

STATE OF THE NATION ADDRESS BY PRESIDENT CYRIL RAMAPHOSA

PARLIAMENT, CAPE TOWN

13 FEBRUARY 2020

Speaker of the National Assembly, Ms Thandi Modise,
Chairperson of the National Council of Provinces, Mr Amos Masondo,
Deputy President David Mabuza,
Chief Justice Mogoeng Mogoeng and esteemed members of the judiciary,
Former President Thabo Mbeki and Mrs Mbeki,
Former President Kgalema Motlanthe and Mrs Motlanthe,
Former Deputy President FW de Klerk and Mrs De Klerk,
Former Speaker Ms Baleka Mbete and Mr Khomo,
President of the Pan African Parliament, HE Mr Roger Nkodo Dang,
UN Women SA Representative, Ms Anne Githuku-Shongwe,
Isithwalandwe, Mr Andrew Mlangeni,
Ministers and Deputy Ministers,
Premiers and Speakers of Provincial Legislatures,
President of SALGA and Executive Mayors,
Governor of the South African Reserve Bank, Mr Lesetja Kganyago,
Heads of Chapter 9 Institutions,
Leaders of faith based organisations,
Leaders of academic and research institutions,
Members of the Diplomatic Corps,
Invited Guests,
Honourable Members of the National Assembly,
Honourable Members of the National Council of Provinces,
Fellow South Africans,

It is 30 years since Nelson Rolihlahla Mandela walked out of the gates of Victor Verster Prison, a moment in our history that signalled perhaps more vividly than any other that freedom was at hand.

As he stood on the balcony of Cape Town City Hall to address the masses who had come in their tens of thousands to welcome him, he said:

‘Our march to freedom is irreversible. We must not allow fear to stand in our way.’

Now, 30 years later, as we continue our onward march to improve the lives of our people, as we confront great challenges, as we endure troubled times, we too cannot allow fear to stand in our way.

We must forge ahead, permitting neither adversity nor doubt to divert us.

As we gather to reflect on the state of our nation, we are joined by the family of Basil February, a courageous young freedom fighter who lost his life in Zimbabwe in the Wankie campaign of 1967.

For half a century his resting place, like those of several of his comrades, has, until now, remained unknown.

His contribution, his sacrifice, has never been forgotten.

This evening, we gather here humbled by the memories of those men and women who gave their lives for our freedom, deeply aware of the great responsibility we carry to realise their dreams.

There are times when we have fallen short, there are times when we have made mistakes, but we remain unwavering in our determination to build a society that is free and equal and at peace.

Our history tells us that when we are united in peace and faith, we can conquer all obstacles and turn our country into a place in which we all feel safe and comfortable.

It is in that spirit that we now approach the present moment.

Our country is facing a stark reality.

Our economy has not grown at any meaningful rate for over a decade.

Even as jobs are being created, the rate of unemployment is deepening.

The recovery of our economy has stalled as persistent energy shortages have disrupted businesses and people's lives.

Several state owned enterprises are in distress, and our public finances are under severe pressure.

It is you, the people of South Africa, who carry this burden, confronted by rising living costs, unable to escape poverty, unable to realise your potential.

Yet, at the same time, there is another part to our reality.

It is the reality of a youthful population that has more access to education than ever before and which is achieving steadily improving outcomes.

It is the reality of 2.4 million children in early childhood development and pre-school.

It is about the 81% of learners who passed matric last year, with an increasing proportion coming from rural and township schools.

For this great achievement, we applaud the Class of 2019.

Our reality is also that of the 720,000 students who received state funding for TVET colleges and universities last year.

It is about the 6.8 million South Africans who know their HIV status, about the 5 million people who have been initiated on antiretroviral treatment and the 4.2 million people whose HIV viral load is, as a consequence, undetectable.

These are not just statistics.

These are lives being improved.

They are signs of progress.

Our reality is also one of unbounded potential.

Of a soil that is rich in minerals and in a diversity of plant and animal life that has few equals in the world.

Of a deep capital base, extensive infrastructure, sound laws and robust institutions.

Of a rich, diverse, young and talented people.

Tonight, we are joined by Zozibini Tunzi, whose ascendance to the Miss Universe title is a reminder of our potential to achieve greatness against the odds.

We also welcome Springbok captain Siya Kolisi, who led a group of determined and united South Africans to become the 2019 World Rugby Champions.

