

**STATE OF THE NATION ADDRESS BY THE PRESIDENT OF THE REPUBLIC OF  
SOUTH AFRICA, MR CYRIL RAMAPHOSA**

16 FEBRUARY 2018

PARLIAMENT

Speaker of the National Assembly, Ms Baleka Mbete,  
Chairperson of the National Council of Provinces, Ms Thandi Modise,  
Deputy Speaker of the National Assembly and Deputy Chairperson of the NCOP,  
Former President Thabo Mbeki,  
Former Deputy President FW de Klerk,  
Chief Justice Mogoeng Mogoeng and all esteemed members of the judiciary,  
Ministers and Deputy Ministers,  
Premiers and Speakers of Provincial Legislatures,  
Chairperson of SALGA and all Executive Mayors present,  
The Heads of Chapter 9 Institutions,  
Chairperson of the National House of Traditional Leaders,  
Leaders of faith based organisations,  
Former Speaker Dr Frene Ginwala,  
Former Speaker Mr Max Sisulu,  
Invited Guests  
Veterans of the struggle for liberation,  
Members of the Diplomatic Corps,  
Honourable members,  
Fellow South Africans,

It is a great honour and privilege to deliver this State of the Nation Address.

This Address should have been delivered last week, but was delayed so that we could properly manage issues of political transition.

I wish to thank Honourable Members and the people of South Africa for their patience and forbearance.

I also wish to extend a word of gratitude to former President Jacob Zuma for the manner in which he approached this difficult and sensitive process.

I wish to thank him for his service to the nation during his two terms as President of the Republic, during which the country made significant progress in several areas of development.

Fellow South Africans,

In just over 150 days from now, the peoples of the world will unite in celebrating the 100<sup>th</sup> anniversary of the birth of Nelson Rolihlahla Mandela.

It is a day on which we, as South Africans, will remember the life of one of the most remarkable leaders this country and this continent – and indeed, the world – has known.

We will recount Madiba's long walk to freedom, his wisdom, his unfailing humility, his abiding compassion and his essential integrity.

We have dedicated this year to his memory and we will devote our every action, every effort, every utterance to the realisation of his vision of a democratic, just and equitable society.

Guided by his example, we will use this year to reinforce our commitment to ethical behaviour and ethical leadership.

In celebrating the centenary of Nelson Mandela we are not merely honouring the past, we are building the future.

We are continuing the long walk he began, to build a society in which all may be free, in which all may be equal before the law and in which all may share in the wealth of our land and have a better life.

We are building a country where a person's prospects are determined by their own initiative and hard work, and not by the colour of their skin, place of birth, gender, language or income of their parents.

This year, we also celebrate the centenary of another giant of our struggle, Albertina Nontsikelelo Sisulu.

Through her remarkable life and outstanding contribution, she defined what it means to be a freedom fighter, a leader and a diligent and disciplined servant of the people.

Through her leadership, she embodied the fundamental link between national liberation and gender emancipation.

As we mark her centenary, we reaffirm that no liberation can be complete and no nation can be free until its women are free.

We honour this son and this daughter of the African soil in a year of change, in a year of renewal, in a year of hope.

We honour them not only in word, but, more importantly, in direct action towards the achievement of their shared vision of a better society.

We should honour Madiba by putting behind us the era of discord, disunity and disillusionment.

We should put behind us the era of diminishing trust in public institutions and weakened confidence in leaders.

We should put all the negativity that has dogged our country behind us because a new dawn is upon us.

It is a new dawn that is inspired by our collective memory of Nelson Mandela and the changes that are unfolding.

As we rid our minds of all negativity, we should reaffirm our belief that South Africa belongs to all who live in it.

For though we are a diverse people, we are one nation.

There are 57 million of us, each with different histories, languages, cultures, experiences, views and interests.

Yet we are bound together by a common destiny.

For this, we owe much to our forebearers – people like Pixley ka Seme, Charlotte Maxeke and Chief Albert Luthuli – who understood the necessity of the unity and harmony of all the people of this great land.

We are a nation at one.

