

# State of the Nation Address by President Cyril Ramaphosa, Parliament

7 February 2019

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,  
Chief Justice Mogoeng Mogoeng and esteemed members of the judiciary,  
Former President, Mr Thabo Mbeki,  
Former President, Mr Kgalema Motlanthe  
Former Speaker of the National Assembly, Dr Frene Ginwala,  
Former Speaker of the National Assembly, Mr Max Sisulu, Ministers and Deputy  
Ministers, Premiers and Speakers of Provincial Legislatures, Chairperson of SALGA and  
Executive Mayors, Governor of the South African Reserve Bank, Mr Lesetja Kganyago,  
Heads of Chapter 9 Institutions, Isithwalandwe, Ms Sophie De Bruyn,  
Isithwalandwe, Mr Andrew Mlangeni,  
Chairperson of the National House of Traditional Leaders, Ikosi Siphohle Mhlangu,  
Western Cape Khoi San Leader,  
Prince Jacobus Titus,  
Kgosi John Molefe Pilane,  
Chief Aaron Martin Messelaar,  
2018 CAF Women's National Team Coach of the Year, Ms Desiree Ellis,  
Leaders of faith based organisations,  
Leaders of academic and research institutions,  
Veterans of the struggle for liberation,  
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 a great honour to stand before you today to deliver the 25th annual State of the Nation Address in a free and democratic South Africa.

This year, as a diverse people and as a united nation, we will celebrate one of the greatest of human achievements. We will celebrate the triumph of freedom over subjugation, the triumph of democracy over racial tyranny, the triumph of hope over despair. We will celebrate the irresistible determination of an oppressed people to be free and equal and fulfilled.

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

of the day of our freedom, the moment at which we became a nation, a country at peace with itself and the world. During the course of this year, we must and will reflect on the journey of the last 25 years. As South Africans, we will have to ask ourselves whether we have realised the promise of our nation's birth. We must spend this year, the 25th anniversary of our freedom, asking ourselves whether we have built a society in which all South Africans equally and without exception enjoy their inalienable rights to life, dignity and liberty. Have we built a society where the injustices of the past no longer define the lives of the present? We must use this time to reflect on the progress we have made, the challenges we have encountered, the setbacks we have suffered, and the mistakes we have committed. A year ago, we set out on a path of growth and renewal. Emerging from a period of uncertainty and a loss of confidence and trust, we resolved to break with all that divides us, to embrace all that unites us.

We resolved to cure our country of the corrosive effects of corruption and to restore the integrity of our institutions. We resolved to advance the values of our Constitution and to once again place at the centre of our national agenda the needs of the poor, unemployed, marginalised and dispossessed. We agreed that, in honour of the centenary of Nelson Rolihlahla Mandela and Albertina Nontsikelelo Sisulu, we would devote our every action, our every effort, our every utterance to the realisation of their vision of a democratic, just and equitable society. In our magnificent diversity, and despite our many differences, the people of this country answered the call of *Thuma Mina*. In their multitudes, South Africans asked not what can be done for them, but what they could do for their country.

In ways both large and small, both public and private, South Africans set about building a better nation. Many reached out to other South Africans to lend a hand where others were going through difficulties. Others expressed a willingness to support government in its efforts to turn the country around. Today, as we reflect on the year that has passed, we can attest to meaningful progress. Our people have embraced the renewal that our country is going through and are much more hopeful about a better tomorrow. Our people's hope is not baseless; it is grounded on the progress that is being made. Over the last year, we have begun to rebuild a durable social compact for fundamental social and economic transformation with key stakeholders as we promised.

As social partners, we are restoring the bonds of trust, dialogue and cooperation. We are reaching out to those parts of our society that have become disaffected, disinterested or marginalised through various forms of dialogue and engagement. Our efforts may have been uneven, and we still have much work to do, but we have demonstrated over the last year our shared determination to work together to confront our common challenges. We have focused our efforts on reigniting growth and creating jobs. We have worked together – as government, labour, business, civil society and communities – to remove the constraints to inclusive growth and to pursue far greater levels of investment. We held a successful Presidential Jobs Summit that agreed on far-reaching measures that – when fully implemented – will nearly double the number of jobs being created in our economy each year. Last year, a number of stakeholders raised their concerns about policy uncertainty and inconsistency. We have addressed these concerns.

In response to the dire situation at several of our state-owned enterprise –where mismanagement and corruption had severely undermined their effectiveness –we have taken decisive measures to improve governance, strengthen leadership and restore stability in strategic entities. We have also had to deal with the effects of state capture on vital public institutions, including our law enforcement agencies, whose integrity and ability to fulfil their mandate had been eroded in recent years. We have therefore acted to stabilise and restore the credibility of institutions like the National Prosecuting Authority, the South African Revenue Service, the State Security Agency and the South African Police Service.

