injustices of the past no longer define the lives of the present?

"We must use this time to reflect on the progress we have made, the challenges we have encountered, the setbacks we have suffered, and the mistakes we have committed. A year ago, we set out on a path of growth and renewal.

"Emerging from a period of uncertainty and a loss of confidence and trust, we resolved to break with all that divides us, to embrace all that unites us.

"We resolved to cure our country of the corrosive effects of corruption and to restore the integrity of our institutions.

"We resolved to advance the values of our Constitution and to once again place at the centre of our national agenda the needs of the poor, unemployed, marginalised and dispossessed.

"We agreed that, in honour of the centenary of Nelson Rolihlahla Mandela and Albertina Nontsikelelo Sisulu, we would devote our every action, our every effort, our every utterance to the realisation of their vision of a democratic, just and equitable society.

"In our magnificent diversity, and despite our many differences, the people of this country answered the call of Thuma Mina (Send Me).

"In their multitudes, South Africans asked not what can be done for them, but what they could do for their country.

"In ways both large and small, both public and private, South Africans set about building a better nation.

"Many reached out to other South Africans to lend a hand where others were going through difficulties.

"Others expressed a willingness to support government in its efforts to turn the country around.

"Today, as we reflect on the year that has passed, we can attest to meaningful progress.

"Our people have embraced the renewal that our country is going through and are much more hopeful about a better tomorrow. Our people's hope is not baseless; it is grounded on the progress that is being made.

"Over the last year, we have begun to rebuild a durable social compact for fundamental social and economic transformation with key stakeholders as we promised.

"As social partners, we are restoring the bonds of trust, dialogue and cooperation. We are reaching out to those parts of our society that have become disaffected, disinterested or marginalised through various forms of dialogue and engagement.

"Our efforts may have been uneven, and we still have much work to do, but we have demonstrated over the last year our shared determination to work together to confront our common challenges.

"We have focused our efforts on reigniting growth and creating jobs. We have worked together – as government, labour, business, civil society and communities – to remove the constraints to inclusive growth and to pursue far greater levels of investment.

"We held a successful Presidential Jobs Summit that agreed on far-reaching measures that – when fully implemented – will nearly double the number of jobs being created in our economy each year.

"Last year, a number of stakeholders raised their concerns about policy uncertainty and inconsistency. We have addressed these concerns.

"In response to the dire situation at several of our state-owned enterprises (SOEs) – where mismanagement and corruption had severely undermined their effectiveness – we have taken decisive measures to improve governance, strengthen leadership and restore stability in strategic entities.

"We have also had to deal with the effects of state capture on vital public institutions, including our law-enforcement agencies, whose integrity and ability to fulfil their mandate had been eroded in recent years.

"We have therefore, acted to stabilise and restore the credibility of institutions like the National Prosecuting Authority (NPA), the South African Revenue Service (SARS), the State Security Agency and the South African Police Service (SAPS).

"We have appointed a new **National Director of Public Prosecutions (NDPP)**, **Advocate Shamila Batohi**, to lead the revival of the NPA and to strengthen our fight against crime and corruption.

"We are implementing the recommendations of the report of the Nugent Commission of Inquiry into SARS and are in the process of appointing a new Commissioner to head this essential institution.

"On the basis of the report and recommendations of the High-Level Review Panel on the State Security Agency, which was chaired by former Minister Sydney Mufamadi, I will soon be announcing a number of urgent steps to enable the reconstitution of a professional national intelligence capability for South Africa.

"Among the steps we will take to reconstitute a professional national intelligence capability will be the re-establishment of the National Security Council chaired by the President in order to ensure better coordination of the intelligence and security related functions of the State as well as the re-establishment of two arms of our intelligence service, one focusing on domestic and the other on foreign intelligence.

"Work on the reconfiguration of the State is at an advanced stage. We are pleased to note that in the spirit of active citizenry many South Africans continue to show a great interest in the future reconfigured State.

"During the course of the past year as The Presidency, we have paid particular attention to the violence and abuse perpetrated against women and children in our society.

"We responded to national concerns and calls by many South Africans by convening a **Summit on Gender-Based Violence (GBV) and Femicide** that has provided a firm basis for a coordinated national response to this crisis.

"We also convened the first **Presidential Health Summit** in October last year, which brought together key stakeholders from a wide range of constituencies in the health sector. At this health summit, the participants dissected the crisis in the health system and proposed immediate, short-term and medium-term solutions to improve the effectiveness of the health system.

"We begin this new year encouraged by the progress we have made, working together, in reviving our economy and restoring our country's democratic institutions. We are determined to stay the course.

"We are undaunted by the considerable difficulties we have yet to overcome. All of us, as South Africans, should face up to the challenges and difficulties that lie ahead."

"The task of building a better South Africa is our collective responsibility as a nation, as the people of South Africa.

"It is at the centre of the work of every department of government, of every agency, of every public entity. It informs every policy, every programme and every initiative."