We are one people, committed to work together to find jobs for our youth; to build factories and roads, houses and clinics; to prepare our children for a world of change and progress; to build cities and towns where families may be safe, productive and content.

We are determined to build a society defined by decency and integrity, that does not tolerate the plunder of public resources, nor the theft by corporate criminals of the hard-earned savings of ordinary people.

While there are many issues on which we may differ, on these fundamental matters, we are at one.

We know that there is still a lot that divides us.

We remain a highly unequal society, in which poverty and prosperity are still defined by race and gender.

We have been given the responsibility to build a new nation, to confront the injustices of the past and the inequalities of the present.

We are called upon to do so under difficult conditions.

The state we are in as a nation is that while poverty declined significantly following the democratic breakthrough of 1994, we have seen reverses in recent years.

Poverty levels rose in 2015, unemployment has gone up and inequality has persisted.

For several years our economy has not grown at the pace needed to create enough jobs or lift our people out of poverty.

Public finances have been constrained, limiting the ability of government to expand its investment in economic and social development.

Despite these challenging conditions, we have managed – working together – to achieve progress in improving the lives of our people.

Even under conditions of weak growth, our economy has created jobs, but not at the pace required to absorb new entrants into the labour market.

This means that as we pursue higher levels of economic growth and investment, we need to take additional measures to reduce poverty and meet the needs of the unemployed.

Since the start of the current Parliament, our public employment programmes have created more than 3.2 million work opportunities.

In the context of widespread unemployment, they continue to provide much needed income, work experience and training.

We have taken measures to reduce the cost of living, especially for the poor.

Government's free basic services programme currently supports more than 3.5 million indigent households.

More than 17 million social grants are paid each month, benefiting nearly a third of the population.

We know, however, that if we are to break the cycle of poverty, we need to educate the children of the poor.

We have insisted that this should start in early childhood.

Today we have nearly a million children in early childhood development facilities.

We are seeing improvements in the outcomes of our basic education system.

The matric pass rate increased from 60.6 percent in 2009 to 75.1 percent last year.

There are currently almost a million students enrolled in higher education, up from just over 500,000 in 1994.

As we enter a new era, we are determined to build on these achievements, confront the challenges we face and accelerate progress in building a more prosperous and equitable society.

We have seen a moderate recovery in our economy and a broader, sustained recovery in the global economy.

Commodity prices have improved, the stock market has risen, the rand has strengthened and there are early indications that investor confidence is on the rise.

We have taken decisive measures to address concerns about political instability and are committed to ensure policy certainty and consistency.

There is a greater sense of optimism among our people.

Our people are hopeful about the future.

Business confidence among South African companies has improved and foreign investors are looking anew at opportunities in our country.

Some financial institutions have identified South Africa as one of the hot emerging markets for 2018.

Our task, as South Africans, is to seize this moment of hope and renewal, and to work together to ensure that it makes a meaningful difference in the lives of our people.

This year, we will be initiating measures to set the country on a new path of growth, employment and transformation.

We will do this by getting social partners in our country to collaborate in building a social compact on which we will create drivers of economic recovery.

We have to build further on the collaboration with business and labour to restore confidence and prevent an investment downgrade.

Tough decisions have to be made to close our fiscal gap, stabilise our debt and restore our state-owned enterprises to health.

At the centre of our national agenda in 2018 is the creation of jobs, especially for the youth.

We are going to embark on a number of measures to address the unemployment challenge.

One of the initiatives will be to convene a Jobs Summit within the next few months to align the efforts of every sector and every stakeholder behind the imperative of job creation.

The summit will look at what we need to do to ensure our economy grows and becomes more productive, that companies invest on a far greater scale, that workers are better equipped, and that our economic infrastructure is expanded.

We will expect this summit to come up with practical solutions and initiatives that will be implemented immediately.

We will make a major push this year to encourage significant new investment in our economy.

To this end, we will organise an Investment Conference in the next three months, targeting both domestic and international investors, to market the compelling investment opportunities to be found in our country.

We are going to address the decline over many years of our manufacturing capacity, which has deeply affected employment and exports.

We will seek to re-industrialise on a scale and at a pace that draws millions of job seekers into the economy.