We have appointed a new National Director of Public Prosecutions, Adv Shamila Batohi, to lead the revival of the NPA and to strengthen our fight against crime and corruption. We are implementing the recommendations of the report of the Nugent Commission of Inquiry into SARS and are in the process of appointing a new Commissioner to head this essential institution. On the basis of the report and recommendations of the High Level Review Panel on the State Security Agency, which was chaired by former Minister Sydney Mufamadi, I will soon be announcing a number of urgent steps to enable the reconstitution of a professional national intelligence capability for South Africa.

Among the steps we will take to reconstitute a professional national intelligence capability will be the re-establishment of the National Security Council chaired by the President in order to ensure better coordination of the intelligence and security related functions of the State as well as the re-establishment of two arms of our intelligence service one focusing on domestic and the other on foreign intelligence. Work on the reconfiguration of the state is at an advanced stage. We are pleased to note that in the spirit of active citizenry many South Africans continue to show a great interest in the future reconfigured state. During the course of the past year as the Presidency, we have paid particular attention to the violence and abuse perpetrated against women and children in our society.

We responded to national concerns and calls by many South Africans by convening a Summit on Gender-Based Violence and Femicide that has provided a firm basis for a coordinated national response to this crisis. We also convened the first Presidential Health Summit in October last year, which brought together key stakeholders from a wide range of constituencies in the health sector. At this Health Summit, the participants dissected the crisis in the health system and proposed immediate, short term and medium term solutions to improve the effectiveness of the health system.

We begin this new year encouraged by the progress we have made, working together, in reviving our economy and restoring our country's democratic institutions. We are determined to stay the course. We are undaunted by the considerable difficulties we have yet to overcome. All of us, as South Africans, should face up to the challenges and difficulties that lie ahead. The task of building a better South Africa is our collective responsibility as a nation, as the people of South Africa. It is at the centre of the work of every department of government, of every agency, of every public entity. It informs every policy, every programme and every initiative. While there is a broad range of critical work

being done across government, this evening I want to address the five most urgent tasks at this moment in our history. These are tasks that will underpin everything that we do this year. Working together, we must undertake the following tasks: - Firstly, we must accelerate inclusive economic growth and create jobs. - Secondly, our history demands that we should improve the education system and develop the skills that we need now and into the future. - Thirdly, we are duty bound to improve the conditions of life for all South Africans, especially the poor - Fourthly, we have no choice but to step up the fight against corruption and state capture. - Fifthly, we need to strengthen the capacity of the state to address the needs of the people.

Over the past year, we have focused our efforts on accelerating inclusive growth, significantly increasing levels of investment and putting in place measures to create more jobs. Last year, our economy was confronted by the reality of a technical recession. Government responded with an economic stimulus and recovery plan that re-directed public funding to areas with the greatest potential for growth and job creation. Our approach was not to spend our way out of our economic troubles, but to set the economy on a path of recovery. We introduced a range of measures to ignite economic activity, restore investor confidence, support employment and address the urgent challenges that affect the lives of vulnerable members of our society.

We are pleased to report that significant progress has been made in restoring policy certainty on mining regulation and the visa regime, crafting the path towards mobile spectrum allocation, and reviewing port, rail and electricity prices. We also began the process of stabilising and supporting 57 municipalities, where over 10,000 municipal infrastructure projects are being implemented. The focus we have placed on revamping industrial parks in townships and rural areas has brought about discernible change, as industrial parks that have been lying idle are becoming productive again. We have so far completed the revitalisation of 10 out of 16 identified industrial parks, in places such as Botshabelo, Phuthaditjhaba, Garankuwa, Isithebe, Komani and Seshego.

The levels of growth that we need to make significant gains in job creation will not be possible without massive new investment. The inaugural South Africa Investment Conference in October last year provided great impetus to our drive to mobilise R1.2 trillion in investment over five years. The Investment Conference attracted around R300 billion in investment pledges from South African and international companies. There was also a significant increase in foreign direct investment last year. In 2017, we recorded an inflow of foreign direct investment amounting to R17 billion. Official data shows that just in the first three quarters of 2018, there was an inflow of R70 billion. This is a phenomenal achievement compared to the low level of investment in the previous years.

Our investment envoys – Trevor Manuel, Mcebisi Jonas, Phumzile Langeni and Jacko Maree – as well as InvestSA are closely monitoring the status of the investments announced at the Investment Conference. To prove that our investment conference was not just a talk shop where empty promises were made, as we speak, projects to the value of R187 billion are being implemented, and projects worth another R26 billion are in pre-implementation

phase. Drawing on the valuable lessons we've learnt, through a more focused effort, and through the improvements we're making in the business environment, we aim to raise even more investment this year. We will be identifying the sectors and firms we want and need in South Africa and actively attract investors. Based on our experiences over the past year, and to build on the momentum achieved, we will host the South Africa Investment Conference again this year. It is our intention that the investment we generate should be spread out in projects throughout the country. In this regard, I have asked provincial governments to identify investable projects and ensure that we build investment books for each of our nine provinces to present to potential investors.