We are joined this evening by another remarkable young person, Miss Sinoyolo Qumba, a Grade 11 learner from Lenasia South, who spent much of yesterday helping me to write this State of the Nation Address.

Her intellect, her social awareness, her passion and her diligence give me great confidence in the future of this country.

In my first two addresses to the nation I spoke at length about the necessity of social compacting, and the great responsibility we shoulder as government to drive collaboration and consensus.

In 1994 we chose the path of negotiation, compromise and peaceful settlement, instead of hatred and revenge.

Our history and contemporary experience has taught us that if we are to achieve what we set out to do, we must focus on what unites instead of divides.

The greatest strength of our constitutional democracy, and the reason it has endured, is because we have been able to forge broad-based coalitions and social compacts, be they with business, labour, special interest groups or wider civil society.

Achieving consensus and building social compacts is a not demonstration of weakness. It is the very essence of who we are.

That is why over the past two years we have been hard at work seeking to forge and build consensus around our economic recovery plan.

In his inaugural address on the 10th of May 1994, President Nelson Mandela said:

“Today we enter into a covenant that we shall build a society in which all South Africans, both black and white, will be able to walk tall, without fear in their hearts, assured of their inalienable right to human dignity.”

This government remains irrevocably committed to upholding that covenant.

It is a covenant that is rooted in the strategic objective of our National Development Plan, which is to eliminate poverty and reduce inequality by 2030.

Let us frankly admit that that the government cannot solve our economic challenges alone.

Even if we were to marshal every single resource at our disposal, and engage on a huge expenditure of public funds, we would not alone be able to guarantee employment to the millions of people who are out of work.

What we have achieved, we have achieved together.

Over the course of the last two years – since I first stood here to deliver a State of the Nation Address – we have worked to forge compacts among South Africans to answer the many challenges before us.

Through the Jobs Summit, we brought labour, business, government and communities together to find solutions to the unemployment crisis, and we continue to meet at the beginning of every month to remove blockages and drive interventions that will save and create jobs.

We have come together, as government and civil society, as communities and faith-based groupings, to confront the violence that is perpetrated by men against women.

We have brought business, labour and government together to craft master plans for those industries that have the greatest potential for growth.

We have come together as different spheres of government, as different state entities, as business associations and community groups under a new district development model that is fundamentally changing our approach to local development.

We have been building social compacts because it is through partnership and cooperation that we progress.

Together, over these last two years, we have worked to stabilise our economy and build a foundation for growth.

We have been deliberate in rebuilding institutions and removing impediments to investment.

We have acted decisively against state capture and fought back against corruption.

We have steadily improved the reach of education, improved the quality of health care and tended to the basic needs of the poor.

Yet, that has not been enough.

It has not been enough to free our economy from the grim inheritance of our past, nor from the mistakes that we ourselves have made.

It has not been enough to spare us from the debilitating effects of load-shedding, nor from an unstable and subdued global economy.

And so we find ourselves today at a decisive moment.

We have a choice.

We can succumb to the many and difficult and protracted problems that confront us, or we can confront them, with resolve and determination and with action.

Because we choose to confront our challenges, our immediate, vital and overarching task is to place our economy on a path of inclusive growth.

Without growth there will be no jobs, and without jobs there will be no meaningful improvement in the lives of our people.

This State of the Nation Address is therefore about inclusive growth.

It is about the critical actions we take this year to build a capable state and place our economy on the path to recovery.

This year, we fix the fundamentals.

We pursue critical areas of growth.

And we ensure excellence in planning and execution in government.

Fellow South Africans,

For over a decade, South Africans have had to contend with the effects of a constrained energy supply.

I have spoken extensively about the critical role that Eskom plays in the economy of our country and in the livelihood of every South African.

The load shedding of the last few months has had a debilitating effect on our country.

It has severely set back our efforts to rebuild the economy and to create jobs.

Every time it occurs, it disrupts people's lives, causing frustration, inconvenience, hardship.

At its core, load-shedding is the inevitable consequence of Eskom's inability over many years – due to debt, lack of capacity and state capture – to service its power plants.

The reality that we will need to accept is that in order for Eskom to undertake the fundamental maintenance necessary to improve the reliability of supply, load-shedding will remain a possibility for the immediate future.

Where load-shedding is unavoidable, it must be undertaken in a manner that is predictable and minimises disruption and the cost to firms and households.

Over the next few months, as Eskom works to restore its operational capabilities, we will be implementing measures that will fundamentally change the trajectory of energy generation in our country.

