

## President Jacob Zuma: State of the Nation Address 2016

11 Feb 2016

State of the Nation Address by Jacob G Zuma, President of the Republic of South Africa on the occasion of the Joint Sitting of Parliament, Cape Town

The Speaker of the National Assembly (NA),

The Chairperson of the National Council of Provinces (NCOP),

Deputy Speaker of the National Assembly and Deputy Chairperson of the NCOP,

Deputy President Cyril Ramaphosa,

Former President Thabo Mbeki,

Chief Justice Mogoeng Mogoeng and all esteemed members of the judiciary,

The President of the Pan African Parliament, Mr Roger Nkodo Dang,

Ministers and Deputy Ministers,

Premiers and Speakers of provincial legislatures,

Chairperson of the South African Local Government Association and all Executive Mayors present,

The Heads of Chapter 9 institutions,

Chairperson of the National House of Traditional Leaders,

Leaders of faith-based organisations,

The former Speaker of the NA, Dr Frene Ginwala,

Invited guests,

Veterans of the struggle for liberation,

Members of the diplomatic corps,

Fellow South Africans,

Good evening, sanibonani, molweni, dumelang, goeienaand, lotjhani, ri perile, ndi madekwana.

Thank you for the opportunity to address Parliament and the nation.

Today marks the 26th anniversary of the release of President Nelson Mandela from prison, which was one of the most remarkable episodes in the history of our country.

It is also the 50th anniversary of the declaration by the National Party regime that District Six would be a whites only area, leading to the forced removals of more than 60 000 residents.

The year 2016 also marks the 20th anniversary of the signing into law by Madiba, of the Constitution of the Republic. The signing took place in Sharpeville on 10 December 1996.

We are proud of our democracy and what we have achieved in a short space of time. Our democracy is functional, solid and stable.

Compatriots, the Constitution, which has its foundation in the Freedom Charter, proclaims that South Africa belongs to all who live in it. A lot has been done to promote inclusion and a non-racial society.

However, the journey to a non-racial society has not yet been completed.

The nation was shaken last month when racism reared its ugly head on social and electronic media, causing untold pain and anger. There is a need to confront the demon of racism. Human Rights Day, 21 March, will be commemorated as the national day against racism this year. It will be used to lay the foundation for a long-term programme of building a non-racial society.

Compatriots, I would like to remind you of a few other important anniversaries.

The year 2016 marks 60 years since the women's march to the Union Buildings to demand an end to pass laws. We are happy to have in our midst Ms Sophie de Bruyn, who was among the heroic leaders of that historic march.

We also acknowledge the former president of the Black Sash, Ms Mary Burton. We acknowledge the organisation's track record in fighting for human rights, justice and equality.

This year also marks 40 years since the landmark 16 June student uprising in Soweto.

We welcome the photographer who shot the famous photograph of Hector Pieterse carried by Mbuyisa Makhubu with his sister Antoinette, Mr Sam Nzima.

We also salute the class of 1976 for their bravery in standing up against the brutal apartheid regime. We acknowledge one of the activists of that era, the Deputy Secretary of Parliament, Ms Baby Tyawa, who is in our midst.

This year we also mark 30 years since the ambush and brutal killing of the Gugulethu Seven by the apartheid police in March 1986.

The University of Fort Hare celebrates its centenary, which is a critical milestone in the liberation history of not only our country but the continent. The national celebrations will take place on 20 May.

Let me recognise uMntwana wakwaPhindangene, the leader of the Inkatha Freedom Party who is a former student of the university.

The year 2016 also marks the centenary of the battle of Delville Wood in France, which took place during the First World War.

Scores of black soldiers fought in the war but were treated badly due to the colour of their skin.

A memorial that will restore their dignity and humanity is scheduled to be unveiled in July this year in France.

Compatriots, allow me as well to recognise three special guests who are also with us today:

- the chairperson of the National Church Leaders Forum and Archbishop of Cape Town, Archbishop Thabo Makgoba.
- Archbishop Daniel Matebesi, the President of the National Interfaith Council of South Africa and
- Bishop Zipho Siwa, the Presiding Bishop of the Methodist Church of Southern Africa and the President of the South African Council of Churches.

Madam Speaker and Madam Chairperson,

A resilient and fast growing economy is at the heart of our radical economic transformation agenda and our National Development Plan (NDP).

