



HIGHLIGHTS OF THE

State of the Nation Address

Together we move South Africa forward

The Year of Oliver Reginald Tambo

“An illustrious son of our country, President Oliver Reginald Tambo, would have turned 100 years old this year, had he lived.

“This selfless patriot dedicated his adult life to a tireless pursuit of the liberation of our country and its people. He left a lasting legacy for all South Africans.

“In his honour, we have declared the year 2017, the Year of Oliver Reginald Tambo. It is the year of unity in action by all South Africans as we move South Africa forward, together.”

– **President Jacob Zuma, SoNA, 9 February 2017**

President Jacob Zuma delivered the State of the Nation Address (SoNA) to Parliament in Cape Town on Thursday, 9 February 2017.

The President mentioned that in this 23rd year of freedom, government’s mission remained the quest for a united, democratic, non-sexist, non-racial and prosperous South Africa.

“Guided by the National Development Plan (NDP), we are building a South Africa that must be free from poverty, inequality and unemployment,” he said.

He said while the global economic environment remained uncertain, indications were that the country

had entered a period of recovery, with an anticipated economic growth rate of 1.3% in 2017 following an estimated 0.5% growth rate in 2016.

The President acknowledged that the economy was still not growing fast enough to create much-needed jobs, especially for the youth.

Job creation

The focus areas of the Nine-Point Plan to reignite the economy to be able to create much-needed jobs include industrialisation, mining and beneficiation, agriculture and agro-processing, energy, small, medium and micro enterprises (SMMEs), managing workplace conflict, attracting investments, growing the oceans economy and tourism.



REPUBLIC OF SOUTH AFRICA





Cross-cutting areas such as science and technology, water and sanitation infrastructure, transport infrastructure and broadband roll-out have also been added.

Boosting economic growth

The interaction between government, business and labour, known as the CEO Initiative, has been able to address some domestic challenges.

As a result, the country successfully avoided credit-ratings downgrades, which would have had a significant impact on the economy.

Stable labour market

South Africa's labour-market environment is showing signs of stability, owing to cooperation by social partners.

Unity in action was demonstrated following the conclusion of the agreement on the national minimum wage and on measures to stabilise labour relations.

Resolving the energy challenge

By February 2017, nearly seven million households had been connected to the grid and now have electricity.

The successful execution of Eskom's Build and Maintenance programmes helped to ensure stability and an end to load-shedding. Work is continuing to ensure energy security. Renewable energy forms an important part of the energy mix, which also includes electricity generation from gas, nuclear, solar, wind, hydro and coal.



Government is committed to the overall Independent Power Producer Programme and is expanding the programme to other sources of energy, including coal and gas, in addition to renewable energy.

Eskom will sign the outstanding power purchase agreements for renewable energy in line with the procured rounds.

Water and sanitation

Government is working hard to ensure reliable bulk-water supply in the various areas of the country to support economic growth while increasing access to vulnerable and rural municipalities.

In an effort to curb high water losses, which in some municipalities far exceed the national average which is at 37%, about 10 000 unemployed youth are being trained as plumbers, artisans and water agents. More will be recruited this year to reach the total of 15 000. Municipalities have been urged to support the War on Leaks Programme.

School infrastructure

Government continues to build modern schools, and is replacing mud structures and other inappropriate buildings through the Accelerated Schools Infrastructure Delivery Initiative.

A total of 173 inappropriate school structures have been eradicated since 2011. In total, 895 new schools now provide a conducive learning environment for schoolchildren.

Promoting investment

To promote investment, government has established InvestSA, an investment one-stop shop nationally and will open provincial centres in KwaZulu-Natal, Gauteng and the Western Cape. Affected government departments have been requested to avoid undue delays and unnecessary red tape, such as the issuing

of licences to visas that should make it easy to do business in South Africa.

Educational achievements

The results in the Trends in International Mathematics and Science Study and the Southern and East African Consortium for Monitoring Educational Quality show that the performance of South African learners is improving. Among the participating countries, South Africa has shown the largest improvement of 87 points in mathematics and 90 in science.



Science and technology

Since South Africa, supported by its eight African partners (Botswana, Ghana, Kenya, Madagascar, Mauritius, Mozambique, Namibia and Zambia), won the bid to host the Square Kilometre Array (SKA) telescope, significant progress has been made in building this mega science project and reaping its benefits.

Together with its precursor, the MeerKAT telescope, the SKA project continues to make important contributions to socio-economic development in South Africa.

The Department of Science and Technology is implementing a technology localisation strategy, which has ensured that the R2 billion MeerKAT telescope is constructed with 75% local content.