We are taking the following measures to rapidly and significantly increase generation capacity outside of Eskom:

- A Section 34 Ministerial Determination will be issued shortly to give effect to the Integrated Resource Plan 2019, enabling the development of additional grid

capacity from renewable energy, natural gas, hydro power, battery storage and coal.

- We will initiate the procurement of emergency power from projects that can deliver electricity into the grid within 3 to 12 months from approval.
- The National Energy Regulator will continue to register small scale distributed generation for own use of under 1 MW, for which no licence is required.
- The National Energy Regulator will ensure that all applications by commercial and industrial users to produce electricity for own use above 1MW are processed within the prescribed 120 days.

It should be noted that there is now no limit to installed capacity above 1MW.

- We will open bid window 5 of the renewable energy IPP and work with producers to accelerate the completion of window 4 projects.
- We will negotiate supplementary power purchase agreements to acquire additional capacity from existing wind and solar plants.
- We will also put in place measures to enable municipalities in good financial standing to procure their own power from independent power producers.

In line with the Roadmap announced last year, Eskom has started with the process of divisionalising its three operating activities – generation, transmission and distribution – each of which will have its own board and management structures.

The social partners organised under Nedlac have been meeting over the last two weeks to agree on the principles of a social compact on electricity.

This is a historic and unprecedented development since it demonstrates the commitment of all social partners to take the necessary actions and make the necessary sacrifices to secure our energy needs.

Through this compact the social partners seek an efficient, productive and fit-for-purpose Eskom that generates electricity at affordable prices for communities and industries.

This requires both a drastic reduction in costs – including a review of irregular contracts – and measures to mobilise resources that will reduce Eskom's debt and inject fresh capital where needed.

The social partners – trade unions, business, community and government – are committed to mobilising funding to address Eskom's financial crisis in a financially sustainable manner.

They would like to do this in a manner that does not put workers pensions at risk and that does not compromise the integrity of the financial system.

While they work to finalise this agreement, the reality is that our energy system will remain constrained until new energy generation comes on stream.

Through these immediate measures and the work underway to fundamentally restructure our electricity industry, we will achieve a secure supply of reliable, affordable and, ultimately, sustainable energy.

We undertake this decisive shift in our energy trajectory at a time when humankind faces its greatest existential threat in the form of climate change.

Yesterday I met Ayakha Melithafa, a young climate activist from Eerste Rivier who attended the World Economic Forum in Davos this year to call on world leaders to stand firmly for climate justice.

Ayakha asked me to make sure no African child is left behind in the transition to a low-carbon, climate resilient and sustainable society; and it is a promise I intend to keep.

The Presidential Commission on Climate Change will ensure that as we move towards a low carbon growth trajectory that we leave no one behind.

We will finalise the Climate Change Bill, which provides a regulatory framework for the effective management of inevitable climate change impacts by enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change – and identifying new industrial opportunities in the green economy.

Honourable Members,

We need to fix our public finances.

Low levels of growth mean that we are not generating enough revenue to meet our expenses, our debt is heading towards unsustainable levels, and spending is misdirected towards consumption and debt-servicing rather than infrastructure and productive activity.

We cannot continue along this path. Nor can we afford to stand still.

When he delivers his Budget Speech two weeks from now, the Minister of Finance will outline a series of measures to reduce spending and improve its composition.

We are engaged with labour and other stakeholders on measures to contain the public wage bill and reduce wastage.

Efforts to reduce government spending, prioritise resources more effectively, and improve the efficiency of our tax system are important – but insufficient – contributions towards stabilising our public finances.

Achieving sustainability will ultimately require us to address structural challenges in the economy that raise the cost of living and doing business.

By working with the Auditor-General to reduce irregular expenditure, by shifting government spending from consumption expenditure to investment in infrastructure, we aim to improve the state of public finances.

The National Treasury and the SA Reserve Bank are working together to ease pressure on business and consumers.

We have decided to establish a sovereign wealth fund as a means to preserve and grow the national endowment of our nation, giving practical meaning to the injunction that the people shall share in the country's wealth.

We are also proceeding with the establishment of a state bank as part of our effort to extend access to financial services to all South Africans.

The Minister of Finance will provide details on these in his Budget Speech.

We will be undertaking far-reaching economic reform measures that we will include those contained in the paper produced by National Treasury, entitled 'Economic Transformation, Inclusive Growth and Competitiveness'.