Following our successful Investment Conference, a group of South African business leaders moved by the spirit of *Thuma Mina* initiated the Public-Private Growth Initiative to facilitate focused investment plans of leading companies across 19 sectors of the economy, from mining to renewable energy, from manufacturing to agriculture. These industries expect to substantially expand investment over the next five years and create a vast number of new jobs, especially if we can enhance demand for local goods, further stabilise the labour environment and improve conditions for doing business. As part of our ongoing work to remove constraints to greater investment, we have established a team from the Presidency, Invest SA, National Treasury and the Department of Planning, Monitoring and Evaluation that will address the policy, legal, regulatory and administrative barriers that frustrate investors. This is an important aspect of our work to improve the ease of doing business in South Africa, which is essential to attracting investment. This team will report progress to Cabinet on a monthly basis. The World Bank's annual Doing Business Report currently ranks South Africa 82 out of 190 countries tracked. We have set ourselves the target of being among the top 50 global performers within the next 3 years. It has long been recognised that one of the constraints that inhibit the growth of our economy is the high level of economic concentration.

The structure of our economy was designed to keep assets in a few hands. This has stifled growth and enterprise and has to a large extent kept many young South African entrepreneurs and small enterprises out of the economy or confine them to the margins. As part of our efforts to increase investment, and to foster greater inclusion and create more opportunities, I will soon sign into law the Competition Amendment Bill. This will give the competition authorities the ability to address this problem but more importantly it will open up new opportunities for many South Africans to enter various sectors of the economy and compete on an equal footing.

To stimulate growth in the economy, to build more businesses and employ more people, we need to find new and larger markets for our goods and services. We will therefore be focusing greater attention on expanding exports. In line with Jobs Summit commitments, we will focus on the export of manufactured goods and trade in services such as business process outsourcing and the remote delivery of medical services. We will also be looking at establishing special economic zones that are dedicated to producing specific types of products, such as clothing and textiles, for example.

To improve the competitiveness of our exports, we will complete the studies that have begun on reducing the costs of electricity, trade, communications, transport and other costs. We will focus on raising the sophistication of our exports. The agreement on the establishment of African Continental Free Trade Area offers great opportunities to place South Africa on a path of investment-led trade, and to work with other African countries to develop their own industrial capacity.

The agreement will see the creation of a market of over a billion people with a combined GDP of approximately \$3.3 trillion. Alongside a focus on exports, we will pursue measures to increase local demand through, among other things, increasing the proportion of local goods and services procured both by government and the private sector.

Increasing local demand, and reducing the consumption of imports, is important because it increases the opportunities for producers within South Africa to serve a growing market. Through this we will intensify the “buy South Africa” programme. Given the key role that small businesses play in stimulating economic activity and employment –and in advancing broad-based empowerment –we are focusing this year on significantly expanding our small business incubation programme.

The incubation programme provides budding entrepreneurs with physical space, infrastructure and shared services, access to specialised knowledge, market linkages, training in the use of new technologies and access to finance. The incubation programme currently consists of a network of 51 technology business incubators, 10 enterprise supplier development incubators and 14 rapid youth incubators. As part of the expansion of this programme, township digital hubs will be established, initially in four provinces, with more to follow.

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

The Presidential Jobs Summit last year resulted in concrete agreements between organised labour, business, community and government. These agreements, which are now being implemented by social partners, aim to create 275,000 additional direct jobs every year. We have come up with great plans, platforms and initiatives through which we continue to draw young people in far greater numbers into productive economic activity through initiatives like the Employment Tax Incentive.

This incentive will be extended for another 10 years. In addition, we have launched the Youth Employment Service, which is placing unemployed youth in paid internships in companies across the economy. We call on all companies, both big and small, to participate in this initiative and thereby contribute not only to building their business but also to building the economy and fostering social cohesion.

Progress is being made in the areas of installation, repair and maintenance jobs, digital and tech jobs like coding and data analytics, as well as global business services. These enable us to absorb more youth –especially those exiting schools and colleges, and those not in any education, training or employment –into productive economic activity and further work opportunities. As government, we have decided that the requirement for work experience at entry-level in state institutions will be done away with.

Our young people need to be given a real head start in the world of work. They should not face barriers and hindrances as they seek to find work. We are focusing our attention, our policies and our programmes on the key parts of the economy that are labour intensive. These include agriculture, tourism and the ocean economy. The potential of agriculture in South Africa for job creation and economic growth still remains largely underdeveloped. South Africa still has large areas of underutilised or unproductive land.

There are around 250,000 small emerging farmers who are working the land and need support in fully developing their businesses. Agricultural exports are an important source of revenue for our economy, and developing our agricultural sector is key to enhancing our food security and for attracting investment. We are fortunate to have an agricultural sector that is well-developed, resilient and diversified. We intend to use it as a solid foundation to help develop agriculture in our country for the benefit of all. Through an accelerated programme of land reform, we will work to expand our agricultural output and promote economic inclusion. Our policy and legislative interventions will ensure that more land is made available for agriculture, industrial development and human settlements. I wish to commend the many South Africans who participated in the work of the Constitutional Review Committee in the dialogue that ensued through the length and the breadth of the country.