This has led to job creation in the Northern Cape and diversification of the economy through the creation of artisan and maintenance jobs, and the promotion of science as a career of choice.

Road infrastructure

The South African National Roads Agency Limited has started with the planning phase of the R4.5-billion project to upgrade the Moloto Road. The Moloto Road and a railway line are currently under construction for the purpose of ensuring the safety of road users and also bring to an end the accidents that claim many lives.

During 2016, South Africa signed a cooperation agreement with the People's Republic of China (PRC) to build the Moloto Rail Development Corridor.

Operation Phakisa

The Operation Phakisa Big Fast Results Methodology in the ocean economy, health, education and mining sectors – which was launched in 2014 to unlock growth in implementing the NDP – is proceeding well.

The South African Navy (SAN) also participates in the Operation Phakisa project and is preparing to host the government garage concept for all state-owned vessels in Simon's Town near Cape Town, including the maintenance and repair of government-owned vessels through the newly established SAN/Armaments Corporation of South Africa/Denel partnership.

Tourism

Government has identified tourism as a key job driver. Tourist arrival numbers for January to November



2016 increased to nine million, an increase of just over a million arrivals from 2015. This represents a 13% growth in tourist arrivals.

Poverty-alleviation programmes

Government runs effective poverty alleviation programmes such as the Expanded Public Works

Programme (EPWP). The EPWP has since 2014 created more than two million work opportunities and the target is to create six million work opportunities by the end of March 2019. More than a million of the work opportunities have been taken up by the youth.

Many families benefit from social grants, which now reach close to 17 million people, mainly older persons and children.

During the 2015/16 financial year, more than 61 000 work opportunities were created through environmental programmes such as Working for Water, Working for Wetlands, Working on Fire and Working for Ecosystems. More than 60% of the beneficiaries were young people.

Dealing with drugs and substance abuse

Government is working with society to fight social ills such as drugs and substance abuse. In addition to law enforcement, the provision of treatment and prevention services is also critical.

The Department of Social Development is building new public treatment centres in provinces where there are no such facilities – in the Northern Cape, North West, Limpopo, Free State and the Eastern Cape.



Better healthcare for all

The National Health Insurance (NHI) is the flagship project that is aimed at moving South Africa towards Universal Health Coverage. The NHI will be implemented in a 14-year period in three phases.

The country is in the midst of the first phase, which is the preparatory phase, which started in 2012.

Mentally ill patients are some of the most vulnerable members of society, who need protection from the State itself and society as a whole.

Government has welcomed the recommendation of the Health Ombudsperson to urgently review the National Health Act, 2003 (Act 61 of 2003) and the Mental Health Care Act, 2002 (Act 17 of 2002) to ensure that certain powers and functions revert to the Minister of Health.

Socio-economic transformation

Government has acknowledged the slow pace of transformation in the workplace and the implementation of affirmative action policies, as required by the Employment Equity Act, 1998 (Act 55 of 1998).

Only 10% of the top 100 companies on the Johannesburg Stock Exchange are owned by black South Africans, according to the National Empowerment Fund.

In terms of the 2015/16 information submitted to the Employment Equity Commission, the representation of whites at top management level amounted to 72% while African representation was at 10%. The representation of coloureds stood at 4.5% and Indians at 8.7%.

At the level of gender at senior management level, males remain dominant at 67.6% and females at 32.4%.

Government is undertaking a new chapter of radical socio-economic transformation to correct the skewed nature of ownership and leadership patterns which exclude the majority.



This includes legislation, regulations, licensing, budget and procurement as well as Broad-based Black Economic Empowerment charters to influence the behaviour of the private sector and drive transformation.

Procurement

The State spends R500 billion a year buying goods and services, in addition to the R900 billion infrastructure budget, to achieve economic transformation.

New regulations making it compulsory for big contractors to subcontract 30% of business to black-owned enterprises have been finalised and were gazetted on 20 January 2017.

Through such regulations and programmes, government will be able to use the State buying power to empower small enterprises, rural and township enterprises, designated groups and to promote local industrial development.



However, two key challenges being faced are the high levels of concentration in the economy, and the collusion and cartels, which squeeze out small players



and hamper the entry of young entrepreneurs and black industrialists.

The competition authorities have uncovered the cartels and punished them for breaking the law.

Legislation to criminalize the cartels and collusion came into effect on 1 May 2016 and it carries jail sentences of up to 10 years.

During 2017, the Department of Economic Development will bring legislation to Cabinet that will seek to amend the Competition Act, 1998 (Act 89 of 1998). It will, among others, address the need to have a more inclusive economy and to de-concentrate the high levels of ownership and control in many sectors. The legislation will be tabled for consideration by Parliament.