This year, we are moving from the stabilisation of state-owned enterprises to repurposing these strategic companies to support growth and development.

After years of state capture, corruption and mismanagement, we are working to ensure that all SOEs are able to fulfil their developmental mandate and be financially sustainable.

In consultation with the Presidential SOE Council, we will undertake a process of rationalisation of our state owned enterprises and ensure that they serve strategic economic or developmental purposes.

The extent of capture, corruption and mismanagement in SOEs is best demonstrated at South Africans Airways, which was placed in business rescue late last year.

The business rescue practitioners are expected to unveil their plans for restructuring the airline in the next few weeks.

In the interests of South Africa's aviation industry and our economy, it is essential that a future restructured airline is commercially and operationally sustainable and is not dependent on further government funding.

A key priority this year is to fix commuter rail, which is vital to the economy and to the quality of life of our people.

Our rail network daily transports over a million commuters to and from work.

We are modernising PRASA's rail network.

The Central Line in the Western Cape and the Mabopane Line in Pretoria have been closed for essential refurbishment and upgrades.

We are investing R1.4 billion in each of these lines to provide, a safe, reliable and affordable service.

Work underway on other lines includes station upgrades, parkway replacements, new signalling systems and overhead electrical traction upgrades.

As we work to fix the capabilities of the state, we know that growth and job creation will in large measure be driven by private enterprise.

We are therefore building an operating environment that is favourable to doing business.

Working together with social partners, we have continued to address several issues that have been barriers to job creation.

Water use licences, which are so essential to operations on farms, factories and mines, have previously taken an inordinately long time to process, sometimes up to 5 years.

We are able to announce that water use licences are now issued within 90 days.

It used to take months to have a company registered.

Through the Bizportal platform one can now register a company in one day, register for UIF and SARS and even open a bank account,

Our ports are congested and inefficient.

During the course of this year, we will undertake a fundamental overhaul of the Durban port – the third largest container terminal in the Southern Hemisphere – to reduce delays and costs.

The most significant contribution we can make to inclusive economic growth is in the development of appropriate skills and capabilities.

The investments we make now in early childhood development and early school learning will yield great economic benefits in the next two decades – and beyond.

But there are immediate interventions that we are making to improve the quality and the relevance of our educational outcomes.

We are making progress with the introduction of the three-stream curriculum model, heralding a fundamental shift in focus towards more vocational and technical education.

Various technical vocational specialisations have already been introduced in 550 schools and 67 schools are now piloting the occupational stream.

We are building nine new TVET college campuses this year, in Sterkspruit, Aliwal North, Graaff Reinet and Ngungqushe in the Eastern Cape, and in Umzimkhulu, Greytown, Msinga, Nongoma and Kwagqikazi in KwaZulu-Natal.

Through bilateral student scholarship agreements we have signed with other countries, we are steadily building a substantial cohort of young people who go overseas each year for training in critical skills.

We have seen the impact this can have with the Nelson Mandela Fidel Castro Medical Training Programme in Cuba, which has produced over 1,200 medical doctors and a further 640 students are expected to graduate in December 2020.

This programme is a living monument to these two great revolutionaries.

Last year I spoke about our plan to issue tablet computers to school students.

The process of distributing these tablets is underway.

We said that every 10-year-old needs to be able to read for meaning.

Our early reading programmes are gathering momentum.

This year, we will be introducing coding and robotics in grades R to 3 in 200 schools, with a plan to implement it fully by 2022.

We have decided to establish a new University of Science and Innovation in Ekurhuleni.

Ekurhuleni is the only metro in our country that does not have a university.

This will enable young people in that metro to be trained in high-impact and cutting-edge technological innovation for current and future industries.

Investment and growth require a safe, stable and crime-free environment.

More importantly, it is fundamental to the aspirations of all our people to live in security, peace and comfort.

Police visibility, effective training and better resourcing of police stations are our priorities.

I have prioritised our response to the growing problem of criminal groups that extort money from construction and other businesses.

Specialised units – bringing together SAPS and the National Prosecuting Authority – are mandated to combat these crimes of economic disruption.

To support the growth of the tourism industry, the SAPS will increase visibility at identified tourist attraction sites.

It is training Tourism Safety Monitors and will establish a reserve police capacity to focus on the policing of tourist attraction areas.

Anti-Gang Units will be further strengthened, with priority given to the Western Cape, Eastern Cape, Gauteng and Free State.