I applaud the members of the Constitutional Review Committee for remaining focused throughout this period and sifting through the submissions that were made by ordinary South Africans and their organisations. We will support the work of the Constitutional Review Committee tasked with the review of Section 25 of the Constitution to unambiguously set out provisions for expropriation of land without compensation. Alongside this constitutional review process we tasked the Deputy President to lead the Inter-Ministerial Committee on Land Reform to fast-track land reform. An advisory panel of experts headed by Dr Vuyo Mahlathi, established to advise government on its land reform programme, is expected to table its report by the end of March 2019. As part of accelerating land reform, we have identified land parcels owned by the state for redistribution. Strategically located land will be released to address human settlements needs in urban and peri-urban areas.

As part of the stimulus package in agriculture, we have invested significantly in comprehensive farmer development support to ensure that restituted and communal land is productively utilised. We will continue to prioritise targeted skills development and capacity building programmes for smallholder and emerging black farmers. In the coming year, we will continue to focus on high value agricultural products with export potential

such as our fruit, wine and vegetable industries, as well as poultry and red meat. During SONA last year, we spoke at length about the huge potential that exists for the expansion of the tourism sector. Our concerted efforts to market South Africa as a prime destination for tourists has yielded positive results, with significant annual growth in the number of foreign visitors. In the past year we had 10 million tourists who came to our country. We intend to raise this to 21 million by 2030, targeting, among others, the largest and fastest growing markets of India and China, as well as strong markets on our continent.

In addition to direct jobs, this export industry could generate as many as 2 million more jobs in food and agriculture, construction, transport, retail, and the creative and cultural industries by 2030. We will deepen the partnership between government and business to realise this vision. Our highest priority this year will be on the introduction of a world class eVisa regime. This, combined with enhanced destination marketing and measures to strengthen tourism safety, will create the conditions for the growth we envisage, and the jobs and opportunities that will follow. Our beautiful country, South Africa has one of the world's longest coastlines spanning 3,000 km around the contours of our country from the east to the west. Our mere positioning as a country means we can harness the potential of our oceans to grow the economy. Since the Operation Phakisa on the Oceans Economy in 2014, we have secured investments of nearly R30 billion and created over 7,000 direct jobs. The investments have been mainly in infrastructure development, marine manufacturing, aquaculture, and the oil and gas sector.

Expected investment in the Oceans Economy over the next five years is estimated at R3.8 billion by government and R65 billion by the private sector. These investments are expected to create over 100,000 direct jobs and more than 250,000 indirect jobs. Last night I received a call from Minister Gwede Mantashe when he told me that the oil giant Total would be making a big announcement today about a new "world-class" oil and gas discovery off the coast of South Africa. We are extremely encouraged by the report this morning about the Brulpadda block in the Outeniqua Basin, which some have described as a catalytic find. This could well be a game-changer for our country and will have significant consequences for our country's energy security and the development of this industry. We congratulate Total and its various partners and wish them well in their endeavours.

Government will continue to develop legislation for the sector so that it is properly regulated for the interests of all concerned. Over the past five years, we made significant progress with the provision of infrastructure. More than R1.3 trillion has been invested to build hundreds of schools and two new universities, to build hundreds of thousands of new houses, to electrify more than a million homes, generate new electricity and to expand public transport. These infrastructure investments also helped grow our economy and create many new jobs in construction and other sectors. Infrastructure development has been flywheel of the engine of our economy and has yielded tremendous benefits for the country. We must do more. Our infrastructure development has slowed down for a whole number of reasons. We have also realised that our infrastructure provision is too fragmented between the different spheres of government.

It does not fully integrate new housing development with economic opportunities and with the building of dams, water pipelines, schools and other amenities. Cabinet has adopted a new infrastructure implementation model to address these problems. It will be underpinned by the new Infrastructure Fund announced in September last year. Government has committed to contribute R100 billion into the Infrastructure Fund over a 10 year period and use this to leverage financing from the private sector and development finance institutions. As a first step, we will expand projects underway already, such as student accommodation.

We plan to do things differently, starting with a deeper partnership with our communities in the planning, building and maintenance of infrastructure. Just as we did with the Vaal River, where the SANDF intervened to address a sewage crisis, we will call on all the capabilities of the state and the private sector to address infrastructure challenges. We will strengthen the technical capacity in government to ensure that projects move faster, building a pool of engineers, project managers, spatial planners and quantity surveyors – an action team that can make things happen faster on the ground. The telecommunications sector represents vast potential for boosting economic growth. The Minister of Communications will shortly be issuing policy direction to ICASA for the licensing of the high demand radio frequency spectrum.