We are going to promote greater investment in key manufacturing sectors through the strategic use of incentives and other measures.

To further stimulate manufacturing, we will forge ahead with the localisation programme, through which products like textile, clothing, furniture, rail rolling stock and water meters are designated for local procurement.

We have already spent more than R57 billion on locally-produced goods that may have been imported from other countries.



Special economic zones remain important instruments we will use to attract strategic foreign and domestic direct investment and build targeted industrial capabilities and establish new industrial hubs.

The process of industrialisation must be underpinned by transformation.

Through measures like preferential procurement and the black industrialists programme, we are developing a new generation of black and women producers that are able to build enterprises of significant scale and capability.

We will improve our capacity to support black professionals, deal decisively with companies that resist transformation, use competition policy to open markets up to new black entrants, and invest in the development of businesses in townships and rural areas.

Radical economic transformation requires that we fundamentally improve the position of black women and communities in the economy, ensuring that they are owners, managers, producers and financiers.

Our most grave and most pressing challenge is youth unemployment.

It is therefore a matter of great urgency that we draw young people in far greater numbers into productive economic activity.

Young South Africans will be moved to the centre of our economic agenda.

They are already forming a greater proportion of the labour force on our infrastructure projects and are the primary beneficiaries of programmes such as the installation of solar water heaters and the war on leaks.

We continue to draw young people in far greater numbers into productive economic activity through programmes such as the Employment Tax Incentive.

Working in partnership with business, organised labour and community representatives, we are creating opportunities for young people to be exposed to the world of work through internships, apprenticeships, mentorship and entrepreneurship.

Next month, we will launch the Youth Employment Service initiative, which will place unemployed youth in paid internships in companies across the economy.

Together with our partners in business, we have agreed to create a million such internships in the next three years.

If we are to respond effectively to the needs of youth, it is essential that young people articulate their views and are able to engage with government at the highest level.

I will therefore be establishing a Youth Working Group that is representative of all young South Africans to ensure that our policies and programmes advance their interests.

Infrastructure investment is key to our efforts to grow the economy, create jobs, empower small businesses and provide services to our people.

We have invested heavily in new roads, power stations, schools and other infrastructure.

As some of our projects are taking time to get off the ground and to enhance our efforts, I will assemble a team to speed up implementation of new projects, particularly water projects, health facilities and road maintenance.

We have learnt some valuable lessons from our experience in building all the new infrastructure, which will inform our way ahead.

We will focus on improvements in our budget and monitoring systems, improve the integration of projects and build a broad compact on infrastructure with business and organised labour.

Mining is another area that has massive unrealised potential for growth and job creation is mining.

We need to see mining as a sunrise industry.

With the revival in commodity prices, we are determined to work with mining companies, unions and communities to grow the sector, attract new investment, create jobs and set the industry on a new path of transformation and sustainability.

This year, we will intensify engagements with all stakeholders on the Mining Charter to ensure that it is truly an effective instrument to sustainably transform the face of mining in South Africa.

By working together, in a genuine partnership, underscored by trust and a shared vision, I am certain we will be able to resolve the current impasse and agree on a Charter that both accelerates transformation and grows this vital sector of our economy.

Processing of the MPRDA Amendment Bill through both houses of parliament is at an advanced stage, with an indication by Parliament that the Bill will reasonably be finalised during the first quarter of 2018.

The Bill, once enacted into law, will entrench existing regulatory certainty, provide for security of tenure and advance the socio-economic interests of all South Africans.

We are extremely concerned about the rise in mining fatalities last year.

We call on mining companies to work together with all stakeholders to ensure that mine accidents are dramatically reduced.

One mining fatality is one too many.

Fellow South Africans,

Ultimately, the growth of our economy will be sustained by small businesses, as is the case in many countries.

It is our shared responsibility to grow this vital sector of the economy.

We will work with our social partners to build a small business support ecosystem that assists, nourishes and promotes entrepreneurs.

Government will honour its undertaking to set aside at least 30 percent of public procurement to SMMEs, cooperatives and township and rural enterprises.

We will continue to invest in small business incubation.

We encourage business to do the same.