Following the graduation of 5,000 police trainees last year, 7,000 new police trainees have been enlisted this year to strengthen local policing.

To improve the quality of general and specialised SAPS investigations, we are establishing a Crime Detection University in Hammanskraal.

Fellow South Africans,

Over the last six months, the nation has been galvanised – across communities, government, civil society, religious groupings, the judiciary and parliament – to end the crisis of violence perpetrated by men against women.

It has been a truly united and determined response from all South Africans.

Through building social compacts across society to fight this scourge we will be able to achieve much more.

But it is only the beginning of the struggle.

We implemented an emergency action plan and reprioritised R1.6 billion to support this plan until the end of the current financial year.

There has been progress in several areas.

We will amend the Domestic Violence Act to better protect victims in violent domestic relationships and the Sexual Offences Act to broaden the categories of sex offenders whose names must be included in the National Register for Sex Offenders, and we will pass a law to tighten bail and sentencing condition in cases that involve gender-based violence.

We will not let up in the fight against corruption and state capture.

We need to work together to root out corruption and strengthen the rule of law.

We should not solicit or pay bribes or engage in corrupt acts.

We should upgrade our culture of reporting crime when we see it being committed.

This battle can only succeed if it is taken on by the whole of society, if we build a formidable social compact of all formations.

We therefore welcome the work of the joint government and civil society working group charged with developing a national anti-corruption strategy and implementation plan, which is close to completion of this phase of its work.

We plan to launch the strategy by mid-year.

The Zondo Commission of Inquiry into State Capture continues with its critical work with the full support of government and other institutions.

I have received a detailed and voluminous report on the Commission of Inquiry into the Public Investment Corporation.

I will make it available to the public together with a plan on taking the findings and recommendations forward in a few days.

Fellow South Africans,

As we fix the fundamentals, as we deepen the reforms we have made, we pursue critical areas of inclusive growth.

In the previous SONA, I said that is a critical area of investment that supports structural transformation, growth and job creation.

The Infrastructure Fund implementation team has finalised the list of shovel-ready projects and has begun work to expand private investment into public infrastructure sectors with revenue streams.

These include areas like student accommodation, social housing, independent water production, rail freight branch lines, embedded electricity generation, municipal bulk infrastructure, and broadband roll-out.

The team has a project pipeline with potential investments of over R700 billion over the next 10 years, including both government and non-government contributions.

The cranes and yellow equipment that we have longed to see across the landscape of our country will once again soon be an everyday sight.

The social housing programme to build rental housing for low-income families is at implementation stage, which could leverage as much as R9 billion of private investment in the construction of 37 000 rental apartments.

The young people who are at university and TVET Colleges face serious accommodation challenges.

Some don't even have places to sleep after lectures and resort to sleeping in libraries.

We are going to spend R64 billion over the next years in student accommodation and will will leverage at least another R64 billion in private investment.

These building projects are ready to start.

We have been speaking about the Umzimvubu Dam in the Eastern Cape for almost a decade, with little to show on the ground.

We are determined to overcome the financial and other challenges that have held back progress and denied the people of this areas such a vital resource.

Road construction on the site has commenced, and I will soon be visiting the site to ensure that we take this work forward.

We are launching a Tourism Equity Fund this year to stimulate transformation in tourism.

Last year, I asked the nation to join me in imagining a new smart-city, a truly post-apartheid city that would rise to change the social and economic apartheid spatial architecture.

A new smart-city is taking shape in Lanseria, which 350,000 to 500,000 people will call home within the next decade.

The process is being led by the Investment and Infrastructure Office in the Presidency alongside the provincial governments of Gauteng and North West, working together with the cities of Johannesburg, Tshwane and Madibeng.

Working with development finance institutions we have put together an innovative process that will fund the bulk sewerage, electricity, water, digital infrastructure and roads that will be the foundation of the new city.

It will not only be smart and 5G ready, but will be a leading benchmark for green infrastructure continental and internationally.

We will be piloting an alternative rural roads programme during which four experimental road stretches of 50km each will be constructed.

This initiative will ensure cost effective solutions for the State, meaningful skills transfer and higher potential for labour intensive job creation than conventional roads construction methods.

Fellow South Africans,

We are confronted by the crisis of youth unemployment.

Of the 1.2 million young people who enter the labour market each year, approximately two thirds remain outside of employment, education or training.