– **President Cyril Ramaphosa, SoNA, 7 February 2019, Parliament, Cape Town.**

MOST URGENT TASKS

Government will undertake the following five most urgent tasks that will underpin everything that it does in 2019:

- Accelerate inclusive economic growth and create jobs.
- Improve the education system and develop the skills needed now and into the future.
- Improve the conditions of life for all South Africans, especially the poor.
- Step up the fight against corruption and state capture.
- Strengthen the capacity of the State to address the needs of the people.

ECONOMY

Over the past year, government has focused its efforts on accelerating inclusive growth, significantly increasing levels of investment and putting in place measures to create more jobs. Last year, the economy was confronted by the reality of a technical recession. Government responded with an economic stimulus and recovery plan that redirected public funding to areas with the greatest potential for growth and job creation.



Government introduced a range of measures to ignite economic activity, restore investor confidence, support employment and address the urgent challenges that affect the lives of vulnerable members of society.

Significant progress has been made in restoring policy certainty on mining regulation and the visa regime, crafting the path towards mobile spectrum allocation, and reviewing port, rail and electricity prices.

Government also began the process of stabilising and supporting 57 municipalities, where over 10 000 municipal infrastructure projects were being implemented.

Industrial parks

The focus that government has placed on revamping industrial parks in townships and rural areas has brought about discernible change, as industrial parks that have been lying idle are becoming productive again.

Government has so far completed the revitalisation of 10 out of 16 identified industrial parks, in places such as Botshabelo (Free State), Phuthadijhaba (Free State), Garankuwa (North West), Isithebe (KwaZulu-Natal), Komani (Eastern Cape) and Seshego (Limpopo).

INVESTMENT

The levels of growth that government needs to make significant gains in job creation will not be possible without massive new investment.

The inaugural **South Africa Investment Conference** in October 2018 provided great impetus to government's drive to mobilise R1.2 trillion in investment over five years. The investment conference attracted around R300 billion in investment pledges from South African and international companies.

There was also a significant increase in foreign direct investment (FDI) last year. In 2017, government recorded an inflow of FDI amounting to R17 billion. Official data shows that just in the first three quarters of 2018, there was an inflow of R70 billion.

This is a phenomenal achievement compared to the low level of investment in the previous years. Investment envoys, Mr Trevor Manuel, Mr Mcebisi Jonas, Ms Phumzile Langeni and Mr Jacko Maree, as well as InvestSA, are closely monitoring the status of the investments announced at the investment conference.

Projects to the value of R187 billion are being implemented and projects worth another R26 billion are in the pre-implementation phase.

Drawing on the valuable lessons learnt through a more focused effort and the improvements it is making in the business environment, government aims to raise even more investments this year. It will be identifying the sectors and firms wanted and needed in South Africa, and actively attract investors.

Based on its experiences over the past year, and to build on the momentum achieved, government will host the South Africa Investment Conference again this year.



It is government's intention that the investment being generated should be spread out in projects throughout the country.

In this regard, President Ramaphosa has asked provincial governments to identify investable projects and ensure that government builds investment books for each of the nine provinces to present to potential investors.

Public-Private Growth Initiative

Following the successful investment conference, a group of South African business leaders, moved by the spirit of Thuma Mina, initiated the Public-Private Growth Initiative to facilitate focused investment plans of leading companies across 19 sectors of the economy; from mining to renewable energy; from manufacturing to agriculture.

These industries expect to substantially expand investment over the next five years and create a vast number of new jobs, especially if we can enhance demand for local goods, further stabilise the labour environment and improve conditions for doing business.

As part of ongoing work to remove constraints to greater investment, government has established a team from The Presidency, InvestSA, National Treasury and the Department of Planning, Monitoring and Evaluation that will address the policy, legal, regulatory and administrative barriers that frustrate investors.

This is an important aspect of government's work to improve the ease of doing business in South Africa, which is essential to attracting investment. This team will report progress to Cabinet monthly.

The World Bank's annual Doing Business Report currently ranks South Africa 82 out of 190 countries tracked. South Africa has set itself the target of being among the top 50 global performers within the next three years.

It has long been recognised that one of the constraints that inhibit the growth of the economy is the high level of economic concentration. The structure of the South African economy was designed to keep assets in a few hands. This has stifled growth and enterprise and has, to a large extent, kept many young South African entrepreneurs and small enterprises out of the economy or confine them to the margins.

As part of efforts to increase investment, and to foster greater inclusion and create more opportunities, the President will soon sign into law the **Competition Amendment Bill**. This will give the competition authorities the ability to address this problem but more importantly, it will open up new opportunities for many South Africans to enter various sectors of the economy and compete on an equal footing.

To stimulate growth in the economy, to build more businesses and employ more people, government needs to find new and larger markets for goods and services. It will therefore be focusing greater attention on expanding exports.

In line with the Jobs Summit commitments, government will focus on the export of manufactured goods and trade in services such as business process outsourcing and the remote delivery of medical services.

Special economic zones (SEZs)

Government will also be looking at establishing SEZs that are dedicated to producing specific types of products such as clothing and textiles.