As a water scarce country, we are confronting water crises in many parts of the country. We are developing a comprehensive integrated nation plan that addresses water shortages, ageing infrastructure and poor project implementation. We are urgently establishing an inter-governmental rapid response technical team, reinforced by specialist professionals, to intervene in areas which are experiencing severe water problems. In one of these areas, Giyani, extensive work is underway to get water to the residents, in the immediate term through the repair of boreholes, and then through the rapid provision of proper infrastructure. The safety of our learners in school is critical for creating a healthy, learning environment. We recall with deep sadness the tragic deaths of Michael Komape, who drowned in a pit toilet at Mahlodumela Primary School in Limpopo in 2014, and Lumka Mkethwa, from Luna Junior Primary School in the Eastern Cape, who lost her life in March last year.

We conducted an audit last year and found that nearly 4,000 schools still have inappropriate sanitation facilities. Given the scale and urgency of the problem, we launched the SAFE Initiative in August last year, through which we mobilised all available resources, including pledges from business, strategic partners, and the building industry to replace all unsafe toilets in public schools. Since we launched the initiative, 699 schools have been provided with safe and appropriate sanitation facilities and projects in a further 1,150 schools are either in planning, design or construction stages. We are determined to eradicate unsafe and inappropriate sanitation facilities within the next three years. This is an outstanding example of collaboration between government and business to address with urgency a great need that impacts on the right of South Africa's children to safety and dignity in educational facilities. We are making important progress in restoring the integrity and capacity of our strategic state owned enterprises. To restore proper corporate

governance, new boards with credible, appropriately experienced and ethical directors, have been appointed at Eskom, Denel, Transnet, SAFCOL, PRASA and SA Express. We have established the Presidential SOE Council, which will provide political oversight and strategic management in order to reform, reposition and revitalise state owned enterprises, so they play their role as catalysts of economic growth and development. We want our SOEs to be fully self-sufficient and be able to fulfil their development and economic role. Where SOEs are not able to raise sufficient financing from banks, from capital markets, from development finance institutions or from the fiscus, we will need to explore other mechanisms, such as strategic equity partnerships or selling off non-strategic assets.

As we do all this, we will not support any measures that, in any form, dispose of assets of the state that are strategic to the wellbeing of the economy and the people. We have the task and the responsibility to safeguard, build and sustain these key institutions for future generations. We have sought credible plans from boards to put in place the right skills and expertise to manage these companies so that we can shift the focus from immediate stability to long-term sustainability. We also seek to build a pragmatic and cooperative relationship between government, organised labour and private sector stakeholders, where we can jointly determine a strategic path for SOEs to create jobs, enable inclusive growth and become operationally and financially sustainable.

Security of energy supply is an absolute imperative. Eskom is in crisis and the risks it poses to South Africa are great. It could severely damage our economic and social development ambitions. We need to take bold decisions and decisive action. The consequences may be painful, but they will be even more devastating if we delay. In responding to this crisis, we are informed by the need to minimise any adverse economic cost to the consumer and taxpayer. As we address the challenges that face Eskom we will ensure that there is meaningful consultation and dialogue with all key stakeholders.

We will lead a process with labour, Eskom and other stakeholders to work out the details of a just transition, and proper, credible and sustainable plans that will address the needs of all those who may be affected. As we address the challenges that face Eskom, we also need to safeguard our national fiscal framework, achieve a positive impact on our sovereign credit rating, and pay attention to the rights and obligations of Eskom's funders. Eskom has come up with the nine-point turnaround plan which we support and want to see implemented. In line with this plan, Eskom will need to take urgent steps to significantly reduce its costs.

It will need more revenue through an affordable tariff increase. We need to take steps to reduce municipal non-payment and confront the culture of non-payment that exists in some communities. It is imperative that all those who use electricity –over and above the free basic electricity provided –should pay for it. Government will support Eskom's balance sheet, and the Minister of Finance will provide further details on this in the Budget Speech. This we will do without burdening the fiscus with unmanageable debt. To ensure the credibility of the turnaround plan and avoid a similar financial crisis in a few years'time,

Eskom will need to develop a new business model. This business model needs to take into account the root causes of its current crisis and the profound international and local changes in the relative costs, and market penetration of energy resources, especially clean technologies. It needs to take into account the role that Eskom itself should play in clean generation technologies. To bring credibility to the turnaround and to position South Africa's power sector for the future, we shall immediately embark on a process of establishing three separate entities –Generation, Transmission and Distribution –under Eskom Holdings.

This will ensure that we isolate cost and give responsibility to each appropriate entity. This will also enable Eskom to be able to raise funding for its various operations much easily from funders and the market. Of particular and immediate importance is the entity to manage an independent state-owned transmission grid combined with the systems operator and power planning, procurement and buying functions. It is imperative that we undertake these measures without delay to stabilise Eskom's finances, ensure security of electricity supply, and establish the basis for long-term sustainability. At the centre of all our efforts to achieve higher and more equitable growth, to draw young people into employment and to prepare our country for the digital age, must be the prioritisation of education and the development of skills.