More than half of all young people are unemployed.

We need to make this country work for young people, so that they can work for our country.

The solution to this crisis must be two-pronged - we must all create opportunities for youth employment and self-employment.

On youth employment, as from today, we begin the implementation of the Presidential Youth Employment Intervention – six priority actions over the next five years to reduce youth unemployment.

First, we are creating pathways for young people into the economy.

We are building cutting-edge solutions to reach young people where they are – online, on the phone and in person.

This will allow them to receive active support, information and work readiness training to increase their employability and match themselves to opportunities.

Starting this month, we are launching five prototype sites in five provinces that will grow to a national network reaching three million young people through multiple channels.

This will allow them to receive active support, information and work readiness training to increase their employability and match themselves to opportunities.

Second, we are fundamentally changing how we prepare young people for the future of work, providing shorter, more flexible courses in specific skills that employers in fast-growing sectors need.

Third, we are developing new and innovative ways to support youth entrepreneurship and self-employment.

Fourth, we are scaling up the Youth Employment Service and working with TVET colleges and the private sector to ensure that more learners receive practical experience in the workplace to complete their training.

Fifthly, we are establishing the first cohort of a Presidential Youth Service programme that will unlock the agency of young people and provide opportunities for them to earn an income while contributing to nation building.

Finally, we will lead a youth employment initiative which will be funded by setting aside 1% of the budget to deal with the high levels of youth unemployment.

This will be through top slicing from the budget, which will require that we all tighten our belts and redirect resources to address the national crisis of youth unemployment.

The Minister of Finance will prioritise this initiative and give specific details when he delivers the Medium Term Budget Policy Statement later this year.

These six actions will together ensure that every young person in this country has a place to go, that their energy and capabilities are harnessed, and that they can contribute to the growth of their communities and their country.

As part of this intervention, the National Youth Development Agency and the Department of Small Business Development will provide grant funding and business support to 1,000 young entrepreneurs in the next 100 days – starting today.

We have invited three of these young entrepreneurs to join us here this evening: Siyabonga Tiwana, Sibusiso Mahone and Tholakele Nkosi.

They and others like them prove that, given the necessary support, young people can create their own opportunities.

These three young entrepreneurs form part of a larger and more ambitious programme to assist 100,000 young entrepreneurs over the next 3 years to access business skills training, funding and market facilitation.

The empowerment of women is critical to inclusive economic growth.

We are introducing the SheTradesZA platform to assist women-owned businesses to participate in global value chains and markets.

Over the next five years, the Industrial Development Corporation is targeting R10 billion of own and partner funding for women empowered businesses.

To create a larger market for small businesses, we plan to designate 1,000 locally produced products that must be procured from SMMEs.

The Procurement Bill will soon be presented to Parliament as part of our efforts to empower black and emerging businesses and advance radical economic transformation.

This year, we intensify our investment drive with the establishment of an integrated investment promotion and facilitation capability coordinated from the Presidency.

We will hold our third South Africa Investment Conference in November to review the implementation of previous commitments and to generate new investment into our economy.

At the second South Africa Investment Conference last year, over 70 companies made investment commitments of R364 billion in industries as diverse as advanced manufacturing, agro-processing, infrastructure, mining, services, tourism and hospitality.

In the first two years of our ambitious investment drive, we have raised a total of R664 billion in investment commitments, which is more than half of our five-year target of R1.2 trillion.

More importantly, these investments are having a real impact.

Already, projects with an investment value of R9 billion have been completed and 27 projects worth just over R250 billion are in implementation phase, with more coming on-stream this year.

I have visited newly-built factories that make smartphones, and plants expanded to produce more cars, and walked through the dust on construction sites at supplier parks.

We have been to the opening of facilities producing goods ranging from power cables to sanitary products, from tyres to food.

We have made important progress in finalising and implementing master plans in vital parts of our economy.

These master plans bring government, labour and business together to develop practical measures to spur growth at sector level and each partner contributes to making it work.

Thanks in large measure to the Auto Master Plan, we sold more cars to the rest of the world last year than ever before, providing jobs for young people in Eastern Cape and KwaZulu-Natal.

We launched a new auto SEZ hub in Tshwane, which will expand production and local manufacture of components.

The Clothing and Textiles Master Plan, which was signed last year, aims to create 121,000 new jobs in the retail-clothing textile and footwear sector over the decade.