To improve the competitiveness of exports, government will complete the studies that have begun on reducing the costs of electricity, trade, communications, transport and other costs. It will focus on raising the sophistication of exports.

African Continental Free Trade Area (AfCFTA)

The agreement on the establishment of the AfCFTA offers great opportunities to place South Africa on a path of investment-led trade, and to work with other African countries to develop their own industrial capacity.

The agreement will see the creation of a market of over a billion people with a combined gross domestic product of approximately US\$3.3 trillion.

Buy South Africa

Alongside a focus on exports, government will pursue measures to increase local demand through, among other things, increasing the proportion of local goods and services procured both by government and the private sector.

Increasing local demand and reducing the consumption of imports is important because it increases the opportunities for producers within South Africa to serve a growing market. Through this, government will intensify the "Buy South Africa" programme.

Small Business Incubation Programme

Given the key role that small businesses play in stimulating economic activity and employment – and in advancing broad-based empowerment – government is focusing this year on significantly expanding the Small Business Incubation Programme.

The incubation programme provides budding entrepreneurs with physical space, infrastructure and shared services, access to specialised knowledge, market linkages, training in the use of new technologies and access to finance.

The incubation programme currently consists of a network of 51 technology business incubators, 10 enterprise supplier development incubators and 14 rapid youth incubators. As part of the expansion of this programme, township digital hubs will be established, initially in four provinces, with more to follow.

Government expects these hubs to provide most needed entrepreneurial services to small and medium enterprises in the rural areas and townships but more especially, to young people who want to start their businesses. The greatest challenge is to create jobs for the unemployed of today, while preparing workers for the jobs of tomorrow.

JOB CREATION

The **Presidential Jobs Summit** in 2018 resulted in concrete agreements between organised labour, business, community and government.

These agreements, which are now being implemented by social partners, aim to create 275 000 additional direct jobs every year.



Government has come up with great plans, platforms and initiatives through which it will continue to draw young people in far greater numbers into productive economic activity through initiatives like the **Employment Tax Incentive**. This incentive will be extended for another 10 years.

In addition, government has launched the **Youth Employment Service**, which is placing unemployed youth in paid internships in companies across the economy. It calls on all companies, both big and small, to participate in this initiative and thereby contribute not only to building their business but also to building the economy and fostering social cohesion. Progress is being made in the areas of installation, repair and maintenance jobs, digital and tech jobs like coding and data analytics, as well as global business services.

These enable the absorption of more youth – especially those exiting schools and colleges, and those not in any education, training or

employment – into productive economic activity and further work opportunities.

Government has decided that the requirement for work experience at entry-level in state institutions will be done away with. Young people need to be given a real head start in the world of work. They should not face barriers and hindrances as they seek to find work.

Government is focusing its attention, policies and programmes on the key parts of the economy that are labour intensive. These include agriculture, tourism and the Oceans Economy.

AGRICULTURE

The potential of agriculture in South Africa for job creation and economic growth still remains largely underdeveloped. South Africa still has large areas of underutilised or unproductive land. There are around 250 000 small emerging farmers who are working the land and need support in fully developing their businesses.



Agricultural exports are an important source of revenue for the economy, and developing the agricultural sector is key to enhancing food security and for attracting investment.

South Africa has an agricultural sector that is well-developed, resilient and diversified. Government intends to use it as a solid foundation to help develop agriculture in the country for the benefit of all.

LAND REFORM

Through an accelerated programme of land reform, government will work to expand agricultural output and promote economic inclusion. The policy and legislative interventions will ensure that more land is made available for agriculture, industrial development and human settlements.

President Ramaphosa has commended the many South Africans who participated in the work of the **Constitutional Review Committee** in the dialogue that ensued through the length and the breadth of the country.

He has applauded the members of the Constitutional Review Committee for remaining focused throughout this period and sifting through the submissions that were made by ordinary South Africans and their organisations.

Government will support the work of the Constitutional Review Committee tasked with the review of Section 25 of the Constitution of the Republic of South Africa of 1996 to unambiguously set out provisions for expropriation of land without compensation.

Alongside this constitutional review process, government has tasked Deputy President David Mabuza to lead the **Inter-Ministerial Committee on Land Reform** to fast-track land reform.

An advisory panel of experts headed by Dr Vuyo Mahlathi, established to advise government on its land-reform programme, is expected to table its report by the end of March 2019.

As part of accelerating land reform, government has identified land parcels owned by the State for redistribution. Strategically located land will be released to address human settlements needs in urban and peri-urban areas.

As part of the stimulus package in agriculture, government has invested significantly in comprehensive farmer development support to ensure that restituted and communal land is productively used.

SKILLS DEVELOPMENT

Government will continue to prioritise targeted skills-development and capacity-building programmes for smallholder and emerging black farmers.

In the coming year, government will continue to focus on high value agricultural products with export potential such as fruit, wine and vegetable industries, as well as poultry and red meat.