Housing

Government is actively involved in the property sector and has provided more than four million houses since 1994.

The housing sector in South Africa is valued at approximately R7 trillion, with the subsidised sector being valued at R1.5 trillion.

However, less than 5% of the sector is owned or managed by black people and Africans in particular. The Department of Human Settlements will publish a draft Property Practitioners Bill for public comment with the purpose of establishing a more inclusive, representative sector, towards radical economic transformation.

Government will this year also address the increasing delays and backlogs in registration and issuing of title deeds to beneficiaries of housing projects funded by the capital subsidy.



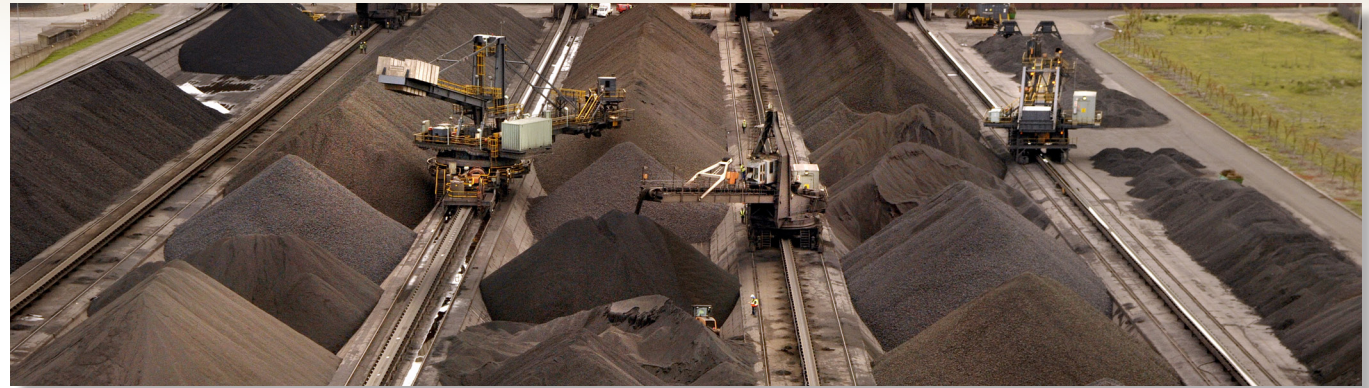
The development of the Black Industrialists Programme will ensure the direct involvement of black people in business and owning factories. The programme has since inception supported more than 22 entrepreneurs.

Programmes to modernise harbours

The Department of Public Works will invest approximately R100 million this year on critical capital and maintenance programmes to modernise harbours. The programmes will also continue generating revenue from letting state-owned harbours and coastline properties, which will benefit black-owned SMMEs.

Information and communications technology (ICT)

Government will also continue to pursue policies that seek to broaden the participation of black people and SMMEs, including those owned by women and the youth, in the ICT sector.



The lowering of the cost of data is uppermost in policies and plans of government.

Mining

The Mining Charter, which seeks to recognise the internationally accepted right of the State to exercise sovereignty over all the mineral and petroleum resources within South Africa, is currently being reviewed.

It is also aimed at helping the country to deracialise the ownership of the mining industry to ensure its sustainability.

Government will continue pursuing direct state involvement in mining. The Mining Company of South Africa Bill will be presented to Cabinet and Parliament during the year.

The Minerals and Petroleum Resources Development Amendment Bill was sent back to Parliament so that issues relating to the public consultation process undertaken by provincial legislatures can be addressed.

Government continues to work with other stakeholders to combat illegal mining to save lives and to prevent the trafficking of precious metals and diamonds. It also continues to place great emphasis on the health and safety of mineworkers, which is crucial to the sustainability of the mining sector.

Agriculture and land reform

Only eight million hectares (ha) of arable land have been transferred to black people, which is only 9.8% of the 82 million ha of arable land in South Africa.

There has also been a 19% decline in households involved in agriculture from 2.9 million in 2011 to 2.3 million households in 2016.

Government will use the Expropriation Act, 1975 (Act 63 of 1975) to pursue land reform and land redistribution, in line with the Constitution.

The reopening of land claims is also still on hold because the Restitution of Land Rights Amendment Act, 2014 (Act 15 of 2014) was declared invalid by the Constitutional Court.

The Constitutional Court found that the public consultation process facilitated by the National Council of Provinces and some provincial legislatures, did not meet the standard set in the Constitution.

Government will continue to implement other programmes such as the Strengthening the Relative Rights of People Working the Land programme, also known as the 50-50 programme.