With over 700,000 children accessing early childhood education in the last financial year, we have established a firm foundation for a comprehensive ECD programme that is an integral part of the education system. This year, we will migrate responsibility for ECD centres from Social Development to Basic Education, and proceed with the process towards two years of compulsory ECD for all children before they enter grade 1. Another critical priority is to substantially improve reading comprehension in the first years of school. This is essential in equipping children to succeed in education, in work and in life –and it is possibly the single most important factor in overcoming poverty, unemployment and inequality. The department's early grade reading studies have demonstrated the impact that a dedicated package of reading resources, expert reading coaches and lesson plans can have on reading outcomes. We will be substantially expanding the availability of these early reading resources across the foundation phase of schooling. Over the next six years, we will provide every school child in South Africa with digital workbooks and textbooks on a tablet device. We will start with those schools that have been historically most disadvantaged and are located in the poorest communities, including multigrade, multiphase, farm and rural schools.

Already, 90% of textbooks in high enrolment subjects across all grades and all workbooks have been digitised. In line with our Framework for Skills for a Changing World, we are expanding the training of both educators and learners to respond to emerging technologies including the internet of things, robotics and artificial intelligence. Several new technology subjects and specialisations will be introduced, including technical mathematics and technical sciences, maritime sciences, aviation studies, mining sciences, and aquaponics. To expand participation in the technical streams, several ordinary public schools will be transformed into technical high schools. In line with government's

commitment to the right of access to higher education for the poor, last year we introduced free higher education for qualifying first year students.

Thanks to this initiative, links have been re-established with all institutions, and institution heads and student leaders have played a critical role in communicating with students. The scheme is being phased in over a five year period until all undergraduate students who qualify in terms of the criteria can benefit. Stabilising the business processes of the National Student Financial Aid Scheme will also be a priority in the coming year so that it is properly capacitated to carry out its critical role in supporting eligible students.

We are concerned about developments on some campuses this week, especially reports of violence and intimidation. Of particular concern, is the tragic death of Mlungisi Madonsela, a student at the Durban University of Technology. We extend our deepest condolences to his family and call on law enforcement agencies to thoroughly investigate the incident. We call on student representatives and university authorities to work together to find solutions to the challenges that students are facing. We will give effect to our commitment to build human settlements in well-located areas that bring together economic opportunities and all the services and amenities that people need. The Housing Development Agency will construct an additional 500,000 housing units in the next five years, and an amount of R30 billion will be provided to municipalities and provinces to enable them to fulfil their respective mandates. However, if we are to effectively address the substantial housing backlog in our country, we need to develop different models of financing for human settlements. It is for this reason that we are establishing a Human Settlements Development Bank that will leverage both public and private sector financing to aid in housing delivery.

We will also be expanding the People's Housing Programme, where households are allocated serviced stands to build their own houses, either individually or through community-led housing cooperatives. South Africa has one of the most comprehensive and far-reaching social security nets in the world, providing a buffer between poor households and abject poverty. Every month 17.5 million social grants are provided to South Africans. The Department of Social Development is to be commended for having honoured Constitutional Court's directive for phasing out the services of Cash Paymaster Services. To date the majority of grant beneficiaries have been successfully migrated to the South African Post Office, and the old SASSA cards replaced by new ones. We have made significant progress in devising a Comprehensive Social Security strategy through NEDLAC. The reforms focus on achieving comprehensive social security and retirement reform that is affordable, sustainable and appropriate for all South Africans. With the assistance of the National Planning Commission, we reached consensus on reforms that include the National Social Security Fund, institutional arrangements, regulatory reforms, improved unemployment benefits, improved social assistance coverage, and active labour market policies for citizens between 18 and 59 years. We will now incorporate this consensus agreement into a policy framework to guide implementation.

This year, we will take a significant step towards universal access to quality health care for

all South Africans. After extensive consultation, the NHI Bill will soon be ready for submission to Parliament. The NHI will enable South Africans to receive free services at the point of care in public and private quality-accredited health facilities. By applying the principle of social solidarity and cross-subsidisation, we aim to reduce inequality in access to health care. Realising the magnitude of the challenges in health care, we have established an NHI and quality improvement War Room in the Presidency consisting of various key departments to address the crisis in the public health system while preparing for the implementation of the NHI. We have a funded national quality health improvement plan to improve every clinic and hospital that will be contracted by the NHI. By introducing the NHI together with a multi-pronged quality improvement programme for public health facilities, we are working towards a massive change in the health care experience of South Africans. While we have made progress since 1994 in bringing down certain categories of serious crime, communities across the country are still plagued by gangsterism and violence. As part of our concerted effort to make our country safer and more secure, the Community Policing Strategy was launched in October last year.

The strategy focuses on building partnerships between communities and the police; making more resources available for policing and better communication between the police and communities about crime prevention strategies. This will enable policemen and women to become more proactive in addressing crime and broader public safety concerns. In addition, we are strengthening the functioning of various specialised units such as the Family Violence, Child Protection and Sexual Offences Units and improving our administrative and record keeping capacity at all levels.