It involves commitments by retailers to buy goods locally, by manufacturers to invest and support transformation, and by labour to develop bargaining structures that promote agile manufacturing.

For its part, Government has already begun to act vigorously against illegal imports, seizing almost 400 containers with under-invoiced products in the last quarter of 2019.

This suit that I am wearing today, like last year, was proudly made by South African workers.

We completed the Poultry Master Plan to support chicken farmers and processors and save 54,000 jobs while creating new jobs.

The industry is now focused on growth, greater production and more investment.

We will within two weeks set a new poultry import tariff adjustment to support the local industry.

We have developed a plan with farmers and industrial users to save jobs in the sugar industry and will finalise a Sugar Master Plan within the next six weeks; and expect a new steel Master Plan to be finalised in the coming six months.

Effective today, new regulations published in the Government Gazette will enable investigation and action against abuse of buyer power and price discrimination.

This will help even the playing field for small businesses and emerging entrepreneurs.

Market inquiries into data services, the grocery retail market and health care have provided the basis for measures to reduce costs to consumers and make these sectors more competitive.

The competition authorities are now working towards a resolution with the large mobile operators to secure deep cuts to data prices across pre-paid monthly bundles, additional discounts targeted at low income households, a free daily allocation of data and free access to educational and other public interest websites.

This is an important step to improve lives, bring people into the digital economy and stimulate online businesses.

The digital economy will increasingly become a driver of growth and a creator of employment.

The Presidential Commission on the Fourth Industrial Revolution has made far-reaching recommendations that impact on nearly every aspect of the economy and in many areas of our lives.

The Commission's report provides us with the tools to ensure that we extract the greatest benefit of these revolutionary technological changes.

An important condition for the success of our digital economy is the availability of high demand spectrum to expand broadband access and reliability.

The regulator, ICASA, has undertaken to conclude the licensing of high demand spectrum for industry via auction before the end of 2020.

Because of additional requirements, the licensing of the wireless open access network – or WOAN – is likely to be completed during the course of next year.

Agriculture is one of the industries with the greatest potential for growth.

This year, we implement key recommendations of the Presidential Advisory Panel on Land Reform and Agriculture to accelerate land redistribution, expand agricultural production and transform the industry.

Government stands ready – following the completion of the Parliamentary process to amend section 25 of the Constitution – to table an Expropriation Bill that outlines the circumstances under which expropriation of land without compensation would be permissible.

To date, we have released 44,000 hectares of state land for the settlement of land restitution claims, and will this year release round 700,000 hectares of state land for agricultural production.

We are prioritising youth, women, people with disabilities and those who have been farming on communal land and are ready to expand their operations for training and allocation of land.

A new beneficiary selection policy includes compulsory training for potential beneficiaries before land can be allocated to them.

Because of the drought in many parts of the country, farmers lost crops and livestock and many workers have lost their livelihoods.

Working with the Agricultural Research Council and other scientific and agricultural bodies, we have developed drought mitigation strategies that focus on developing drought resistant seeds, planting and storing fodder, removing of invasive plants and management strategies to prevent soil degradation.

This year we will open up and regulate the commercial use of hemp products, providing opportunities for small-scale farmers; and formulate policy on the use of cannabis products for medicinal purposes, to build this industry in line with global trends.

The regulatory steps will soon be announced by the relevant ministers.

A fundamental condition for growth and development is a healthy and productive population, with access to quality, affordable health care.

We have noted the enthusiastic support from South Africans during public hearings on the National Health Insurance, and are putting in place mechanisms for its implementation following conclusion of the Parliamentary process.

In preparation for NHI, we have already registered more than 44 million people at over 3,000 clinics in the electronic Health Patient Registration System, and are now implementing this system in hospitals.

I have established the Presidential Working Group on Disability to advise my office on measures to advance the empowerment of persons with disabilities as government plans, budgets and implements programmes.

Following the recognition by the Department of Basic Education in 2018 of South African Sign Language as a home language and the recommendation by the Parliamentary Constitutional Review Committee that it be the 12th official language, we are now poised to finalise the matter.

Fellow South Africans,

Earlier this week, I returned from Addis Ababa in Ethiopia, where South Africa assumed the chairship of the African Union for 2020.

We take up this responsibility at an important time for our continent.

This year, the African Continental Free Trade Area will come into effect.

This is our moment, as the people of the continent, to give effect to the dreams of the founding fathers of African unity.