When the economy grows fast it delivers jobs. Workers earn wages and businesses make profits.

The tax base expands and allows government to increase the social wage and provide education, health, social grants, housing and free basic services — faster and in a more sustainable manner.

Our economy has been facing difficulties since the financial crisis in 2008. We embarked on an aggressive infrastructure development programme to stimulate growth.

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.

The prices of gold, platinum, coal and other minerals that we sell to the rest of the world have dropped significantly and continue to be low.

The economies of two of our partners in BRICS, Brazil and Russia, are expected to contract this year. The third, China, will not register the kind of robust growth that it is known for.

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 the electricity constraints and industrial relations which are sometimes unstable.

The International Monetary Fund and the World Bank predict that the South African economy will grow by less than 1% this year. The lower economic growth outcomes and outlook suggest that revenue collection will be lower than previously expected.

Importantly, our country seems to be at risk of losing its investment grade status from ratings agencies. If that 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.

The situation requires an effective turnaround plan from us. It is about doing things differently and also acting on what may not have been acted upon quickly before.

I will share a few points that we believe would make a difference.

First, our country remains an attractive investment destination. It may face challenges, but its positive attributes far outweigh those challenges.

We must continue to market the country as a preferred destination for investments. This requires a common narrative from all of us as business, labour and government.

If there are any disagreements or problems between us, we should solve them before they escalate. This is necessary for the common good of our country.

We have had fruitful meetings with business, including the high level meeting with chief executive officers on Tuesday (9 February) this week.

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.

We have heard the points about the need 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. We will fast-track the implementation of this service, in partnership with the private sector.

Such an initiative requires that government removes the red tape and reviews any legislative and regulatory blockages.

We have established an Inter-Ministerial Committee on Investment Promotion which will ensure the success of investment promotion initiatives.

Compatriots, we have heard the concerns raised about the performance of state owned enterprises and companies.

Many of our state-owned companies (SOCs) are performing well. The South African National Roads Agency Limited has built some of the best roads in Gauteng and in many parts of the country. These make us the envy of many parts around the globe.

The Trans Caledon Tunnel Authority has constructed dams of varied capacities, thus making it possible for our people to have access to safe drinking water.

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

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 or 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.

For the SOCs to contribute to the successful implementation of the NDP, they must be financially sound.

They must be properly governed and managed. We will ensure the implementation of the recommendations of the Presidential Review Commission on State-owned Enterprises, which outlines how the institutions should be managed.

The Deputy President chairs the Inter-Ministerial Committee which is tasked with ensuring the implementation of these recommendations.

We have to streamline and sharpen the mandates of the companies and ensure that where there are overlaps in the mandates, there is immediate rationalisation.

Those companies that are no longer relevant to our development agenda will be phased out.

Government departments to which they report, will set the agenda and identify key projects for the SOCs to implement, over a defined period. Proper monitoring and evaluation will be done.

These interventions are essential for growth and also for the reduction of national debt levels.

Compatriots, we must take advantage of the exchange rate as well as the recent changes of 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.

We have heard concerns from companies about delays in obtaining visas for skilled personnel from abroad. While we prefer that employers prioritise local workers, our migration policy must also make it possible to import scarce skills.

The draft migration policy will be presented to Cabinet during the course of 2016.

We have heard the appeals for policy certainty in the mining sector, especially with regards to the Mineral and Petroleum Resources Development Bill.

The Bill was referred back to Parliament last year. We await Parliament to conclude the processing, which we trust will be done expeditiously.

Compatriots, we need to empower small, medium and micro enterprises (SMMEs) to accelerate their growth. Access to high-quality, innovative business support can dramatically improve the success rate of new ventures.

The Department of Small Business Development was established to provide such targeted support to small business.

Economic transformation and black empowerment remain a key part of all economic programmes of government. One of our new interventions is the Black Industrialists Scheme, which has been launched to promote the participation of black entrepreneurs in manufacturing.

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

Compatriots, we are proud of our Top 10 ranking in the World Economic Forum competitiveness report with respect to financial services.

Maintaining and indeed improving our ranking is important to our competitiveness as a country.

It is also fundamental to our ambition to become a financial centre for Africa.

The banks, through the Banking Association of South Africa, are to launch a project aimed at establishing a centre of excellence for financial services and leadership training.