The SAPS has embarked on a restructuring process to shift more policing resources to the local level. Violence against women and children has reached epidemic proportions. Every day, South African women are faced with discrimination, abuse, violence and even death, often by those they are closest to. Over the last year, we have started to address this scourge in a more serious and coordinated way. At the Presidential Gender-based Violence and Femicide Summit, women from all walks of life came together with government and civil society to outline a road map to end gender-based violence, improve coordination of planning, and establish a commitment to resourcing and accountability. Work is underway to implement the decisions of the Summit, including preparing the National Strategic Plan on Gender- Based Violence. This year, we will work with our partners in civil society to implement the decisions of the National Summit on Gender-Based Violence and Femicide. We are expanding and dedicating more funds to places of support, such as the Thuthuzela Care Centres and Khuseleka Care Centres.

We have been working to ensure the better functioning of Sexual Offences Courts. We will improve the quality of services in shelters and ensure they also accommodate members of the LGBTQI+ community. We will strengthen the national hotline centre that supports women who experience gender-based violence and ensure it is functional.

We have listened to the call to make funds available to combat gender-based violence, and have allocated funding in the current budget to support the decisions taken at the

Summit. Government will lead the campaign to include men and boys as active champions in the struggle against gender-based violence. Ending gender-based violence is an urgent national priority that requires the mobilisation of all South Africans and the involvement of all institutions. South Africa has extremely high levels of substance abuse, which feeds crime and violence against women and children, it deepens poverty and causes great hardship and pain for families.

As government we continue to roll-out interventions to address social ills tearing our communities apart such as alcoholism and substance abuse. Knowing as we do that there are strong linkages between substance abuse, drug trafficking, crime and insecurity in communities –we are focusing on tackling this problem at its source through prevention programmes targeting vulnerable persons especially our youth. We are resolute that all taverns, shebeens and liquor outlets near school premises must be shut down.

We recognise, as do all South Africans, that our greatest efforts to end poverty, unemployment and inequality will achieve little unless we tackle state capture and corruption in all its manifestations and in all areas of public life. The action we take now to end corruption and hold those responsible to account will determine the pace and trajectory of the radical social and economic transformation we seek. The revelations emerging from the Zondo Commission of Inquiry into state capture and other commissions are deeply disturbing, for they reveal a breadth and depth of criminal wrongdoing that challenges the very foundation of our democratic state.

We commend these commissions for the work they are doing, often under challenging circumstances, to uncover the truth. These commissions need to be able to do their work without any hindrance, and we call on all those people who are in a position to assist them in their investigations to make themselves available. While these Commissions will in time make findings and recommendations in line with their mandates, evidence of criminal activity that emerges must be evaluated by the criminal justice system. Where there is a basis to prosecute, prosecutions must follow swiftly and stolen public funds must be recovered urgently. To this end, we have agreed with the new National Director of Public Prosecutions, that there is an urgent need to establish in the office of the NDPP an investigating directorate dealing with serious corruption and associated offences, in accordance with section 7 of the NPA Act. I will soon be promulgating a Proclamation that will set out the specific terms of reference of the Directorate. In broad terms, the Directorate will focus on the evidence that has emerged from the Zondo Commission of Inquiry into State Capture, other commissions and disciplinary inquiries.

It will identify priority cases to investigate and prosecute and will recover assets identified to be the proceeds of corruption. The Directorate will bring together a range of investigatory and prosecutorial capacity from within government and in the private sector under an investigating director reporting to the NDPP. In the longer term, we will work with the NPA and other agencies of law enforcement to develop a more enduring solution that will strengthen the capacity of the criminal justice system to deal with corruption. Fellow South Africans,

As we grapple with the challenges of our recent past, and as we deepen our efforts to overcome the grave injustices of centuries, it is essential that we do so with our eyes firmly fixed on the future. The world we now inhabit is changing at a pace and in a manner that is unprecedented in human history. Revolutionary advances in technology are reshaping the way people work and live. They are transforming the way people relate to each other, the way societies function and the way they are governed. The devastating effects of global warming on our climate are already being felt, with extreme weather conditions damaging livelihoods, communities and economies.

As a young nation, only 25 years into our democracy, we are faced with a stark choice. It is a choice between being overtaken by technological change or harnessing it to serve our developmental aspirations. It is a choice between entrenching inequality or creating shared prosperity through innovation. Unless we adapt, unless we understand the nature of the profound change that is reshaping our world, and unless we readily embrace the opportunities it presents, the promise of our nation's birth will forever remain unfulfilled. Today, we choose to be a nation that is reaching into the future. In doing so, we are building on a platform of extraordinary scientific achievement. The successful construction in the Northern Cape of the MeerKAT telescope, the world's largest and most sensitive radio telescope, and the development of the Square Kilometre Array has enabled South Africa to develop capabilities in areas such as space observation, advanced engineering and supercomputing.