TOURISM

During SoNA last year, government spoke at length about the huge potential that exists for the expansion of the tourism sector. Concerted efforts to market South Africa as a prime destination for tourists has yielded positive results, with significant annual growth in the number of foreign visitors. In the past year, 10 million tourists came to the country.



Government intends to raise this to 21 million by 2030, targeting, among others, the largest and fastest growing markets of India and China, as well as strong markets on the continent.

In addition to direct jobs, this export industry could generate as many as two million more jobs in food and agriculture, construction,

transport, retail, and the creative and cultural industries by 2030. Government will deepen the partnership between government and business to realise this vision. The highest priority this year will be on the introduction of a world-class eVisa regime. This, combined with enhanced destination marketing and measures to strengthen tourism safety, will create the conditions for the envisaged growth, and the jobs and opportunities that will follow.

Operation Phakisa on the Oceans Economy

South Africa has one of the world's longest coastlines spanning 3 000 km around the contours of the country from the east to the west.

The positioning of the country means government can harness the potential of the oceans to grow the economy.

Since Operation Phakisa on the Oceans Economy in 2014, government has secured investments of nearly R30 billion and created over 7 000 direct jobs. The investments have been mainly in infrastructure development, marine manufacturing, aquaculture, and the oil and gas sector.

Expected investment in the Oceans Economy over the next five years is estimated at R3,8 billion by government and R65 billion by the private sector. These investments are expected to create over 100 000 direct jobs and more than 250 000 indirect jobs.

Oil giant Total has announced a new "world-class" oil and gas discovery off the coast of South Africa. Government is extremely encouraged by the report about the Brulpadda block in the Outeniqua Basin, which some have described as a catalytic find.

This could well be a game-changer for the country and will have significant consequences for the country's energy security and the development of this industry. Government has congratulated Total and its various partners, and wished them well in their endeavours. It will continue to develop legislation for the sector so that it is properly regulated for the interests of all concerned.

INFRASTRUCTURE DEVELOPMENT

Over the past five years, government made significant progress with the provision of infrastructure. More than R1,3 trillion has been invested to build hundreds of schools and two new universities, to build hundreds of thousands of new houses, to electrify more than a million homes, generate new electricity and to expand public transport.

These infrastructure investments also helped grow the economy and create many new jobs in construction and other sectors.

Infrastructure development has been the flywheel of the engine of the economy and has yielded tremendous benefits for the country. Infrastructure development has slowed down for a whole number of reasons.

Government has also realised that infrastructure provision is too fragmented between the different spheres of government. It does not fully integrate new housing development with economic opportunities and with the building of dams, water pipelines, schools and other amenities.

Cabinet has adopted a new infrastructure implementation model to address these problems. It will be underpinned by the new **Infrastructure Fund** announced in September 2018. Government

has committed to contribute R100 billion into the Infrastructure Fund over a 10-year period and use this to leverage financing from the private sector and development finance institutions.

As a first step, government will expand projects underway already such as student accommodation. It plans to do things differently, starting with a deeper partnership with communities in the planning, building and maintenance of infrastructure.



Just as it did with the Vaal River, where the South African National Defence Force intervened to address a sewage crisis, government will call on all the capabilities of the State and the private sector to address infrastructure challenges.

It will strengthen the technical capacity in government to ensure that projects move faster, building a pool of engineers, project managers, spatial planners and quantity surveyors – an action team that can make things happen faster on the ground.

TELECOMMUNICATIONS

The telecommunications sector represents vast potential for boosting economic growth. The Minister of Communications will shortly be issuing policy direction to the Independent Communications Authority of South Africa for the licensing of the high demand radio frequency spectrum.

WATER AND SANITATION

As a water-scarce country, government is confronting water crises in many parts of the country. It is developing a comprehensive integrated national plan that addresses water shortages, ageing infrastructure and poor project implementation.

Government is urgently establishing an intergovernmental rapid response technical team, reinforced by specialist professionals, to intervene in areas which are experiencing severe water problems.

In one of these areas, Giyani in Limpopo, extensive work is underway to get water to the residents, in the immediate term through the repair of boreholes, and then through the rapid provision of proper infrastructure. The safety of learners in school is critical for creating a healthy learning environment.

Government conducted an audit last year and found that nearly 4 000 schools still have inappropriate sanitation facilities. Given the scale and urgency of the problem, government launched the **SAFE Initiative** in August 2018, through which it mobilised all available resources – including pledges from business, strategic partners, and the building industry – to replace all unsafe toilets in public schools.

Since government launched the initiative, 699 schools have been provided with safe and appropriate sanitation facilities and projects in a further 1 150 schools are either in planning, design or construction stages.

Government is determined to eradicate unsafe and inappropriate sanitation facilities within the next three years. This is an outstanding example of collaboration between government and business to address with urgency a great need that impacts on the right of South Africa's children to safety and dignity in educational facilities.

STATE-OWNED ENTERPRISES

Government is making important progress in restoring the integrity and capacity of strategic SOEs. To restore proper corporate governance, new boards with credible, appropriately experienced and ethical directors have been appointed at Eskom, Denel, Transnet, South African Forestry Company, Passenger Rail Agency of South Africa and South African Express.