The establishment through the CEOs Initiative of a small business fund – which currently stands at R1.5 billion – is an outstanding example of the role that the private sector can play.

Government is finalising a small business and innovation fund targeted at start-ups.

We will reduce the regulatory barriers for small businesses.

We are also working to expand economic opportunities for people with disabilities.

Among other things, the Small Enterprise Finance Agency – SEFA – has launched a scheme to develop and fund entrepreneurs with disabilities called the Amavulandlela Funding Scheme.

Agriculture presents one of the greatest opportunities to significantly grow our economy and create jobs.

Agriculture made the largest contribution, by a significant margin, to the improved growth of our economy in the second and third quarters of 2017.

This year, we will take decisive action to realise the enormous economic potential of agriculture.

We will accelerate our land redistribution programme not only to redress a grave historical injustice, but also to bring more producers into the agricultural sector and to make more land available for cultivation.

We will pursue a comprehensive approach that makes effective use of all the mechanisms at our disposal.

Guided by the resolutions of the 54<sup>th</sup> National Conference of the governing party, this approach will include the expropriation of land without compensation.

We are determined that expropriation without compensation should be implemented in a way that increases agricultural production, improves food security and ensure that the land is returned to those from whom it was taken under colonialism and apartheid.

Government will undertake a process of consultation to determine the modalities of the implementation of this resolution.

We make a special call to financial institutions to be our partners in mobilising resources to accelerate the land redistribution programme as increased investment will be needed in this sector.

Tourism is another area which provides our country with incredible opportunities to, quite literally, shine.

Tourism currently sustains 700,000 direct jobs and is performing better than most other growth sectors.

There is no reason why it can't double in size.

We have the most beautiful country in the world and the most hospitable people.

This year, we will enhance support for destination marketing in key tourism markets and take further measures to reduce regulatory barriers and develop emerging tourism businesses.

We call on all South Africans to open their homes and their hearts to the world.

Our prosperity as a nation depends on our ability to take full advantage rapid technological change.

This means that we urgently need to develop our capabilities in the areas of science, technology and innovation.

We will soon establish a Digital Industrial Revolution Commission, which will include the private sector and civil society, to ensure that our country is in a position to seize the opportunities and manage the challenges of rapid advances in information and communication technology.

The drive towards the digital industrial revolution will be underpinned by the availability of efficient networks.

We will finalise our engagements with the telecommunications industry and other stakeholders to ensure that the allocation of spectrum reduces barriers to entry, promotes competition and reduces the cost to consumers.

South Africa has acceded to the Tripartite Free Trade Area agreement, which brings together SADC, COMESA and the East African Community.

The free trade area will combine markets of 26 countries with a population of nearly 625 million.

It will open market access opportunities for South African export products, contribute to job creation and the growth of South Africa's industrial sector.

Negotiations towards the Continental Free Trade Agreement are progressing at a brisk pace, and it is expected that the framework agreement could be concluded soon.

South Africa will this year take over the chair of the BRICS group of countries, and will give priority to the promotion of value-added trade and intra-BRICS investment into productive sectors.

Fellow South Africans,

On the 1<sup>st</sup> of May this year, we will introduce the first national minimum wage in South Africa.

This historic achievement – a realisation of one of the demands of the Freedom Charter – is expected to increase the earnings of more than six million working South Africans and improve the living conditions of households across the country.

The introduction of a national minimum wage was made possible by the determination of all social partners to reduce wage inequality while maintaining economic growth and employment creation.

It stands as another example of what is possible when South Africans engage in meaningful dialogue to resolve differences and confront challenges.

To ensure greater coherence and consistency in the implementation of economic policy – and to ensure that we are better equipped to respond to changing economic circumstances – I will be appointing a Presidential Economic Advisory Council.

It will draw on the expertise and capabilities that reside in labour, business, civil society and academia.

The country remains gripped by one of the most devastating droughts in a century, which has severely impacted our economy, social services and agricultural production.

The drought situation in the Western Cape, Eastern Cape and Northern Cape has been elevated to a national state of disaster.

This gives national government the authority to manage and coordinate our response nationally with support from all provinces.