These skills and capabilities are being used to build HERA, a radio telescope designed to detect, for the first time, the distinctive radio signal from the very first stars and galaxies that formed early in the life of the universe. This is not merely about advancing human understanding of the origins of the universe – it is about responding to the challenges that face South Africans now and into the future. It is about developing the technology and the capabilities that will build a dynamic and competitive economy that creates decent, sustainable jobs. It is about enhanced food security, better disease management, and cheaper, cleaner and more efficient energy. It is about smart human settlements and social development solutions built around people's needs and preferences. It is about smarter, more responsive, more effective governance.

To ensure that we effectively and with greater urgency harness technological change in pursuit of inclusive growth and social development, I have appointed a Presidential Commission on the 4th Industrial Revolution. Comprised of eminent persons drawn from different sectors of society, the Commission will serve as a national overarching advisory mechanism on digital transformation. It will identify and recommend policies, strategies and plans that will position South Africa as a global competitive player within the digital revolution space. Building on the work we have done over the last year, we will focus on further strengthening the capacity of the state. We have made progress in examining the size and structure of the state, and will complete this work by the end of this administration.

We invite all South Africans to make suggestions on how we can better configure government to serve the needs and the interests of the people. In improving the capabilities of public servants, the National School of Government is introducing a suite of compulsory courses, covering areas like ethics and anti-corruption, senior management and supply chain management, and deployment of managers to the coal face to strengthen service delivery. We will process the operationalisation of section 8 of the Public Administration and Management Act, which strengthens the outlawing of public servants doing business with the state and enable government to deal more effectively with corrupt activities. This provision will see the imposition of harsher penalties, including fines and/or prison sentences for officials that transgress. The Ethics, Integrity and Disciplinary Technical Assistance Unit will be established to strengthen management of ethics and anti-corruption and ensure consequence management for breaches of government processes.

Fellow South Africans, South Africa has this year taken up a non-permanent seat in the United Nations Security Council. We will use this position to advance peace on the continent and across the globe, taking forward Nelson Mandela's vision of a peaceful, stable and just world. Fellow South Africans, In a few months time, South Africans will go to the polls for the sixth time in our democracy to vote for national and provincial governments. This is an opportunity for our people to exercise their hard-won right to determine the direction of this country.

I have engaged with the Independent Electoral Commission and also with the Premiers of all provinces, and intend to proclaim the 8th of May 2019 as the date of the election. We wish to remind all eligible South Africans who have not yet registered as voters that they still have until the proclamation of the election date to register. Fellow South Africans, We are a people of resilience, of determination and of optimism. Despite the worst excesses of apartheid, we did not descend into vengeance when our freedom was won. Our democracy has blossomed and flourished, nurtured by the goodwill of the men and women of this great land, who understand only too well at what cost it was attained. But the road towards true freedom is a long one, and we have seen divisions in our society grow. Between black and white, rich and the poor, between rural and urban, between the sexes, and between language groups and cultures. At times it has seemed that the milk of human kindness that allowed us to reconcile in 1994, had gone sour. But we will not surrender to the forces of pessimism and defeatism.

Our society is anchored in the roots of tolerance and co-existence, and we stand firm, resolute and united against all and everything that seeks to divide us or destroy our hard-won gains. They told us building a non-racial South Africa was impossible, and that we would never be able to truly heal from our bitter past. Yet we weathered the storm, and we are prevailing. It was the eternal optimism of the human spirit that kept hopes alive during our darkest time. It is this optimism that will carry us forward as we face a brave new future. It is a South Africa in which every man, woman and child is provided with the opportunity and means to make a better life for themselves. It is a South Africa ready to take advantage of the technological changes sweeping the globe to make our economy grow and create jobs for our people.

It is a South Africa whose people have vision, drive and ambition; making it a hub of innovation, entrepreneurship and enterprise. It is a South Africa that acknowledges the problems of the past, but looks firmly to the future. It is a South Africa whose leaders are bold and courageous, leaders who remain servants of the people –and for whom fulfilling their duty is the highest, and the only, reward. Above all, it is a South Africa of which we are all proud, of what we have achieved and of where we hope to be. The task before us is formidable. Above everything else, we must get our economy working again. I call upon every South African to make this cause your own. Because when we succeed –and of this we are certain –it is the entire nation that will benefit. As government, as business, as labour and as citizens, let us unite to embrace tomorrow.

Let us grasp our collective future with both hands, in the immortal words of the Freedom Charter: side by side, sparing neither strength nor courage. This task –of building a better South Africa - is our collective task as a nation, as the people of South Africa.

As we approach these tasks and challenges, we should heed the word of Theodore Roosevelt, who said: *“It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. “The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.”*

We all have a role to play as individual South Africans, faith-based organisations, sports organisations, trade unions, business, students, academics and citizens. Let us continue to embrace the spirit of citizen activism in line with the injunction, *Thuma Mina*, in the onward march towards equality, freedom and prosperity for all.

I thank you.