Government has established the Presidential SOE Council, which will provide political oversight and strategic management in order to reform, reposition and revitalise SOEs, so they play their role as catalysts of economic growth and development.

Government wants SOEs to be fully self-sufficient, and be able to fulfil their development and economic role. Where SOEs are not able to raise sufficient financing – from banks, capital markets, development finance institutions or the fiscus – government will need to explore other mechanisms, such as strategic equity partnerships or selling off non-strategic assets.

Government will not support any measures that, in any form, dispose of assets of the State that are strategic to the well-being of the economy and the people.

Government has the task and the responsibility to safeguard, build and sustain these key institutions for future generations. It has sought credible plans from boards to put in place the right skills and expertise to manage these companies so that it can shift the focus from immediate stability to long-term sustainability.

Government also seeks to build a pragmatic and cooperative relationship between government, organised labour and private-sector stakeholders, where all can jointly determine a strategic path for SOEs to create jobs, enable inclusive growth, and become operationally and financially sustainable.

ESKOM

Security of energy supply is an absolute imperative. Eskom is in crisis and the risks it poses to South Africa are great. It could severely damage economic and social development ambitions.

In responding to this crisis, government is informed by the need to minimise any adverse economic cost to the consumer and taxpayer. As it addresses the challenges that face Eskom, government will ensure that there is meaningful consultation and dialogue with all key stakeholders.

It will lead a process with labour, Eskom and other stakeholders to work out the details of a just transition, and proper, credible and sustainable plans that will address the needs of all those who may be affected.

As government addresses the challenges that face Eskom, it also needs to safeguard the national fiscal framework, achieve a positive impact on the sovereign credit rating, and pay attention to the rights and obligations of Eskom's funders.

Eskom has come up with a nine-point turnaround plan which government supports and want to see implemented. In line with this plan, Eskom will need to take urgent steps to significantly reduce its costs.

It will need more revenue through an affordable tariff increase. Government need to take steps to reduce municipal non-payment and confront the culture of non-payment that exists in some communities. It is imperative that all those who use electricity – over and above the free basic electricity provided – should pay for it.

Government will support Eskom's balance sheet and the Minister of Finance will provide further details on this in the **Budget Speech**. This will be done without burdening the fiscus with unmanageable debt. To ensure the credibility of the turnaround plan and avoid a similar financial crisis in a few years' time, Eskom will need to develop a new business model.

This business model needs to take into account the root causes of its current crisis and the profound international and local changes in the relative costs, and market penetration of energy resources, especially clean technologies. It needs to take into account the role that Eskom itself should play in clean generation technologies.

To bring credibility to the turnaround and to position South Africa's power sector for the future, government shall immediately embark on a process of establishing three separate entities – **Generation, Transmission and Distribution** – under Eskom Holdings, to ensure that it isolates cost and give responsibility to each appropriate entity.

This will also enable Eskom to be able to raise funding for its various operations much easily from funders and the market. Of particular and immediate importance is the entity to manage an independent state-owned transmission grid combined with the systems operator and power planning, procurement and buying functions.

Government will undertake these measures without delay to stabilise Eskom's finances, ensure security of electricity supply and establish the basis for long-term sustainability.

EDUCATION

At the centre of all efforts to achieve higher and more equitable growth, to draw young people into employment and to prepare the country for the digital age, must be the prioritisation of education and the development of skills.

With over 700 000 children accessing early childhood education in the last financial year, government has established a firm foundation for a comprehensive **Early Childhood Development (ECD) Programme** that is an integral part of the education system.

This year, government will migrate responsibility for ECD centres from the Department of Social Development to the Department of Basic Education (DBE), and proceed with the process towards two years of compulsory ECD for all children before they enter Grade 1.

Another critical priority is to substantially improve reading comprehension in the first years of school. This is essential in equipping children to succeed in education, in work and in life – and it is possibly the single most important factor in overcoming poverty, unemployment and inequality.



The DBE's early grade reading studies have demonstrated the impact that a dedicated package of reading resources, expert reading coaches and lesson plans can have on reading outcomes.

Government will be substantially expanding the availability of these early reading resources across the foundation phase of schooling. Over the next six years, it will provide every school child in South Africa with digital workbooks and textbooks on a tablet device.

Government will start with those schools that have been historically most disadvantaged and are located in the poorest communities, including multigrade, multiphase, farm and rural schools.

Already, 90% of textbooks in high enrolment subjects across all grades and all workbooks have been digitised. In line with the Framework for Skills for a Changing World, government is expanding the training of both educators and learners to respond to emerging technologies, including the Internet of things, robotics and artificial intelligence.

Several new technology subjects and specialisations will be introduced, including technical mathematics and technical sciences, maritime sciences, aviation studies, mining sciences and aquaponics.

To expand participation in the technical streams, several ordinary public schools will be transformed into technical high schools. In line with government's commitment to the right of access to higher education for the poor, last year government introduced free higher education for qualifying first year students.