This will ensure that as a country we can attract, nurture, develop and retain the best talent in financial services in our country and across our continent.

They will work with the Minister of Finance and National Treasury to get this done. We believe that this will over time ensure that we can expand the pool of financial skills and broaden the job opportunities for many young people.

This strategic project from the banking sector is a positive and encouraging outcome of our engagement with business this week.

Together we move South Africa Forward!

Compatriots, we have made an undertaking to spend public funds wisely and to cut wasteful expenditure, but without compromising on the core business of government and the provision of services to our people.

In 2013, the Minister of Finance announced a number of cost-containment measures. Excessive and wasteful expenditure has been reduced, but there is still more to be done to cut wastage.

I would like to announce some measures this evening. Overseas trips will be curtailed 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. The Minister of Finance will announce more measures and further details in the budget vote speech on 24 February.

The executive management and boards of public agencies and SOCs must undertake similar measures. I also invite Premiers of all nine provinces as well as mayors to join us as we begin eliminating wasteful expenditure within government. I trust that Parliament and the judiciary will also be persuaded to consider the implementation of similar measures.

Compatriots, a big expenditure item, that we 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 believe that the matter requires the attention of Parliament soon. Compatriots, we all have a lot to do to turn the economy around and to cut wastage. We will go through a difficult period for a while, but when the economy recovers, we will be proud of ourselves for having done the right thing.

Compatriots, I would now like to report back on the undertakings made last year.

During the State of the Nation Address in February 2015, I announced the Nine-Point Plan to respond to sluggish growth.

The Nine-Point Plan consists of:

- a. Revitalisation of the agriculture and agro-processing value-chain;
- b. Advancing beneficiation adding value to our mineral wealth;
- c. More effective implementation of a higher impact Industrial Policy Action Plan;
- d. Unlocking the potential of SMMEs, cooperatives, township and rural enterprises;

- e. Resolving the energy challenge;
- f. Stabilising the labour market;
- g. Scaling-up private-sector investment;
- h. Growing the ocean economy;
- i. Cross-cutting areas to reform, boost and diversify the economy;
- i. Science, technology and innovation
- ii. Water and sanitation
- iii. Transport infrastructure
- iv. Broadband roll-out
- v. SOCs.

We have made significant progress in the implementation of the plan.

Progress has been made to stabilise the electricity supply. There has been no load shedding since August last year, which has brought relief to both households and industry alike.

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.

In 2016, government will select the preferred bidders for the coal independent power producer. 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.

Our plan is to introduce 9 600 megawatts of nuclear energy in the next decade, in addition to running Koeberg Nuclear Power Plant.

We will test the market to ascertain the true cost of building modern nuclear plants.

Let me emphasise that we will only procure nuclear on a scale and pace that our country can afford.

Compatriots, our 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.

Progress has been made in these sectors.

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

The clothing and textile sector has also been successfully stabilised after a difficult few years.

Multinational companies such as Nestle, Unilever, Samsung and Hisense have also affirmed South Africa as a regional manufacturing hub.

They have retained and expanded their investments in new plants.

Indeed the progress made in manufacturing has certainly demonstrated that the incentive programmes are effective and attractive to investors.

Compatriots, I announced programmes for the revitalisation of agriculture last year. We introduced the Agri-Parks Programme, aimed at increasing the participation of small holder farmers in agricultural activities.

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

The agricultural programmes must empower women farmers as well. Allow me to introduce the winner of the Female Entrepreneur of the Year 2015, Ms Julia Shungube, from Nkomazi Local Municipality in Mpumalanga.

Honourable Speaker and Chairperson,

Land reform remains an important factor as we pursue transformation. I spoke about the 50/50 policy framework last year, which proposes relative rights for people who live and work on farms.

Twenty-seven proposals have been received from commercial farmers and four are being implemented in the Eastern Cape and the Free State.

I also announced the Regulation of Land Holdings Bill, which would 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. The draft Bill will be presented to Cabinet in the first semester of the year.

We also announced the reopening of land claims for people who had missed the 1998 deadline. The number of new land claims that have been lodged stood at close to 120 000 as of December last year.

Compatriots, as we are aware, five provinces have been seriously affected by drought, namely North West, KwaZulu-Natal, Free State, Limpopo and Mpumalanga.