This will ensure that we also heighten integrated measures to support the provinces that are hardest hit.

We are looking at activating the necessary extraordinary measures permitted under the legislation.

I commend the people of Cape Town and the rest of the Western Cape for diligently observing water saving measures.

We call on everyone in the country to use water sparingly as we are a water-scarce country that relies on this vital resource to realise our development aspirations.

Honourable Members,

On 16 December last year, former President Jacob Zuma announced that government would be phasing in fully subsidised free higher education and training for poor and working class South Africans over a five-year period.

Starting this year, free higher education and training will be available to first year students from households with a gross combined annual income of up to R350,000.



The Minister of Higher Education and Training will lead the implementation of this policy, while the Minister of Finance will clarify all aspects of the financing of the scheme during his Budget Speech next week.

In addition to promoting social justice, an investment of this scale in higher education is expected to contribute to greater economic growth, reduce poverty, reduce inequality, enhance earnings and increase the competitiveness of our economy.

Government will continue to invest in expanding access to quality basic education and improving the outcomes of our public schools.

The Funza Lushaka Bursary programme plans to award 39,500 bursaries for Initial Teacher Education over the next three years.

In an historic first, from the beginning of this year, all public schools have begun offering an African language.

Also significant is the implementation of the first National Senior Certificate examination on South African Sign Language, which will be offered to deaf learners at the end of 2018.

The Accelerated Schools Infrastructure Delivery Initiative programme continues to deliver modern facilities to schools in rural and underprivileged urban areas across the country, with at least 187 schools being complete to date.

The programme will complete all outstanding projects by the end of the next financial year.

Social grants remain a vital lifeline for millions of our people living in poverty.

We will urgently take decisive steps to comply with the all directions of the Constitutional Court.

I want to personally allay fears of any disruption to the efficient delivery of this critical service, and will take action to ensure no person in government is undermining implementation deadlines set by the court.

We will finalise work on a permanent public sector-led hybrid model, which will allow a set of public and private sector service providers to offer beneficiaries maximum choice, access and convenience.

This year, we will take the next critical steps to eliminate HIV from our midst.

By scaling up our testing and treating campaign, we will initiate an additional two million people on antiretroviral treatment by December 2020.

We will also need to confront lifestyles diseases such as high blood pressure, diabetes, cancers and cardiovascular diseases.

In the next three months we will launch a huge cancer campaign similar to the HIV counselling and testing campaign.

This will also involve the private sector as we need to mobilise all resources to fight this disease.

The time has now arrived to finally implement universal health coverage through the National Health Insurance.

The NHI Bill is now ready to be processed through government and will be submitted to Parliament in the next few weeks.

Certain NHI projects targeting the most vulnerable people in society will commence in April this year.

In improving the quality of life of all South Africans, we must intensify our efforts to tackle crime and build safer communities.

During the course of this year, the Community Policing Strategy will be implemented, with the aim of gaining the trust of the community and to secure their full involvement in the fight against crime.

The introduction of a Youth Crime Prevention Strategy will empower and support young people to be self-sufficient and become involved in crime fighting initiatives.

A key focus this year will be the distribution of resources to police station level.

This will include personnel and other resources, to restore capacity and experience at the level at which crime is most effectively combated.

In recognising the critical role that NGOs and community-based organisation play in tackling poverty, inequality and related social problems, we will convene a Social Sector Summit during the course of this year.

Among other things, this Summit should seek to improve the interface between the state and civil society and address the challenges that NGOs and CBOs face.

Fellow South Africans,

Growth, development and transformation depend on a strong and capable state.

It is critical that the structure and size of the state is optimally suited to meet the needs of the people and ensure the most efficient allocation of public resources.

We will therefore initiate a process to review the configuration, number and size of national government departments.

Many of our state owned enterprises are experiencing severe financial, operation and governance challenges, which has impacted on the performance of the economy and placed pressure on the fiscus.

We will intervene decisively to stabilise and revitalise state owned enterprises.

The recent action we have taken at Eskom to strengthen governance, root out corruption and restore its financial position is just the beginning.

Government will take further measures to ensure that all state owned companies fulfil their economic and developmental mandates.