Thanks to this initiative, links have been re-established with all institutions, and institution heads and student leaders have played a critical role in communicating with students. The scheme is being phased in over a five-year period until all undergraduate students who qualify in terms of the criteria can benefit.

Stabilising the business processes of the **National Student Financial Aid Scheme** will also be a priority in the coming year so that it is properly capacitated to carry out its critical role in supporting eligible students. Government is concerned about developments on some campuses, especially reports of violence and intimidation. It calls on student representatives and university authorities to work together to find solutions to the challenges that students are facing.

HUMAN SETTLEMENTS

Government will give effect to its commitment to build human settlements in well-located areas that bring together economic opportunities, and all the services and amenities that people need.

The Housing Development Agency will construct an additional 500 000 housing units in the next five years, and an amount of R30 billion will be provided to municipalities and provinces to enable them to fulfil their respective mandates.

However, to effectively address the substantial housing backlog in the country, government need to develop different models of financing for human settlements.

It is for this reason that government is establishing a **Human Settlements Development Bank** that will leverage both public and private sector financing to aid in housing delivery.

Government will also be expanding the **People's Housing Programme**, where households are allocated serviced stands to build their own houses, either individually or through community-led housing cooperatives.

SOCIAL SECURITY

South Africa has one of the most comprehensive and far-reaching social security nets in the world, providing a buffer between poor households and abject poverty. Every month 17,5 million social grants are provided to South Africans.

The Department of Social Development is to be commended for having honoured the Constitutional Court's directive for phasing out the services of Cash Paymaster Services.

To date the majority of social-grant beneficiaries have been successfully migrated to the South African Post Office, and the old South African Social Security Agency cards replaced by new ones.

Government has made significant progress in devising a comprehensive Social Security Strategy through the National Economic Development and Labour Council. The reforms focus on achieving comprehensive social security and retirement reform that is affordable, sustainable and appropriate for all South Africans.

With the assistance of the National Planning Commission, government reached consensus on reforms that include the National Social Security Fund, institutional arrangements, regulatory reforms, improved unemployment benefits, improved social assistance coverage, and active labour market policies for citizens between 18 and 59 years. Government will now incorporate this consensus agreement into a policy framework to guide implementation.

HEALTH

This year, government will take a significant step towards universal access to quality healthcare for all South Africans.

After extensive consultation, the **National Health Insurance (NHI) Bill** will soon be ready for submission to Parliament. The NHI will enable South Africans to receive free services at the point of care in public and private quality accredited health facilities.

By applying the principle of social solidarity and cross-subsidisation, government aims to reduce inequality in access to healthcare. Realising the magnitude of the challenges in healthcare, government has established an NHI and quality improvement War Room in The Presidency, consisting of various key departments to address the crisis in the public health system while preparing for the implementation of the NHI.

Government has a funded national quality health improvement plan to improve every clinic and hospital that will be contracted by the NHI. By introducing the NHI together with a multi-pronged quality improvement programme for public health facilities, government is working towards a massive change in the healthcare experience of South Africans.

FIGHTING CRIME

While progress has been made since 1994 in bringing down certain categories of serious crime, communities across the country are still plagued by gangsterism and violence.

As part of concerted efforts to make the country safer and more secure, the **Community Policing Strategy** was launched in October 2018. The strategy focuses on building partnerships between communities and the police; making more resources available for policing and better communication between the police and communities about crime-prevention strategies.



This will enable policemen and women to become more proactive in addressing crime and broader public safety concerns.

In addition, government is strengthening the functioning of various specialised units such as the Family Violence, Child Protection and Sexual Offences units, and improving administrative and record-keeping capacity at all levels. The SAPS has embarked on a restructuring process to shift more policing resources to the local level.

Gender-based violence

Violence against women and children has reached epidemic proportions. Every day, South African women are faced with discrimination, abuse, violence and even death, often by those they are closest to.

Over the last year, government has started to address this scourge in a more serious and coordinated way. At the National GBV and Femicide Summit, women from all walks of life came together with government and civil society to outline a road map to end GBV, improve coordination of planning, and establish a commitment to resourcing and accountability.

Work is underway to implement the decisions of the summit, including preparing the National Strategic Plan on GBV. In 2019, government will work with its partners in civil society to implement the decisions of the National GBV and Femicide Summit. Government is expanding and dedicating more funds to places of support such as the Thuthuzela Care Centres and Khuseleka Care Centres.

Government has been working to ensure the better functioning of **sexual offences courts**. It will improve the quality of services in shelters and ensure they also accommodate members of the Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, and Intersex+ community.

Government will strengthen the **national hotline centre** that supports women who experience GBV and ensure it is functional. It has listened to the call to make funds available to combat GBV, and has allocated funding in the current budget to support the decisions taken at the summit.

Government will lead the campaign to include men and boys as active champions in the struggle against GBV. Ending GBV is an urgent national priority that requires the mobilisation of all South Africans and the involvement of all institutions.