By February 2017, a total of 13 proposals had been approved, benefiting 921 farm dweller households at a value of R631 million.

Government has appealed to land claimants to accept land instead of financial compensation. Over 90% of claims are currently settled through financial compensation, which perpetuates dispossession and also undermines economic empowerment.

Government has committed itself to support black smallholder farmers and will implement a commercialisation support programme for 450 of them.

Women have been encouraged to consider farming. The 2016 Female Farmer of the Year was Ms Vanecia Janse from the Koukamma Municipality in the Eastern Cape.



Drought relief

To mitigate the drought, government has provided R2.5 billion for livestock feed, water infrastructure, drilling, equipping and refurbishment of boreholes, auction sales and other interventions.

Furthermore, the Industrial Development Corporation and the Land Bank have provided funding of about R500 million to distressed farmers to manage their credit facilities and support with soft loans.

Women emancipation

Government will continue to mainstream the empowerment of women in all government programmes and prioritise women's access to economic opportunities and, in particular, to business financing and credit.

Funding higher education

Accumulated debt and fast-rising fees have made it harder and harder for students from less-privileged

households to enter and stay within the education system until they complete their studies.

In addition to taking over the responsibility to pay the fee increase for the 2016 academic year, government has settled all debt owed by the National Student Financial Aid Scheme (NSFAS) students and extended the coverage to larger numbers of students than ever before.

It has announced additional measures aimed at making higher education accessible to more students from working-class families.

Government has provided funds to ensure that no student whose combined family income is up to R600 000 per year will face fee increases at universities and Technical and Vocational Education and Training (TVET) colleges in 2017.



All students who qualify for NSFAS loans, and who have been accepted by universities and TVET colleges, will be funded. The university debt of NSFAS qualifying students for 2013, 2014 and 2015 academic years has been addressed. Government has reprioritised R32 billion within government baselines to support higher education.

Government has initiated processes to look into the issue of NSFAS students who study at some universities that charge fees that are higher than the subsidy that NSFAS provides, and thus end up accumulating debt.

Fighting crime



Police will increase visible policing, building on the successful pattern of deployments used during the Safer Festive Season Campaign.

Police will also use certain specialised capabilities, such as the tactical response teams and national intervention units, to assist in addressing problematic high-crime areas.

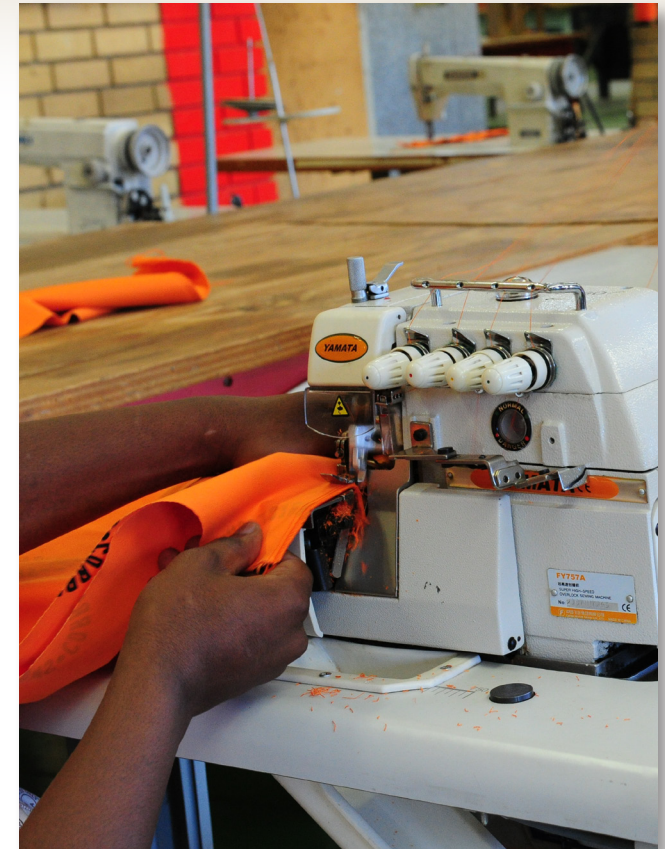
Other measures to fight crime nationally will include the establishment of specialised units, focusing on drug-related crime, taxi violence and firearms and the enhanced utilisation of investigative aids such as forensic leads.

The police will also enhance the utilisation of the DNA database in the identification of suspects. One of the strategies of fighting crime is to ensure that those who are released from prison do not commit crime again.

Justice and correctional services

The Department of Correctional Services continues to turn prisons into correctional centres and as a result, compliance levels with parole and probation conditions have improved to reach a historic mark of 98%. The country has also made good progress in reducing the numbers of children in correctional centres.