Government provides relief to affected communities. Isomiso sixakile impela ezifundazweni eziningi. Imfuyo iyafa kanti nezolimo zisele emuva. Isikhathi esinzima lesi.

Uhulumeni uzoqhubeka nokuxhasa abalimi kanye nokusiza imiphakathi ngezimoto ezithwala zamanzi.

(The drought that is currently taking place in most of our provinces is really devastating. Livestock is dying and as a result, the agricultural sector is going through a difficult period. These are tough times indeed. Government will continue to assist farmers and also provide water-tank services to communities).

Let me take this opportunity to commend the civil society initiative, Operation Hydrate and others for the provision of water relief to many communities in distress.

The building of water infrastructure remains critical so that we can expand access to our people and industry.

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 annum.

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

To curb water wastage, the Department of Water and Sanitation has begun its programme of training 15 000 young people as artisans.

Madam Speaker, Madam Chairperson,

On improving labour relations, we welcome the agreement reached by social partners at National Economic Development and Labour Council (NEDLAC) on the principle of a national minimum wage.

Deliberations continue on the level at which the minimum wage must be placed.

It is important to emphasise that the national minimum wage should be implemented in a manner that does not undermine employment creation, the thriving of small businesses or sustained economic growth.

We are also encouraged by reports from NEDLAC that a framework to stabilise the labour market by reducing the length of strikes and eliminating violence during strike action is being finalised.

We have heard the concerns of labour about the Tax Amendment Act that I signed into law in December, following its passing by Parliament.

Government is in discussion with the Congress of South African Trade Unions about the matter and a solution is being sought.

Discussions are also ongoing within government, led by the Department of Social Development and National Treasury, with regards to finalising the comprehensive social security policy.

Compatriots, only a few years ago, our mining sector was in turmoil especially on the platinum belt. The situation has improved and we commend business and labour for the progress made.

Another positive development in the mining sector was the Leaders' Declaration to Save Jobs which was signed by mining industry stakeholders in August 2015.

We urge the parties to implement the agreement and to continue seeking ways of saving jobs.

We appeal to business again that retrenchments should not be the first resort when they face difficulties.

Compatriots, in 2014 we launched the popular Operation Phakisa Big Fast results methodology and implemented it in the ocean economy, health, education and mining sectors.

Seven billion rand has been committed in new port facilities, following the adoption of a Public- Private- Partnership model for port infrastructure development by Transnet National Ports Authority.

Compatriots, we were concerned that South Africa did not own vessels while we are surrounded by about 3 000 km of a coastline.

Through the oceans economy segment of Operation Phakisa, we are trying to solve this challenge.

I am pleased that two bulk-carrier vessels have been registered in Port Elizabeth, and a third tanker in Cape Town under the South African flag.

Another positive Operation Phakisa development has been the launch of a fuel storage facility here in Cape Town, bringing an investment of R660 million.

Aquaculture appears to be an important growth area within the oceans economy segment of Operation Phakisa.

Close to R350 000 private-sector investment has thus far been committed in the aquaculture sector. Nine aquaculture farms are already in production. These farms are located within the Eastern Cape, KwaZulu-Natal, Western Cape and the Northern Cape.

We continue to promote innovation within the Nine-Point Plan programme.

The Department of Science and Technology will finalise the Sovereign Innovation fund, a Public-Private funding partnership aimed at commercialising innovations that are from ideas from the public and the private sectors.

Government will 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.

Funding to the tune of R740 million over a three-year period has been allocated in this regard.

Compatriots, a lot of work was done in the social sector as well in the past year.

Government has responded to the financial shortfall arising from the zero per cent university fee increase, as agreed in meeting with students and vice-chancellors last year.

The Minister of Finance will provide the details of education shortfall funding in the Budget Speech.

I have appointed a Judicial Commission of Inquiry into higher education. We urge all stakeholders to cooperate with the commission and help ensure its success.

On the health front, the life expectancy of South Africans for both males and females has significantly improved and is currently 62 years across genders, 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.

We acknowledge the contribution of partners in the South African National AIDS Council, which is chaired by the Deputy President.

Our next step is to revive prevention campaigns especially amongst the youth. The Minister of Health will soon announce a major campaign in this regard.

I am also happy to announce that the state-owned pharmaceutical company, Ketlaphela, has been established. The company will participate in the supply of anti-retroviral drug to the Department of Health from the 2016/17 financial year.