Substance abuse

South Africa has extremely high levels of substance abuse, which feeds crime and violence against women and children, it deepens poverty and causes great hardship and pain for families.

Government continues to roll-out interventions to address social ills tearing communities apart such as alcoholism and substance abuse.

Knowing that there are strong linkages between substance abuse, drug trafficking, crime and insecurity in communities, government is focusing on tackling this problem at its source through prevention programmes targeting vulnerable persons, especially youth. It is resolute that all taverns, shebeens and liquor outlets near school premises must be shut down.

State capture and corruption

Government recognises, as do all South Africans, that the greatest efforts to end poverty, unemployment and inequality will achieve little unless state capture and corruption are tackled in all its manifestations and in all areas of public life.

The action government takes now to end corruption and hold those responsible to account will determine the pace and trajectory of radical social and economic transformation.

The revelations emerging from the **Zondo Commission of Inquiry into State Capture** and other commissions are deeply disturbing, for they reveal a breadth and depth of criminal wrongdoing that challenges the very foundation of the democratic State.

Government has commended these commissions for the work they are doing, often under challenging circumstances, to uncover the truth. These commissions need to be able to do their work without any hindrance, and government calls on all those people who are in a position to assist them in their investigations to make themselves available.

While these commissions will in time make findings and recommendations in line with their mandates, evidence of criminal activity that emerges must be evaluated by the criminal justice system. Where there is a basis to prosecute, prosecutions must follow swiftly and stolen public funds must be recovered urgently.

To this end, government has agreed with the new NDPP that there is an urgent need to establish in the office of the NDPP an investigating directorate dealing with serious corruption and associated offences, in accordance with Section 7 of the NPA Act, 1998 (Act 32 of 1998).

The President will soon be promulgating a proclamation that will set out the specific terms of reference of the directorate. In broad terms, the directorate will focus on the evidence that has emerged from the Zondo Commission of Inquiry into State Capture, other commissions and disciplinary inquiries. It will identify priority cases to investigate and prosecute, and will recover assets identified to be the proceeds of corruption.

The directorate will bring together a range of investigatory and prosecutorial capacity from within government and in the private sector under an investigating director reporting to the NDPP.

In the longer term, government will work with the NPA and other law-enforcement agencies to develop a more enduring solution that will strengthen the capacity of the criminal justice system to deal with corruption.

“As we grapple with the challenges of our recent past, and as we deepen our efforts to overcome the grave injustices of centuries, it is essential that we do so with our eyes firmly fixed on the future. The world we now inhabit is changing at a pace and in a manner that is unprecedented in human history. Revolutionary advances in technology are reshaping the way people work and live.

“They are transforming the way people relate to each other, the way societies function and the way they are governed. The devastating effects of global warming on our climate are already being felt, with extreme weather conditions damaging livelihoods, communities and economies.

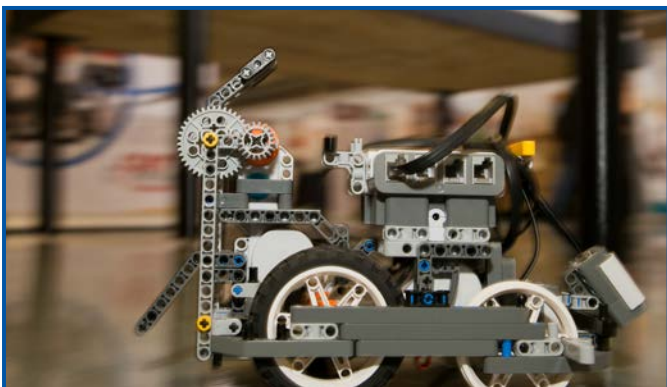
“As a young nation, only 25 years into our democracy, we are faced with a stark choice.

“It is a choice between being overtaken by technological change or harnessing it to serve our developmental aspirations. It is a choice between entrenching inequality or creating shared prosperity through innovation.

“Unless we adapt, unless we understand the nature of the profound change that is reshaping our world, and unless we readily embrace the opportunities it presents, the promise of our nation’s birth will forever remain unfulfilled. Today, we choose to be a nation that is reaching into the future. In doing so, we are building on a platform of extraordinary scientific achievement.” – **President Cyril Ramaphosa, SoNA, 7 February 2019, Parliament, Cape Town.**

SCIENCE AND TECHNOLOGY

The successful construction in the Northern Cape of the **MeerKAT** telescope, the world’s largest and most sensitive radio telescope, and the development of the **Square Kilometre Array** has enabled South Africa to develop capabilities in areas such as space observation, advanced engineering and supercomputing.



These skills and capabilities are being used to build the Hydrogen Epoch of Reionization Array, a radio telescope designed to detect, for the first time, the distinctive radio signal from the very first stars and galaxies that formed early in the life of the universe.

This is not merely about advancing human understanding of the origins of the universe – it is about responding to the challenges that face South Africans now and into the future. It is about developing the technology and the capabilities that will build a dynamic and competitive economy that creates decent, sustainable jobs.