We will need to confront the reality that the challenges at some of our SOEs are structural – that they do not have a sufficient revenue stream to fund their operational costs.

These SOEs cannot borrow their way out of their financial difficulties, and we will therefore undertake a process of consultation with all stakeholders to review the funding model of SOEs and other measures.

We will change the way that boards are appointed so that only people with expertise, experience and integrity serve in these vital positions.

We will remove board members from any role in procurement and work with the Auditor-General to strengthen external audit processes.

As we address challenges in specific companies, work will continue on the broad architecture of the state owned enterprises sector to achieve better coordination, oversight and sustainability.

This is the year in which we will turn the tide of corruption in our public institutions.

The criminal justice institutions have been taking initiatives that will enable us to deal effectively with corruption.

The commission of inquiry into state capture headed by the Deputy Chief Justice, Judge Raymond Zondo, is expected to commence its work shortly.

The Commission is critical to ensuring that the extent and nature of state capture is established, that confidence in public institutions is restored and that those responsible for any wrongdoing are identified.

The Commission should not displace the regular work of the country's law enforcement agencies in investigating and prosecuting any and all acts of corruption.

*Amasela aba imali ka Rhilumente mawabanjwe.*

We must fight corruption, fraud and collusion in the private sector with the same purpose and intensity.

We must remember that every time someone receives a bribe there is someone who is prepared to pay it.

We will make sure that we deal with both in an effective manner.

We urge professional bodies and regulatory authorities to take action against members who are found to have acted improperly and unethically.

This requires that we strengthen law enforcement institutions and that we shield them from external interference or manipulation.

We will urgently attend to the leadership issues at the National Prosecuting Authority to ensure that this critical institution is stabilised and able to perform its mandate unhindered.

We will also take steps to stabilise and strengthen vital institutions like the South African Revenue Service.

We must understand that tax morality is dependent on an implicit contract between taxpayers and government that state spending provides value for money and is free from corruption.

At the request of the Minister of Finance, I will shortly appoint a Commission of Inquiry into Tax Administration and Governance of SARS, to ensure that we restore the credibility of the Service and strengthen its capacity to meet its revenue targets.

Our state employs one million public servants.

The majority of them serve our people with diligence and commitment.

We applaud them for the excellent work they do.

However, we know the challenges that our people face when they interact with the state.

In too many cases, they often get poor service or no service at all.

We want our public servants to adhere to the principle of Batho Pele, of putting our people first.

We are determined that everyone in public service should undertake their responsibilities with efficiency, diligence and integrity.

We want to instil a new discipline, to do things correctly, to do them completely and to do them timeously.

We call on all public servants to become agents for change.

During the course of the next few months, I will visit every national department to engage with the senior leadership to ensure that the work of government is effectively aligned.

I will also find time to meet with provincial and local government leaders to ensure that the state, in its entirety, responds to the pressing needs of our people.

Fellow South Africans,

Our country has entered a period of change.

While change can produce uncertainty, even anxiety, it also offers great opportunities for renewal and revitalisation, and for progress.

Together we are going to make history.

We have done it before and we will do it again – bonded by our common love for our country, resolute in our determination to overcome the challenges that lie ahead and convinced that by working together we will build the fair and just and decent society to which Nelson Mandela dedicated his life.

As I conclude, allow me to recall the words of the late great Bra Hugh Masekela.

In his song, 'Thuma Mina', he anticipated a day of renewal, of new beginnings.

He sang:

*"I wanna be there when the people start to turn it around  
When they triumph over poverty  
I wanna be there when the people win the battle against AIDS  
I wanna lend a hand  
I wanna be there for the alcoholic  
I wanna be there for the drug addict  
I wanna be there for the victims of violence and abuse  
I wanna lend a hand  
Send me."*

We are at a moment in the history of our nation when the people, through their determination, have started to turn the country around.

We can envisage the triumph over poverty, we can see the end of the battle against AIDS.

Now is the time to lend a hand.

Now is the time for each of us to say 'send me'.

Now is the time for all of us to work together, in honour of Nelson Mandela, to build a new, better South Africa for all.

I thank you.