South Africa will host an Extraordinary AU Summit in May this year to finalise the modalities of the Free Trade Agreement before its implementation on 1 July 2020.

Here we will finalise the rules that define what is a 'Made in Africa' product, the tariff lines that will be reduced to zero over the next five years, and the services sectors that will be opened up across the continent.

Allow me to take this opportunity to congratulate our compatriot, Mr Wamkele Mene, who was this past weekend elected as the first Secretary-General of the African Continental Free Trade Area, and assure him of our full support as he assumes this historic and challenging responsibility.

South Africa has therefore prioritised the economic empowerment of Africa's women during its term as AU chair, working with all member states on measures to promote financial inclusion, preferential procurement and preferential trade arrangements for women.

The AU Heads of State have pledged their support for measures to end gender-based violence on the continent, and will work towards the adoption of an AU Convention on Violence against Women during the course of this year.

Through the African Peer Review Mechanism, South Africa will work with other countries to advance good governance and democracy.

We will use all the means at our disposal – including our membership of the UN Security Council – to promote peace and security on the continent.

Honourable Members,
Fellow South Africans,

Everything we do must be underpinned by effective implementation.

That is why we have developed the District Development Model, a unique form of social compacting that involves the key role players in every district so that we can unlock development and economic opportunities.

It builds the capability of the state where it has been most broken.

During the SONA of February 2019 I addressed the five most urgent tasks of the moment, key among which was the need to strengthen the capacity of the state to address the needs of the people.

A broad range of critical work is being done across government to strengthen the capacity of local government, as the sphere of government closest to the people, to achieve its developmental mandate of finding sustainable ways to meet the social, economic and material needs of communities and improve the quality of their lives.

Provincial and national government will re-double their support and strengthen the capacity of municipalities as required by Section 154 of the Constitution and provide for the monitoring and support of municipalities.

It is only when the structured support has failed that the provincial executive or national government will invoke a Section 139 intervention.

Currently there are **40 municipalities** in the country subjected to such intervention.

The measures that will be taken will complement the objectives of the new district-based model of development, that seeks to take an integrated approach to service delivery

Residents of the Mamusa Municipality in North West have already seen this approach in action, where the District Development Model was effectively utilised to clear illegal dumping sites, refurbish pump stations to stop sewage spilling in the streets, build roads and lay water pipes, and provide water and toilets to local schools.

This year, we plan to expand the district development model to 23 new districts, drawing on lessons from the three pilot districts – OR Tambo District Municipality, Ethekewini and Waterberg District Municipality.

To strengthen the capacity of the state and increase accountability, I will be signing performance agreements with all Ministers before the end of this month.

These agreements – which are based on the targets contained in the Medium-Term Strategic Framework – will be made public so that the people of South Africa can hold those who they elected into office to account.

We see these performance agreements as the cornerstone of a new culture of transparency and accountability, where those who are given the responsibility to serve – whether as elected office bearers or public servants – do what is expected of them.

It is a culture where corruption, nepotism and patronage are not tolerated, and action is taken against those who abuse their power or steal public money.

Since I took office, we have built capacity in the Presidency and elsewhere in the state to fast-track progress on a clear list of urgent reforms.

We have established the Project Management Office, the Infrastructure and Investment Unit and the Policy and Research Services to address obstacles to reform and improve government delivery.

These units are working closely with the Presidential Infrastructure Coordinating Commission, InvestSA and the Ease of Doing Business Task Team to remove impediments to investment and growth and ensure that government demonstrates visible progress quickly.

With an efficient and capable machinery now in place at the centre of government, we will focus on the most urgent reforms and intervene where necessary to ensure implementation.

Fellow South Africans,

We find ourselves at a decisive moment in our history.

It is a time of great difficulty and doubt, but also a time laden with great opportunities.

Over the last two years, we have worked together to build a foundation for progress.

Now is the time for us to build on that foundation, to unite, to work, to persevere.

We will not surrender our future to doubt, or despair, or division.

We will continue our onward march to freedom.

We will embrace change.

We will cherish life.

We will fear nothing.

As we do so, we will recall the inspired lyrics of one of South Africa's most treasured musicians, uBab Joseph Shabalala, the founder of Ladysmith Black Mambazo, whose passing we mourn this week.

Written in a different era, his words still ring true:

*"We may face high mountains,
Must cross rough seas,
We must take our place in history,
And live with dignity,
As we climb to reach our destiny
A new age has begun."*

I thank you.