It is about enhanced food security, better disease management, and cheaper, cleaner and more efficient energy. It is about smart human settlements and social development solutions built around people’s needs and preferences. It is about smarter, more responsive, more effective governance.

Fourth Industrial Revolution (4IR)

To ensure that South Africa effectively and with greater urgency harness technological change in pursuit of inclusive growth and social development, the Presidential Commission on the 4IR has been appointed. Comprised of eminent persons drawn from different sectors of society, the commission will serve as a national overarching advisory mechanism on digital transformation.

It will identify and recommend policies, strategies and plans that will position South Africa as a global competitive player within the digital revolution space.

STATE CAPACITY

Building on the work done over the last year, government will focus on further strengthening the capacity of the State. It has made progress in examining the size and structure of the State, and will complete this work by the end of this administration.

Government invites all South Africans to make suggestions on how to better configure government to serve the needs and the interests of the people.

In improving the capabilities of public servants, the **National School of Government** is introducing a suite of compulsory courses, covering areas like ethics and anti-corruption, senior management and supply chain management, and deployment of managers to the coalface to strengthen service delivery.

Government will process the operationalisation of **Section 8 of the Public Administration and Management Act, 2014 (Act 11 of 2014)** which strengthens the outlawing of public servants doing business with the State and enable government to deal more effectively with corrupt activities. This provision will see the imposition of harsher penalties, including fines and/or prison sentences for officials that transgress.

The **Ethics, Integrity and Disciplinary Technical Assistance Unit** will be established to strengthen management of ethics and anti-corruption, and ensure consequence management for breaches of government processes.

International relations

South Africa has this year taken up a non-permanent seat in the **United Nations Security Council**. Government will use this position to advance peace on the continent and across the globe, taking forward Nelson Mandela’s vision of a peaceful, stable and just world.

"In a few months' time, South Africans will go to the polls for the sixth time in our democracy to vote for national and provincial governments. "This is an opportunity for our people to exercise their hard-won right to determine the direction of this country.

"I have engaged with the Independent Electoral Commission and also with the premiers of all provinces, and intend to proclaim the **8th of May 2019** as the date of the election.

"We wish to remind all eligible South Africans who have not yet registered as voters that they still have until the proclamation of the election date to register. – **President Cyril Ramaphosa, SoNA, 7 February 2019, Parliament, Cape Town.**

"We are a people of resilience, of determination and of optimism. Despite the worst excesses of apartheid, we did not descend into vengeance when our freedom was won.

"Our democracy has blossomed and flourished, nurtured by the goodwill of the men and women of this great land, who understand only too well at what cost it was attained.

"But the road towards true freedom is a long one, and we have seen divisions in our society grow. Between black and white, rich and the poor, between rural and urban, between the sexes, and between language groups and cultures.

"At times it has seemed that the milk of human kindness that allowed us to reconcile in 1994 had gone sour. But we will not surrender to the forces of pessimism and defeatism.

"Our society is anchored in the roots of tolerance and co-existence, and we stand firm, resolute and united against all and everything that seeks to divide us or destroy our hard-won gains.

"They told us building a non-racial South Africa was impossible and that we would never be able to truly heal from our bitter past. Yet we weathered the storm and we are prevailing. It was the eternal optimism of the human spirit that kept hopes alive during our darkest time.

"It is this optimism that will carry us forward as we face a brave new future. It is a South Africa in which every man, woman and child is provided with the opportunity and means to make a better life for themselves.

"It is a South Africa ready to take advantage of the technological changes sweeping the globe to make our economy grow and create jobs for our people.

"It is a South Africa whose people have vision, drive and ambition; making it a hub of innovation, entrepreneurship and enterprise.

"It is a South Africa that acknowledges the problems of the past, but looks firmly to the future.

"It is a South Africa whose leaders are bold and courageous, leaders who remain servants of the people – and for whom fulfilling their duty is the highest, and the only, reward.

"Above all, it is a South Africa of which we are all proud of what we have achieved and of where we hope to be. The task before us is formidable.

"Above everything else, we must get our economy working again. I call upon every South African to make this cause your own. Because when we succeed – and of this we are certain – it is the entire nation that will benefit.

"As government, as business, as labour and as citizens, let us unite to embrace tomorrow. Let us grasp our collective future with both hands, in the immortal words of the Freedom Charter: side by side, sparing neither strength nor courage.

"This task – of building a better South Africa—is our collective task as a nation, as the people of South Africa.

"As we approach these tasks and challenges, we should heed the word of Theodore Roosevelt, who said:

"It is not the critic who counts; not the man who points out how the strong man stumbles or where the doer of deeds could have done them better.

"The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat."

"We all have a role to play as individual South Africans, faith-based organisations, sports organisations, trade unions, business, students, academics and citizens.

"Let us continue to embrace the spirit of citizen activism in line with the injunction, **Thuma Mina**, in the onward march towards equality, freedom and prosperity for all." – **President Cyril Ramaphosa, SoNA, 7 February 2019, Parliament, Cape Town.**