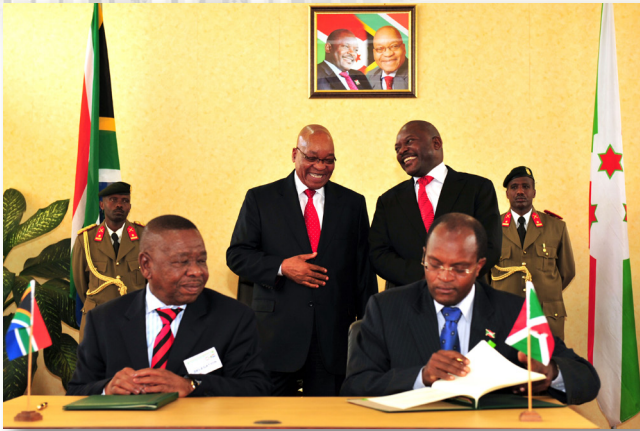
The High Court Division in Limpopo was opened in November 2016 and the Mpumalanga High Court will be completed in 2017, realising the goal of a high court in every province.



Fighting corruption

The Asset Forfeiture Unit completed 389 forfeiture cases to the value of R349 million and obtained 326 freezing orders to the value of R779 million.

A total of R13 million was recovered in cases where government officials were involved in corruption and other related offences in 2016.



Relations with Africa and the world

Starting from August 2017, South Africa will chair the Southern African Development Community (SADC) and use its tenure to fast-track the implementation of the SADC Industrial Strategy.

The country is accelerating the integration agenda through the implementation of the SADC-Common Market for Eastern and Southern Africa-East African Community Free Trade Area.

South Africa will continue with its involvement in mediation efforts, peacekeeping operations and peacemaking initiatives in Lesotho, Democratic Republic of Congo, Burundi, Mozambique, South Sudan, Somalia and Libya.

Trade with traditional partners in the West remains a significant contributor to the economy.

The country will continue to partner with the United States and work together on issues of mutual interest such as the full renewal of African Growth and Opportunity Act.

The country values its relationship with the PRC. China is one of South Africa’s most important and key strategic partners. The PRC is recognised ‘as the sole government and authority representing the whole of China’.

South Africa has reiterated its position and commitment to the ‘One China Policy’ and considers Taiwan as an integral part of the PRC.

At continental partnership level, the Joint Africa-European Union (EU) Strategy remains an important long-term framework for continued cooperation.

The Economic Partnership Agreement with the EU came into force in September 2016, thus providing new market access opportunities for South African products. Almost all South African products, about 99% will have preferential market access in the EU.

About 96% of the products will enter the EU market without being subjected to customs duties or quantitative restrictions.

The Southern African Customs Union’s Mercosur Preferential Trade Agreement has also entered into force, providing preferential access to over 1 000 tariff lines. This is an agreement that promotes South-South trade.

South Africa’s cooperative partnerships with other regions are bearing fruits. The BRICS New Development Bank has recorded encouraging progress.



Government welcomes the Goa Brazil, Russia, India, China and South Africa (BRICS) Heads of State and Government decision to establish the BRICS Rating Agency to assist one another in assessing economic paths.

South Africa is also pleased with agreements with its BRICS partners in the field of agriculture. It will implement off-take agreements on the export of pulses, mangos and pork to India.

The country will also export 20 000 tons of beef to China per year for a period of 10 years. It will continue to pursue the reform of the international system because the current configuration undermines the ability of developing countries to contribute and benefit meaningfully.

Occupation of Palestine

This year marks the 50th anniversary of the occupation of Palestine. The expansion of Israeli settlements undermines global efforts aimed at realising the two-state solution and the Oslo accord. Government has reiterated its support for the Palestinian cause.

Western Sahara issue

South Africa also hopes that the readmission of Morocco to the African Union (AU) should serve as a catalyst to resolve the Western Sahara issue.



SS Mendi

The Armed Forces Day on 21 February 2017 will be used to mark the centenary commemorations of the tragic sinking of the SS Mendi, which left 646 soldiers dead in 1917.

International Albinism Awareness Day

The Constitution of the Republic of South Africa of 1996 accords equal rights and dignity to all South Africans. The United Nations proclaimed 13 June as International Albinism Awareness Day, which will be used to raise awareness and eliminate the discrimination or harm that compatriots with albinism are subjected to in some areas.

People with albinism are also human beings and abusive behaviour against them should stop, and the myth about albinism should also come to an end.

The full speech is accessible on www.gov.za and www.thepresidency.gov.za