Meanwhile, the White Paper on National Health Insurance was released in December and is aimed at improving healthcare for everyone in South Africa.

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

We urge all citizens who are over the age of 18 to register to vote during the first registration weekend, 5 and 6 March 2016.

We urge the youth, in particular who are turning 18 years of age this year, to register in their numbers for this first-ever opportunity to cast their votes.

Our Back to Basics local government revitalisation plan was launched in September 2014 and 2015 has been the year of intensive implementation.

In this second phase of implementation, national government will engage in more active monitoring and accountability measures.

This includes 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 to guide this next phase.

The plan includes the promotion of community engagement, which is absolutely critical to enable communities to provide feedback on their experience of local government.

I already undertook a walkabout at Marabastad taxi and bus rank in Pretoria on Monday (8 February) to speak to informal traders and commuters.

The majority of complaints and issues raised related to municipal services.

They would like the Tshwane municipality to clean the area and also to fix some broken sewerage pipes. Traders said they needed and were prepared to pay.

They alerted me that many people in Elandspoort receive RDP houses but instead of occupying them, they either sell them or rent them out to other people.

Mrs Baloyi, who runs a stall, complained about nyaope drug addicts who steal goods from traders. Other commuters said I must visit Kwaggafontein in the former KwaNdebele and see the lack of service delivery. I will visit the area soon.

I was also able to speak to foreign nationals who said they queue daily to apply for documentation from the Department of Home Affairs. We will continue to visit communities to hear their concerns and suggestions. Issues raised during the visit will be followed up by the respective departments.

Compatriots, the South African Police Service is undergoing a turnaround and has adopted the Back to Basics approach to management to rebuild the organisation and to improve performance at all under-performing police stations.

We note sadly, as well that 57 police officers have been murdered to date during the 2015/16 financial year. We condemn this criminality strongly.

We urge the police to defend themselves when attacked, within the confines of the law.

Compatriots, the African continent remains central to our foreign policy engagements.

South Africa continued to support peace and security and regional economic integration through participation in the African Union and the Southern African Development Community initiatives.

We continued to assist sister countries in resolving their issues, for example, in Lesotho and South Sudan.

The South African National Defence Force represented the country bravely and remarkably well in peacekeeping missions on the continent. We are truly proud of our soldiers. They will be showcasing their capability in Port Elizabeth from 13 to 21 February, the celebration of Armed Forces Day.

The agreement by BRICS nations on the New Development Bank or BRICS Bank came into force and the bank is envisaged to approve its inaugural projects in April this year.

We participated in the India-Africa Summit as well as the Forum on Cooperation between Africa and China as we strengthened these important partnerships.

China announced investments of US\$50 billion of which South Africa will receive US\$10 billion for infrastructure, industrialisation and skills development.

On North-South cooperation, we continued our engagements with the European Union (EU) as a bloc, which is our largest trading partner and foreign investor.

Over 2 000 EU companies operate within South Africa, creating over 350 000 jobs.

South Africa's relations with the United States of America 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) provides a platform for the enhancement of industrialisation and regional integration. All outstanding issues around AGOA are being attended to.

Compatriots, we extend good wishes to all athletes who have qualified for the Olympic Games to be held in Rio de Janeiro. We encourage participation in several programmes aimed at promoting healthy lifestyles and nation building.

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

Compatriots, a committee has been established to coordinate the participation of our performing arts legends in nation building activities in the country.

The Living Legends committee is chaired by playwright, Mr Welcome Msomi, working with music icon, Ms Letta Mbulu, as deputy chairperson.

We are also happy that musicians and actors, among others, heeded our call to unite and have formed the Creative Industries Federation of South Africa. The Presidency has established the Presidential Creative Industries Task Team to support our artists.

Compatriots, to achieve our objectives of creating jobs, reducing inequality and pushing back the frontiers of poverty, we need faster growth.

In the NDP, we set our aspirational target growth of 5% per year, which we had hoped to achieve by 2019.

Given the economic conditions I have painted earlier on, it is clear that we will not achieve that growth target at the time we had hoped to achieve it.

The tough global and domestic conditions should propel us to redouble our efforts, working together as all sectors. In this regard, it is important to act decisively to remove domestic constraints to growth.

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.

I thank you.

Issued by: The Presidency.